

Stock code: 3622

**Young Fast Optoelectronics Co.,
Ltd.**

**Parent Company Only Financial
Statements and Independent
Auditors' Report**

2023 and 2022

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Auditing Report of the Certified Accountants

To the Board of Directors of Young Fast Optoelectronics Co., Ltd.:

Audit Opinion

We have completed our review of Young Fast Optoelectronics Co. Balance Sheet for December 31, 2023 and 2022; and Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) for January 1 – December 31, 2023 and 2022.

In our opinion, the aforementioned parent company only financial statements in all material respects are in compliance with Regulations Governing the Preparation of Financial Reports by Securities Issuers. They are sufficient to adequately express the financial status of Young Fast Optoelectronics Co. as of December 31, 2023 and 2022 and its financial performance and cash flows from January 1 through December 31, 2023 and 2022.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 Young Fast Optoelectronics Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 the 2023 parent company only financial statements of Young Fast Optoelectronics Co., Ltd. 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. In our judgment, revenue recognition constitutes a key audit matter to be communicated in the audit report.

For details of accounting policies regarding revenue recognition, please refer to Note 4 (16) of the parent company only financial statements on Recognition of Revenue; for details of revenue related disclosures, please refer to Note 6 (19) the parent company only financial statements.

Explanation of Key Audit Matters:

Sales revenue of Young Fast Optoelectronics Co., Ltd. stands as the primary indicator for investors and management in evaluating its financial or business performance. Moreover, as a listed company, Young Fast Optoelectronics Co., Ltd. is highly regarded by the investing public. Therefore, we identify revenue recognition as an important item in the audit of current year financial statements.

Corresponding Audit Procedures:

Our main audit procedures regarding the above key audit matters include:

- Testing the effectiveness of internal control design and implementation related to revenue recognition.
- Conducting trend analysis for the top ten customers in terms of sales, including a comparison of the customer list and sales revenue amounts between the current period and the most recent period and the same period of last year to assess whether there are any significant abnormalities. If there are major changes, the causes are identified and analyzed.
- Sampling and checking sales transactions of the whole year to evaluate the authenticity of sales transactions, the correctness of the recognized amounts of sales revenue, and the reasonableness of the time of accounting.
- Testing a sample of sales transactions in the period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the financial reporting process of Young Fast Optoelectronics Co., Ltd.

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

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 Young Fast Optoelectronics Co., Ltd.
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 Young Fast Optoelectronics Co., Ltd. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Young Fast Optoelectronics Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion regarding Young Fast Optoelectronics Co., Ltd.

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 of Young Fast Optoelectronics Co., Ltd. and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

KPMG Taiwan

CERTIFIED PUBLIC ACCOUNTANTS

Republic of China

February 27, 2024

Young Fast Optoelectronics Co., Ltd.

Balance sheet

December 31, 2023 and 2022

Unit: NTD Thousand

Assets		2023.12.31		2022.12.31		Liabilities and Equity		2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Current Assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (Notes 6 (1))	\$ 350,074	5	474,968	8	2130	Current contract liabilities (Note 6 (19))	4,892	-	5,579	-
1110	Current financial assets at fair value through profit or loss (Note 6 (2))	127,624	2	74,970	1	2150	Notes payable	-	-	546	-
1120	Current financial assets at fair value through other comprehensive income (Note 6 (3))	3,831,917	52	3,196,620	52	2170	Accounts payable	103,627	1	83,134	1
1136	Current financial assets at amortised cost (Note 6 (4))	-	-	30,710	-	2180	Accounts payable, related parties (Note 7)	207,817	3	139,893	2
1150	Notes receivable, net (Note 6 (5) and (19))	253,646	3	102,952	2	2200	Other payables (Note 6 (20) and 7)	206,989	3	150,685	3
1170	Accounts receivable, net (Note 6 (5) and (19))	137,739	2	95,896	2	2230	Current tax liabilities	10,788	-	6,660	-
1180	Accounts receivable due from related parties (Notes 6 (5), (19) and 7)	53,540	1	24,026	-	2250	Current provisions (Note 6 (14))	33,226	1	26,017	-
1200	Other receivables (Note 6 (5) and(6))	7,192	-	2,201	-	2282	Lease liabilities – Related parties (Notes 6 (13) and 7)	14,860	-	14,238	-
1210	Other receivables due from related parties, net (Note 6 (6) and 7)	4,562	-	1,790	-	2399	Other current liabilities	4,907	-	1,358	-
130X	Inventory (Notes 6 (7) , 7 and 9)	196,081	3	168,486	3		Total current liabilities	587,106	8	428,110	6
1470	Other current assets	8,792	-	4,338	-	25xx	Non-current liabilities:				
	Total current assets	4,971,167	68	4,176,957	68	2551	Provision for employee benefit liabilities, non-current (Note 6 (15))	5,944	-	5,337	-
15xx	Non-current assets:					2552	Provision for long-term liabilities for warranties (Note 6 (14))	90,491	1	60,187	2
1517	Non-current financial assets at fair value through other comprehensive income (Note 6 (3))	366,781	5	154,905	3	2556	Provision for long-term liabilities for decommissioning, rehabilitation, and restoration costs (Note 6 (14))	4,102	-	4,102	-
1550	Investments accounted for using equity method, net (Note 6 (8))	1,302,677	18	1,257,445	20	2570	Deferred tax liabilities (Note 6 (16))	881	-	932	-
1600	Property, plant and equipment (Notes 6 (9) and 9)	416,179	6	430,060	7	2582	Lease liabilities – Related parties (Notes 6 (13) and 7)	30,307	1	43,842	1
1755	Right of use assets (Notes 6 (10), (13) and 7)	44,668	1	57,800	1	2670	Other non-current liabilities	61,916	1	61,712	1
1760	Investment real estate, net (Note 6 (11))	76,007	1	76,186	1		Total non-current liabilities	193,641	3	176,112	4
1780	Intangible assets (Note 6 (12))	4,284	-	5,172	-		Total liabilities	780,747	11	604,222	10
1840	Deferred tax assets (Note 6 (9))	90,476	1	30,774	-	2xxx	Total liabilities				
1915	Prepaid equipment(Note 6 (10))	32,142	-	1,045	-	31xx	Equity (Note 6 (8), (15), (16), and (17)):				
1990	Other non-current assets (Note 6 (5),(6) and (19))	30,126	-	5,211	-	3110	Share capital from common stock	1,513,276	21	1,513,276	24
	Total non-current assets	2,363,340	32	2,018,598	32	3200	Capital reserve	1,925,860	26	2,001,516	33
							Retained earnings:				
						3310	Legal reserve	113,160	1	71,324	1
						3350	Undistributed surplus earnings	1,191,368	16	817,484	13
							Total retained earnings	1,304,528	17	888,808	14
						3400	Other equity interest	1,810,096	25	1,187,733	19
						3xxx	Total Equity	6,553,760	89	5,591,333	90
1xxx	Total assets	\$ 7,334,507	100	6,195,555	100	2-3xxx	Total liabilities and equity	\$ 7,334,507	100	6,195,555	100

(For details, please refer to the attached notes to the parent company only financial statements)

Young Fast Optoelectronics Co., Ltd.
Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD Thousand

		2023		2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6 (19) and 7)	\$ 1,645,557	100	1,548,855	100
5000	Operating costs (Notes 6 (7),(9), (10), (12),(13), (14) , (15), 7, and 12)	1,149,187	70	1,212,716	78
5900	Operating margin	496,370	30	336,139	22
6000	Operating expenses (Notes 6 (5), (9),(10),(12),(13),(15),(20) , 7,and 12):				
6100	Marketing expenses	35,328	2	28,743	2
6200	Management expenses	122,818	7	109,814	7
6300	Research and development expenses	46,289	3	41,092	3
6450	Expected credit loss	(1,370)	-	(15,574)	(1)
	Total operating expenses	203,065	12	164,075	11
6900	Net operating profit	293,305	18	172,064	11
7000	Non-operating revenue and expenses (Notes 6 (2), (8), (11), (13), (21), 7 and 12):				
7100	Interest income	3,909	-	3,544	-
7010	Other income	109,049	6	136,193	9
7020	Other gains and losses	12,115	1	52,448	3
7050	Finance costs	(693)	-	(1,139)	-
7060	Share of profit or loss of subsidiaries and affiliates accounted for using the equity method	101,057	6	52,683	4
	Total non-operating revenue and expenses	225,437	13	243,729	16
7900	Net profit from continuing operations before tax	518,742	31	415,793	27
7950	Less: Income tax expense (benefit) (Note 6 (16))	(48,792)	(3)	(258)	-
8200	Net profit for the period	567,534	34	416,051	27
8300	Other comprehensive income (Note 6 (8), (15), (16), and (17)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plan	(668)	-	2,714	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	625,489	38	21,486	1
8320	Share of other comprehensive profits and losses of subsidiaries, affiliates, and joint ventures recognized using the equity method	48	-	139	-
8349	Less: Income tax related to items that will not be reclassified	(134)	-	543	-
	Total items that will not be reclassified to profit or loss	625,003	38	23,796	1
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(130)	-	102,110	7
8380	Share of other comprehensive profits and losses of subsidiaries, affiliates, and joint ventures recognized using the equity method	(2,996)	-	1,386	-
8399	Less: Income tax related to items that may be reclassified	-	-	-	-
	Total items that may subsequently be reclassified to profit or loss	(3,126)	-	103,496	7
8300	Other comprehensive income, net of tax, for the period	621,877	38	127,292	8
8500	Total comprehensive income for the period	\$ 1,189,411	72	543,343	35
9710	Earnings per share (Unit: NTD) (Note 6 (18))				
9750	Basic earnings per share	\$ 3.75		2.75	
9850	Diluted earnings per share	\$ 3.74		2.74	

(For details, please refer to the attached notes to the parent company only financial statements)

Young Fast Optoelectronics Co., Ltd.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD Thousand

	Retained earnings					Total other equity interest		Total	Total equity
	Share capital from common stock	Capital reserve	Legal reserve	Undistributed surplus earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2022	\$ 1,513,276	2,077,180	43,385	532,991	576,376	(89,969)	1,152,720	1,062,751	5,229,583
Earnings allocation and distribution:									
Provision for legal reserve	-	-	27,939	(27,939)	-	-	-	-	-
Common stock cash dividend	-	-	-	(105,929)	(105,929)	-	-	-	(105,929)
Changes in other capital reserve:									
Cash dividends from capital reserve	-	(75,664)	-	-	-	-	-	-	(75,664)
Net profit for the period	-	-	-	416,051	416,051	-	-	-	416,051
Other comprehensive income, net of tax, for the period	-	-	-	2,310	2,310	103,496	21,486	124,982	127,292
Total comprehensive income for the period	-	-	-	418,361	418,361	103,496	21,486	124,982	543,343
Balance at December 31, 2022	1,513,276	2,001,516	71,324	817,484	888,808	13,527	1,174,206	1,187,733	5,591,333
Earnings allocation and distribution:									
Provision for legal reserve	-	-	41,836	(41,836)	-	-	-	-	-
Common stock cash dividend	-	-	-	(151,328)	(151,328)	-	-	-	(151,328)
Changes in other capital reserve:									
Changes in equity of investment in associates and joint ventures accounted for using equity method	-	8	-	-	-	-	-	-	8
Cash dividends from capital reserve	-	(75,664)	-	-	-	-	-	-	(75,664)
Net profit for the period	-	-	-	567,534	567,534	-	-	-	567,534
Other comprehensive income, net of tax, for the period	-	-	-	(486)	(486)	(3,126)	625,489	622,363	621,877
Total comprehensive income for the period	-	-	-	567,048	567,048	(3,126)	625,489	622,363	1,189,411
Balance at December 31, 2023	\$ 1,513,276	1,925,860	113,160	1,191,368	1,304,528	10,401	1,799,695	1,810,096	6,553,760

(For details, please refer to the attached notes to the parent company only financial statements)

Young Fast Optoelectronics Co., Ltd.
Statement of Cash Flows
January 1 to December 31, 2023 and 2022

	Unit: NTD Thousand	
	2023	2022
Cash flows from operating activities:		
Profit (loss) before tax for the current period	\$ 518,742	415,793
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	44,278	42,893
Amortization expense	888	888
Expected credit loss	(1,370)	(15,574)
Loss (gain) on financial assets at fair value through profit or loss	(13,377)	(7,120)
Interest expense	693	1,139
Interest income	(3,909)	(3,544)
Dividend income	(100,008)	(128,166)
Profit from subsidiaries and affiliates accounted for using the equity method	(101,057)	(52,683)
Proceeds from disposal of property, plant and equipment	(1,175)	(15,990)
Lease modification benefits	-	(292)
Total income and expense items	<u>(175,037)</u>	<u>(178,449)</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Current Financial Assets at Fair Value through Profit or Loss	(39,277)	(10,718)
Notes receivable	(170,160)	25,347
Accounts receivable (including related parties)	(71,851)	54,379
Other receivables (including related parties)	(7,763)	(1,415)
Inventory	(27,595)	52,962
Other current assets	(4,454)	1,299
Total changes in operating assets, net	<u>(321,100)</u>	<u>121,854</u>
Changes in operating liabilities, net:		
Contract liabilities	(687)	(449)
Notes payable	(546)	(129)
Accounts payable (including related parties)	88,417	(16,966)
Other payables	48,078	16,853
Provisions	37,513	21,762
Other current liabilities	3,549	(1,498)
Non-current net defined benefit liability	(61)	(354)
Decrease in other operating liabilities	<u>176,263</u>	<u>19,219</u>
Net changes in operating assets and liabilities	<u>(144,837)</u>	<u>141,073</u>
Total adjustments	<u>(319,874)</u>	<u>(37,376)</u>
Cash inflow generated from operations	198,868	378,417
Interest received	3,909	3,544
Interest paid	(693)	(1,139)
Payment of income tax	(6,699)	(5,730)
Net cash inflow from operating activities	<u>195,385</u>	<u>375,092</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(221,684)	(42,759)
Acquisition of financial assets at amortised cost	-	(30,710)
Disposal of financial assets at amortised cost	30,710	-
Investments accounted for using equity method	-	(684,333)
Acquisition of ownership interests in subsidiaries	-	529,540
Acquisition of property, plant and equipment	(6,651)	(21,540)
Disposal of property, plant and equipment	1,175	16,570
Increase in refundable deposits	(113)	981
Other non-current assets	(3,472)	-
Decrease (increase) in other receivables due from related parties	-	121,909
Increase in prepaid equipment	(31,622)	(1,045)
Dividends received	<u>152,763</u>	<u>163,243</u>
Net cash inflow (outflow) from investing activities	<u>(78,894)</u>	<u>51,856</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	-	145,215
Decrease in short-term borrowings	-	(186,512)
Increase in deposits received	213	(14)
Payment of lease liabilities	(14,597)	(14,439)
Decrease in other non-current liabilities	(9)	6,050
Payment of cash dividends	<u>(226,992)</u>	<u>(181,593)</u>
Net cash flows used in financing activities	<u>(241,385)</u>	<u>(231,293)</u>
Net decrease in cash and cash equivalents for the period	<u>(124,894)</u>	<u>195,655</u>
Cash and cash equivalents at beginning of period	<u>474,968</u>	<u>279,313</u>
Cash and cash equivalents at end of period	<u>\$ 350,074</u>	<u>474,968</u>

(For details, please refer to the attached notes to the parent company only financial statements)

Young Fast Optoelectronics Co., Ltd.
Notes to the Parent Company Only Financial Statements
2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company history

Young Fast Optoelectronics Co., Ltd. (“the Company”), previously known as Dahelong Electromechanical Co., Ltd., was established and registered with the approval of the Ministry of Economic Affairs on July 30, 2002, in accordance with the Company Law and its relevant laws and regulations, and obtained registration as a for-profit enterprise with its main business being the manufacture of power cable accessories such as power generation, transmission and distribution.

(Original) Young Fast Optoelectronics Co., Ltd. (formerly Young Fast Optoelectronics Company) was established on August 1, 2007 in accordance with the Business Mergers and Acquisitions Act. Its main business items are the research and development, manufacturing, and sales of various types of touch panels.

In order to improve our operational performance and competitiveness, the Company passed a resolution of its extraordinary shareholders’ meeting of November 23, 2007 to undergo a merger with the former Young Fast Optoelectronics Company and change the Company’s name to Young Fast Optoelectronics Co., Ltd. Following the merger, the Company was to be the surviving company with a swap of 0.5 common shares of the original Young Fast Optoelectronics for 1 common share of the Company. All rights and obligations of the original Young Fast Optoelectronics was to be generally accepted by the Company. The Company issued 84,000 thousand ordinary shares for the merger and capital increase, and December 24, 2007 was the base date for the merger and capital increase and issuance of new shares.

The Company passed a resolution of the Board of Directors on April 28, 2017 such that in accordance with Article 19 of the Business Mergers and Acquisitions Act and taking May 31, 2017 as the base date, a simple merger was undertaken with the 100%-owned reinvested companies Lucky Chance Enterprise Co., Ltd. (“Lucky Chance”) and with Lead Well Technology Co., Ltd. (“Lead Well”). After the mergers, Lucky Chance and Lead Well were to be the extinguished companies and the Company was to be the surviving company.

**(For details, please refer to the attached notes to the parent company only
financial statements)**

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

II. Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

III. New standards, amendments and interpretations adopted

(I) The impact of adopting the newly issued and revised standards and interpretations approved by the Financial Supervisory Commission (“the FSC”).

The Company will apply the following newly amended International Financial Reporting Standards from January 1, 2023, and there is no significant impact on the parent company only financial statements.

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

The Company will apply the following newly amended International Financial Reporting Standards from May 23, 2023, and there is no significant impact on the parent company only financial statements.

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

(II) Implications of adopting International Financial Reporting Standards not yet endorsed by the FSC

The Company has applied the following newly revised International Financial Reporting Standards since January 1, 2023, and has not had a significant impact on the individual 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 “Leases Liability in a Sale and Leaseback”

(III) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following other unapproved new and revised standards to have a material impact on the parent company only 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
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

IV. Summary of significant accounting policies

A summary of the significant accounting policies adopted in the parent company only financial statements is as follows. The following accounting policies have been applied consistently to all periods presented in the parent company only financial statements.

(I) Statement of compliance

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Compilation basis

1. Measurement basis

Except for the following significant items of the balance sheet, the parent company only financial statements have been prepared on a historical cost basis:

- (1) Financial assets at fair value through profit or loss measured at fair value;
- (2) Financial assets at fair value through other comprehensive income measured at fair value;
- (3) Defined benefit liabilities are measured by adding unrecognized upfront service costs and unrecognized actuarial losses to pension fund assets, less unrecognized actuarial benefits and the present value of defined benefit obligations, and the impact of the upper limit stated in Note 4 (18).

2. Functional currency and currency of presentation

Each entity of the Company uses the currency of the primary economic environment in of said entity's operations as its functional currency. The parent company only financial statements are expressed in the Company's functional currency, which is the New Taiwan Dollar. All financial information presented in New Taiwan Dollars is in thousands of New Taiwan Dollars.

(III) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into functional currency at the exchange rate as of the date of transaction. On the end date of each subsequent reporting period (the "reporting date"), foreign currency monetary items are converted into the functional currency according to the exchange rate of that date.

Foreign currency non-monetary items measured at fair value are converted into functional currency at the exchange rate on the day when the fair value was measured. Foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the date of the transaction. Foreign currency translation differences arising from translation are normally recognized in profit or loss. However, foreign currency translation differences arising from the translation of equity investments at fair value through other comprehensive income are

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

recognized in other comprehensive income.

2. Foreign operating entities

Assets and liabilities of foreign operating entities, including goodwill arising from acquisitions and fair value adjustments, are translated into the currency of presentation of the entity's financial statements at the exchange rate on the reporting date; items of income and expenses are translated into the currency of presentation of the parent company only financial statements at the average exchange rate of the current period, and the resulting exchange differences are recognized as other comprehensive income.

When disposal of a foreign operating entity results in a loss of control, joint control, or significant influence, the accumulated exchange differences related to the foreign operating entity are fully reclassified to profit or loss. In the case of partial disposal of a subsidiary that includes a foreign operating entity, the relevant accumulated exchange differences are re-attributed to non-controlling interests on a pro rata basis. When partially disposing of an investment involving an affiliated enterprise or a joint venture of a foreign operating entity, the relevant accumulated exchange differences are reclassified to profit or loss on a pro rata basis.

For monetary receivables or payables to foreign operating entities, if there is no repayment plan and it is impossible to repay in the foreseeable future, the foreign currency exchange gains and losses arising therefrom are regarded as part of the net investment in the foreign operating entity and are recognized as other comprehensive income.

(IV) Classification criteria for distinguishing current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets; all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be recognized in its normal operating cycle, or there is intent to sell or consume it;
2. The asset is held mainly for trading purposes;
3. The asset is expected to be recognized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent, unless there are other restrictions on exchanging the asset or using it to settle a liability at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. It is expected that the liability will be settled during the normal operating cycle;

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

2. The liability is held mainly for trading purposes;
3. The liability is expected to be settled within twelve months after the reporting period; or
4. The liability does not have an unconditional right to defer settlement to at least twelve months after the reporting period. The terms of the liability, which may be liquidated by the issuance of equity instruments at the choice of the counterparty, do not affect their classification.

(V) Cash and cash equivalents

Cash includes cash on hand, checking deposits, and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash with little risk of changes in value. Fixed deposits that meet the above definition and are held for short-term cash commitments, rather than investment or other purposes, are presented in cash equivalents.

Bank overdrafts are immediately repayable and form part of the company's overall cash management, and are included in the cash flow statement as a component of cash and cash equivalents.

(VI) Financial instruments

Accounts receivable are originally recognized as they are incurred. All other financial assets and financial liabilities are originally recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets and financial liabilities not measured at fair value through profit or loss (except for accounts receivable that do not contain significant financial components) are originally measured at fair value plus transaction costs directly attributable to their acquisition or issuance. Accounts receivable that do not contain significant financial components are originally measured at their transaction prices.

1. Financial assets

When the purchase or sale of financial assets conforms to conventional transactions, the Company shall adopt transaction-day accounting for all purchases and sales of financial assets classified in the same way.

Financial assets are classified as: financial assets at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The Company reclassifies all affected financial assets from the first day of the following reporting period only when changing the business model for managing financial assets.

(1) Financial assets measured at amortized cost

Financial assets are measured at amortized cost when they meet both of the following conditions and when they are not designated as fair value through profit or loss:

- The financial asset is held under the operating model for the purpose of

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

collecting contractual cash flow.

- The contractual terms of the financial asset generate cash flows on a specified date and entirely for the sake of payment of principal and interest on the principal amount in circulation.

The assets in question are subsequently calculated by adding or subtracting the original recognized amount to the accumulated amortization amount calculated using the effective interest method, and adjusts any measure of post amortized cost of loss allowance. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit or loss. Upon derecognition, profits or losses are to be included under profit or loss.

(2) Financial assets at fair value through other comprehensive income

At the original time of recognition, the Company may make an irrevocable election to present subsequent changes in fair value of investments in equity instruments not held for trading in other comprehensive income. The foregoing elections are made on the basis of the individual instrument.

Investments in equity instruments are to be subsequently measured at fair value. Dividend income is to be recognized under profit or loss (unless it clearly represents the recovery of a portion of the investment cost). Remaining net gains or losses are to be recognized as other comprehensive income and are not to be reclassified to profit or loss.

Dividend income from equity investments is to be recognized on the date when the Company is entitled to receive dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets other than those measured at amortized cost above or at fair value through other comprehensive income are to be measured at fair value through profit or loss. In order to eliminate or significantly reduce accounting misalignments at the original time of recognition, financial assets that meet the criteria to be measured at amortized cost or at fair value through other comprehensive income may be irrevocably designated by the Company as financial assets at fair value through profit or loss.

These assets are to be subsequently measured at fair value and their net gains or losses are to be recognized in profit or loss (including their associated dividends and interest income).

(4) Impairment of financial assets

The Company recognizes loss allowance for expected credit losses on financial assets measured at amortized cost.

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Loss allowance for bills and accounts receivables are measured based on expected credit loss during the period. Other financial assets measured at amortized cost are based on reasonable and corroborative information (obtainable without undue cost or investment), including qualitative and quantitative information; and based on the Company's historical experience, credit assessment and analysis of forward-looking information, if the credit risk has not increased significantly since the original recognition, the impairment is measured by the twelve-month expected credit loss. If it is assessed that credit risk has increased significantly since original recognition, the impairment is measured according to the duration of the credit losses.

Expected credit loss during the period refers to the expected credit losses arising from all possible default events during the expected period of a financial instrument.

Twelve-month expected credit loss constitutes expected credit losses arising from possible defaults of financial instruments within twelve months after the reporting date (or a shorter period if the expected duration of the financial instrument is less than twelve months).

The maximum period over which expected credit losses are measured is the maximum contractual period over which the Company is exposed to credit risk.

Expected credit losses are probability-weighted estimates of credit losses over the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls; that is, the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

Loss allowance for financial assets measured at amortized cost are deducted from the asset's carrying amount. Amounts set aside or reversed from loss allowance are recognized in profit or loss.

When the company cannot reasonably expect to recover the financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. For company accounts, the Company analyzes the timing and amount of write-offs individually on the basis of whether they are reasonably expected to be recoverable. The Company does not expect a material reversal of the written-off amounts. However, financial assets that have been written off remain enforceable in order to comply with the Company's procedures for recovering overdue amounts.

(5) Derecognition of financial assets

The Company derecognizes financial assets only upon termination of the

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

contractual rights to cash flows from the asset, or upon transfer of the financial assets where substantially all risks and rewards of ownership of the asset have been transferred to other enterprises, or when substantially all risks and rewards of title have neither been transferred nor retained and we do not retain control of the financial asset.

When the Company enters into a transaction to transfer financial assets, if all or substantially all risks and rewards of title to the transferred assets are retained, they shall continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity Instruments

An equity instrument constitutes any contract that recognizes the Company's remaining interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the price obtained after deducting direct issue costs.

(2) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in profit or loss.

(3) Derecognition of financial liabilities

Financial liabilities are to be derecognized when the contractual obligations have been fulfilled, canceled, or expired. When the terms of financial liabilities are modified and the cash flows of the modified liabilities are substantially different, the original financial liabilities are to be derecognized and new financial liabilities are to be recognized at fair value based on the modified terms.

When derecognizing a financial liability, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is to be recognized in profit or loss.

(4) Offset of financial assets and liabilities

Financial assets and financial liabilities shall only be offset when the Company currently has legally enforceable rights to offset each other and intends to settle on a net basis or to realize assets and settle liabilities at the same time. They are to be offset against each other and presented on a net basis on the balance sheet.

(VII) Inventory

Inventories are measured at the lower of cost and net realizable value. Costs include acquisition, production or processing costs, and other costs incurred to bring them to a place and condition in which it is ready for use, and are calculated using

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

the weighted average method. The cost of finished goods and work-in-progress inventories includes an appropriate proportion of manufacturing overhead allocated to normal production capacity.

Net realizable value represents the estimated selling price under normal operations less the estimated costs to be spent on completion and the estimated costs to complete the sale.

(VIII) Invested affiliates

An affiliate is a company over which significant influence is held over its financial and operating policies but is not controlled or jointly controlled.

The Company adopts the Equity Method to deal with equity in affiliated companies. Under the Equity Method, it is recognized at cost at the time of original acquisition and investment costs include transaction costs. The carrying amount of an investment in an affiliated company includes the goodwill identified at the time of the original investment less any accumulated impairment losses.

The parent company only financial statements cover from the date of material impact to the date of loss of material impact. After making adjustments consistent with the Company's accounting policies, the Company recognizes the amount of profit and loss and other comprehensive income of each invested affiliate in proportion to its equity. When there is a change in non-income items and other comprehensive income of an affiliated company that does not affect the Company's associated shareholding ratio, the Company recognizes changes in equity attributable to the Company's share of the affiliated companies as capital reserve in proportion to its shareholding.

Unrealized profits and losses arising from transactions between the Company and its affiliates are only recognized in the corporate financial statements within the scope of the rights and interests of non-related party investors in the affiliated companies.

When the proportion of losses that the Company should recognize in an affiliated company is equal to or exceeds our equity in the affiliated company, recognition of such losses should be halted; and additional losses and related liabilities are to be recognized only to the extent that statutory obligations, constructive obligations, or payments have been made on behalf of the investee company.

(IX) Invested subsidiaries

When preparing parent company only financial statements, the Company adopts the equity method to evaluate invested companies with control. Under the Equity Method, the current profit and loss and other comprehensive income of the parent company only financial statements and the current profit and loss and other comprehensive income of the financial statements prepared on a consolidated basis

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

are the same as that attributable to the owner of the parent company. Furthermore, the owner's equity in the parent company only financial statements is the same as the equity attributable to owners of the parent in the financial statements prepared on a consolidated basis.

Changes in the Company's ownership interests in subsidiaries that do not result in a loss of control are treated as equity transactions with the owner.

(X) Investment real estate

Investment real estate is held for lease income or asset appreciation or both, constituting real estate that is not for sale in normal business, for production, provision of goods or services, or for administrative purposes. Investment real estate is originally measured at cost and subsequently it is measured by cost less accumulated depreciation and accumulated impairment. Its depreciation method, useful life, and residual value shall be treated in accordance with the provisions of property, plant and equipment.

Investment real estate disposal gains or losses (calculated by the difference between the net disposal price and the carrying amount of the item) are recognized in profit or loss.

Lease income from investment real estate is recognized as non-operating income on a straight-line basis over the lease term. Lease incentives are recognized as part of the lease income during the leasing period.

(XI) Property, plant and equipment

1. Identification and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment.

When the useful lives of major components of property, plant and equipment are different, they are treated as separate items (major components) of property, plant and equipment.

Disposal gains or losses from property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenses are capitalized only when it is probable that their future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated as the cost of the asset less the residual value. It is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Land is not depreciated.

Estimated useful life for the current and comparison periods are as follows:

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Housing and construction	2 to 40 years
Machinery and equipment	1 to 9 years
Leased assets	3 to 20 years
Other equipment	1 to 9 years

The Company reviews the depreciation method, useful life and salvage value on each reporting date and makes appropriate adjustments when necessary.

(XII) Leases

The Company assesses whether a contract constitutes or contains a lease on the date of establishment of the contract. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract constitutes or contains a lease.

1. As a lessee

The Company recognizes right-of-use assets and lease liabilities as of the lease commencement date. Right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability adjusted for any lease benefits paid on or before the lease commencement date, plus the original direct costs incurred and the estimated costs for dismantling, removing, and restoring the location or the underlying asset, and also net of any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease inception date to the expiry of the useful life of the right-of-use asset or the expiry of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and handles any impairment losses that have occurred. The right-of-use asset is adjusted in conjunction with the remeasurement of the lease liability.

The lease liability is initially measured at the present value of the unpaid lease payments at the inception date of the lease. If the interest rate implied by the lease is easily determined, then the discount rate is that rate. If it is not easily determined, the Company's incremental borrowing rate of interest shall be used. Generally speaking, the Company adopts its incremental borrowing rate of interest as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payments, including substantial fixed benefits;
- (2) Changes in lease benefits depending on an index or rate, using the index or rate on the lease commencement date as the original measure;
- (3) The residual value guarantee amount expected to be paid; and
- (4) The exercise price or penalty payable when it is reasonably certain that a purchase option or lease termination option will be exercised.

Interest on a lease liability is subsequently accrued using the effective

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

interest method, and its amount is re-measured when the following conditions occur:

- (1) There are changes in the index or rate used to determine lease payments resulting in changes in future lease payments;
- (2) There are changes in the residual value guarantee amount expected to be paid;
- (3) There are changes in the assessment of the underlying asset purchase option;
- (4) There are changes in estimates of whether to exercise extension or termination options and changes in the assessment of the lease term;
- (5) There are modifications to the subject matter, scope, or other terms of the lease.

When the lease liability is re-measured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the assessment of options to purchase, extend, or terminate, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, constituting a reduction in the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, the difference between this and the remeasured amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For short-term leasing of some office and transportation equipment and the lease of low-value target assets, the Company chooses not to recognize right-of-use assets and lease liabilities. Instead, the related lease payments are recognized as expenses on a straight-line basis over the lease term.

2. As a lessor

In transactions where the Company is the lessor, classification of lease contracts is undertaken by whether they transfer substantially all risks and rewards of ownership of the underlying asset on the lease inception date. If this is the case, a lease is classified as a finance lease; otherwise, it is classified as an operating lease. At the time of evaluation, the Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying asset.

If the company is a lessor of a sublease, the main lease and sublease transactions are handled separately. The classification of sublease transactions is also assessed with the right-of-use asset arising from the main lease. If a

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

sublease transaction meets the definition of investment real estate, the sublease transaction shall be classified as investment real estate.

Assets held under financing leases are expressed as net investment in leases receivable. The original direct costs incurred in negotiating and arranging operating leases are included in the net investment in leases. The net investment in leases is amortized as interest income over the lease term in a manner that reflects a constant rate of return on the net investment. For business leases, the Company recognizes lease payments received as lease income over the lease term on a straight-line basis.

(XIII) Intangible assets

1. Identification and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment.

2. Subsequent expenses

Subsequent expenses are capitalized only to the extent that they increase the future economic benefits of the specific asset in question.

3. Amortization

Amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over its estimated useful life from when the intangible asset is ready for use.

Estimated useful life for the current and comparison periods are as follows:

Computer software	3 to 8 years
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The Company reviews the intangible asset amortization method, useful life and salvage value on each reporting date and makes appropriate adjustments when necessary.

(XIV) Impairment of non-financial assets

The Company assesses on each reporting date whether there is an indication that the carrying amount of non-financial assets may be impaired (except for inventories, deferred tax assets, and assets arising from employee benefits). If any such sign is present, then the recoverable amount of the asset is estimated.

For the purposes of the impairment test, the smallest identifiable group of assets is formed by a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or groups of assets.

The recoverable amount is the higher of the individual asset or cash-generating unit's fair value less costs of disposal and its value in use. If the recoverable amount of an individual asset or cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

(XV) Provisions

The recognition of a liability provision is a present obligation due to past events where it is probable that the Company will need to outflow economic resources to settle the obligation in the future and where the amount of the obligation can be estimated reliably.

1. Liability provision for after-sales service is based on historical experience, management's judgment and other known reasons to estimate possible product returns, discounts and replacements, and it is recognized as cost of goods sold in the year when the related products are sold.
2. Decommissioning, restoration, and rehabilitation costs is to estimate the restoration cost of the leased plant that may occur in the future.

(XVI) Revenue recognition

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Company recognizes revenue when control of goods or services is transferred to the customer and performance obligations are satisfied. The transfer of control of a product means that the product has been delivered to the customer, the customer can decide the sales channel and price of a product in their entirety, and there are no outstanding obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, its obsolescence and risk of loss has been passed to the customer, and the customer has accepted the product in accordance with the sales contract; or when the acceptance clause has expired or when the Company has objective evidence that all acceptance conditions have been met.

(XVII) Government subsidies

When the Company receives government subsidies related to salaries and working capital subsidies, the unconditional grant is recognized as other income.

(XVIII) Employee benefits

1. Defined contribution plan

Contribution obligations to a defined contribution plan are recognized as expenses during the period during which an employee provides service.

2. Defined benefit plan

The Company's net obligation to the defined benefit plan is calculated by converting the future benefit amount earned by the employee's service in the current or previous period to the present value for each benefit plan and less the fair value of any plan assets.

Defined benefit obligations are actuated annually by a qualified actuary using the projected unit credit method. When the calculation result may be beneficial to the Company, recognized assets are limited to the present value of any economic benefits that would be available in the form of refunds of contributions from the

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

program or reductions in future contributions to the program. Any minimum funding requirements are considered when calculating the present value of economic benefits.

Remeasurement of net defined benefit liability is immediately recognized in other comprehensive income and reflected in accumulated in retained earnings. This includes actuarial profit and loss, plan asset remuneration (excluding interest), and any change in the upper asset limit (excluding interest). The Company determines the net defined benefit liabilities (assets) and net interest expense (income), using the net defined benefit liabilities (assets) determined at the beginning of the annual reporting and the discount rate. Net interest expense and other expenses of defined benefit plans are recognized in profit or loss.

When a plan is revised or curtailed, the resulting change in benefits related to prior service costs or curtailment benefits or losses is immediately recognized in profit or loss. When settlement occurs, the Company recognizes the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the Company has a current statutory or constructive payment obligation due to the employee's past services and the obligation can be reliably estimated, this amount is recognized as a liability.

(XIX) Income taxes

Income taxes include current income tax and deferred income tax. Current income tax and deferred income tax are recognized in profit or loss, except for those related to business combinations, items directly recognized in equity, or other comprehensive income.

Current income tax includes taxable income (losses) based on the current year, calculated estimated income tax payable or tax refund receivable, and any adjustments to tax payable or refunds receivable from prior years. The amount is the best estimate of the amount expected to be paid or received at the statutory tax rate or substantive legislative tax rate at the reporting date.

Deferred income tax is recognized as a measure of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Temporary differences arising from the following situations are not recognized as deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business combination and that do not affect accounting profits and taxable income (loss) at the time of the transaction;
2. Temporary differences arising from invested subsidiaries, affiliates, and joint ventures where the Company can control the timing of the reversal of the

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

temporary differences and it is probable that they will not be reversed in the foreseeable future; as well as

3. Taxable temporary differences arising from the original recognition of goodwill.

Unused tax losses and unused income tax credits are recognized as deferred tax assets to the extent that it is probable that future taxable income will be available to the extent that the deductible temporary differences are carried forward. Furthermore, it is reassessed on each reporting date and reduced to the extent that the relevant income tax benefit is not probable to be realized; or reverses the previously reduced amount to the extent that it becomes probable that sufficient taxable income will be available.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to reverse, based on statutory or substantive legislative tax rates at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only when the following conditions are met simultaneously:

1. They have the legal enforcement right to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers that are subject to income tax by the same tax authority;
 - (1) The same taxpayer; or
 - (2) Distinct taxpayers, but where each entity intends to settle current tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

(XX) Earnings per share

The Company presents basic and diluted earnings per share attributable to holders of ordinary shares of the Company. Basic earnings per share of the Company is the profit or loss attributable to the holders of ordinary shares of the Company calculated by dividing by the weighted average number of ordinary shares outstanding for the period. Diluted earnings per share refers to the profit and loss attributable to the holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding, calculated after separately adjusting for the effect of all potential dilutive ordinary shares. The Company's potentially dilutive ordinary shares include employee remuneration.

(XXI) Segment information

The Company has disclosed departmental information in the consolidated financial statements. Therefore, parent company only financial statements do not disclose departmental information.

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to review estimates and underlying assumptions. Changes in accounting estimates are recognized in the period in which they are changed and in the future periods that are affected.

The parent company only financial statements involve significant judgment on whether the investee company Epoch Chemtronics Corp. involves substantial control, and this in turn has a significant impact on the amount recognized in the parent company only financial statements. For related information, please refer to the consolidated financial statements for 2023.

The parent company only financial statements contain no information such that the accounting policies involve significant estimates and assumptions that have a material impact on the amounts recognized in the parent company only financial statements.

VI. Explanation of significant accounts

(I) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash	\$ 481	\$ 387
Demand deposits	275,901	443,791
Checking deposits	-	80
Fixed deposits	73,692	30,710
	\$ 350,074	\$ 474,968

Please refer to Note 6 (22) for disclosure of exchange rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss – current

	2023.12.31	2022.12.31
Financial assets designated as at fair value through profit or loss:		
Gold passbook accounts	\$ 127,624	74,970

Please refer to Note 6 (21) for the remeasurement of fair value.

(III) Financial assets at fair value through other comprehensive income

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

	2023.12.31	2022.12.31
Equity investments at fair value through other comprehensive income		
Current:		
Domestic TWSE listed company shares:		
Taiwan Cooperative Financial Holding Co., Ltd.	\$ 1,498,317	1,389,557
Mega Financial Holding Company Limited	921,408	707,724
First Financial Holding Co.,Ltd.	793,979	745,533
Taiwan Business Bank	192,646	177,832
Taiwan Fertilizer Co., Ltd.	196,175	109,087
Cathay Financial Holdings Co., Ltd.	76,502	66,887
Chang Hwa Commercial Bank, Ltd.	152,890	-
	3,831,917	3,196,620
Non current:		
Domestic TWSE listed company shares:		
Hold-Key Electric Wire & Cable Co., Ltd.	345,639	137,763
Unlisted domestic common shares:		
Sol Young Enterprises Co., Ltd.	12,610	12,610
ICP Technology Co., Ltd.	3,032	3,032
Willide Optoelectronics Co., Ltd.	3,000	1,500
Tung Wah Electrical Engineering Co., Ltd.	2,500	-
	21,142	17,142
	366,781	154,905
Total	\$ 4,198,698	3,351,525

These equity instrument investments held by the Company constitute long-term strategic investments and are not held for trading purposes. They have therefore been designated as fair value through other comprehensive income.

The Company did not dispose of strategic investments in 2023 and 2022 and the accumulated gains and losses during these periods have not been transferred in equity.

For market risk information please refer to Note 6 (22).

(IV) Financial Assets Measured at Amortized Cost are Assets

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

	2023.12.31	2022.12.31
Time deposits with original maturities of over three months	\$ -	30,710
Interest rate range (%)	-	4.06

Company's assesses these assets as being held to maturity in order to receive their contractual cash flows, and the cash flows of these financial assets constitute in their entirety the payment of principal and interest on the outstanding principal amounts. They are therefore presented as financial assets measured at amortized cost.

(V) Notes receivable and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	\$ 258,689	113,919
Accounts receivable	139,240	96,903
Accounts receivable - related parties	53,540	24,026
Long-term notes receivable (Other Non-Current Assets)	25,390	-
Less: Loss allowance— notes receivable	(5,043)	(10,967)
Loss allowance - accounts receivable	(1,501)	(1,007)
Loss allowance - Long-term notes receivable	(4,060)	-
	\$ 466,255	222,874

The Company entered into an accounts receivable factoring agreement with CTBC Bank in 2023. As agreed, the Company shall not bear the default risk of accounts receivable transferred but losses arising from disputes, and the bank shall offer a 90-percent credit risk protection while the Company shall not have any continuing involvement in the transferred accounts receivable. Therefore, the requirements of derecognition of financial assets were met. After the derecognition of accounts receivable, the debt receivable from the financial institution was recognized as other receivables. The information on accounts receivable transferred that were undue on the reporting date is as follows :

2023.12.31						
Factor	Amount derecognized	Advance amount available	Advance amount withdrawn	Amount reclassified as other receivables	Interest rate range	Other important matter
CTBC Bank	2,286	39,149	-	2,286	-	None
	(USD74)	(USD1,275)		(USD74)		

The Company executed an accounts receivable factoring contract with The

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Shanghai Commercial & Savings Bank in 2022. Under the contract, the Company need not assume the risk of the transferred accounts receivable being unrecovered but only need bear the losses arising from business disputes. In addition, the Company does not participate in the transferred accounts receivable anymore in any way, and a credit risk coverage rate up to 90% has been provided by banks. In addition, as stated in the facility approval notice signed with the Shanghai Commercial & Savings Bank in 2023, the Company may withdraw advance up to 80% of the agreed facility from January 6 to August 30, 2023. The abovementioned accounts receivable factoring agreement expired on August 30, 2023.

As of December 31, 2023 and 2022, the credits approved for the accounts receivable factoring agreement between the Company and CTBC Bank and the Shanghai Commercial & Savings Bank were NTD46,058 thousand (USD1,500 thousand) and NTD122,840 thousand (USD4,000 thousand), respectively, while the Company did not engage in accounts receivable factoring as of December 31, 2022.

The Company applies the simplified approach to provide for its expected credit losses for all notes and accounts receivable, i.e., using the measurement of expected credit loss during the period. To measure the expected credit losses, such notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporating forward looking information, including macroeconomic and relevant industry information.

Analysis of expected credit losses of the Company's notes receivable and accounts receivable (excluding related parties) is as follows:

1. Electromechanical Business Group

	2023.12.31		
	Carrying values of notes receivable and accounts receivable	Weighted average loss rate (%)	Allowance for expected credit loss during the period
Current	\$ 233,510	1.96	4,585
1 to 30 days past due	13,194	1.96	259
31 to 60 days past due	42,793	1.96	840
61 to 90 days past due	11,805	1.96	232
91 to 120 days past due	16,704	1.96	328
121 to 150 days past due	9,343	1.96	183
151 to 180 days past due	1,760	1.96	35
More than 180 days past due	21,903	1.96	430

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

\$ 351,012 **6,892**

Some of the Company's notes receivable were due on December 31, 2023, and the ages above were calculated using the due dates of notes. However, as stated in the agreements with customers, the Company may only send invoices to customers when they have received the payments from end customers, so the Company has reasonable expectation that the identical notes receivable is recoverable. Thereby, the Company used the weighted average of expected credit loss rate for undue receivables in the calculation of expected credit loss. Moreover, the Company recognized the notes receivable of NTD3,633 thousand that the Company had no reasonable expectation of recovering as loss allowance on December 31, 2023 and excluded it from the analysis of expected credit losses.

2. Optoelectronics Business Group

	2023.12.31		
	Carrying values of notes receivable and accounts receivable	Weighted average loss rate (%)	Allowance for expected credit loss during the period
Current	\$ 68,598	0.02	11
61 to 90 days past due	21	61.8	13
More than 180 days past due	55	100	55
	\$ 68,674		79

	2022.12.31		
	Carrying values of notes receivable and accounts receivable	Weighted average loss rate (%)	Allowance for expected credit loss during the period
Current	\$ 201,898	1.63	3,300
1 to 30 days past due	228	4.39	10
31 to 60 days past due	36	47.22	17
61 to 90 days past due	30	56.67	17
More than 180 days past due	8,630	100.00	8,630
	\$ 210,822		11,974

According to historical experience, the Company's accounts receivable due from related parties have experienced no credit losses, and we also consider that as of the balance sheet date, the accounts receivable due from related parties have not

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

been overdue and there is no other indication that the credit quality of accounts receivable due from related parties has changed from the original credit dates. Therefore, the company's assessment of accounts receivable due from related parties is that they will not generate credit losses, and they are not included for calculation in the analysis table of expected credit losses.

The table of changes in loss allowance for notes receivable and accounts receivable of the Company is as follows:

	2023	2022
Opening balance	\$ 11,974	27,548
Provision for impairment reversal gain	(1,370)	(15,574)
Ending balance	\$ 10,604	11,974

(VI) Other receivables(Including current and non-current)

	2023.12.31	2022.12.31
Current		
Finance lease receivable, net.	\$ 835	-
Other receivables	6,357	2,201
Other receivables - related parties	4,562	1,790
	11,754	3,991

	2023.12.31	2022.12.31
Non current (Other Non-Current Assets)		
Long-term finance lease receivable, net.	\$ 3,472	-
Long-term notes receivable	25,390	-
Long-term accounts	65,166	65,166
Less: Loss allowance – Long-term notes receivable	(4,060)	-
Loss allowance – Long-term accounts	(65,166)	(65,166)
	24,802	-
	\$ 36,556	3,991

The table of changes in loss allowance for other receivables and long-term receivables of the Company is as follows:

	2023	2022
Ending balance(as Opening balance)	\$ 65,166	65,166

Provision of impairment losses on long-term notes receivable please refer to Note 6 (5)

For other credit risk information please refer to Note 6 (22)

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

(VII) Inventory

	2023.12.31	2022.12.31
Raw materials	\$ 171,525	129,332
Work in process	12,276	13,307
Finished products	9,850	13,042
Goods held in inventory	2,430	12,805
	\$ 196,081	168,486

In addition to transferring inventory to operating costs due to normal sales in 2023 and 2022, other total expenses and losses directly included in operating costs are listed as follows:

	2023	2022
Inventory valuation and obsolescence loss (reversal gain)	\$ (594)	19,223
Inventory obsolescence loss	19,919	1,895
Unamortized manufacturing overhead	12,276	7,941
Inclusion in operating costs	\$ 31,601	29,059

The reversal of previously recognized impairment and bad debt losses in 2023 is mainly due to the sale of inventories that have been provisioned for impairment and bad debt losses.

None of the Company's inventory was pledged as collateral as of December 31, 2023 and 2022.

(VIII) Investments accounted for using equity method

The Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

	2023.12.31	2022.12.31
Subsidiary	\$ 953,899	930,256
Affiliated companies	348,778	327,189
	\$ 1,302,677	1,257,445

1. Subsidiaries

Please refer to the 2023 consolidated financial statements.

2. Affiliated companies

Affiliates that are material to the Company consisted of the following:

Affiliated company name	Relationship with the Group	Main operating location / country of incorporation	Proportion of shareholding and voting rights	
			2023.12.31	2022.12.31
Epoch Chemtronics Corp. (Epoch)	Optical instrument manufacturing, etc.	Taiwan	23.75%	23.75%

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Aggregated financial information of affiliated companies that are material to the Company are set forth below.

	2023.12.31	2022.12.31
Current assets	\$ 2,865,841	2,671,160
Non-current assets	1,026,259	906,762
Current liabilities	(2,409,012)	(2,203,917)
Non-current liabilities	(102,345)	(84,158)
Net assets	\$ 1,380,743	1,289,847

	2023	2022
Operating revenue	\$ 6,002,505	4,301,967
Profit from continuing operations	239,376	221,374
Other comprehensive income	(12,415)	6,422
Total comprehensive income	\$ 226,961	227,796
Dividends received from affiliated companies	\$ 32,321	24,241
Share of net assets of the Company's affiliates on January 1	\$ 306,342	276,482
Comprehensive income (loss) attributable to the Company	53,902	54,101
Dividends received from affiliated companies	(32,321)	(24,241)
Changes in equity of investment in associates and joint ventures accounted for using equity method	8	-
Share of net assets of related companies attributable to the Company at period end	327,931	306,342
Add: Goodwill	20,847	20,847
Carrying amount of equity in affiliated companies attributable to the Company at period end	\$ 348,778	327,189

The difference between the Company's equity and the carrying amount of the investment using the equity method mainly constitutes goodwill arising from the purchase of the investment at a premium when originally acquired.

3. Collateral

As of December 31, 2023 and 2022, none of the Company's investments using the equity method were pledged as collateral.

(IX) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company for 2023 and 2022 were as follows:

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

	<u>Land</u>	<u>Housing and construction</u>	<u>Machinery and equipment</u>	<u>Leased assets</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:						
Balance as at January 1, 2023	\$ 263,627	566,533	554,046	39,837	108,318	1,532,361
Addition	-	669	4,688	280	9,240	14,877
Reclassification	-	-	525	-	-	525
Disposal	-	-	(120,049)	-	-	(120,049)
Balance as at December 31, 2023	<u>\$ 263,627</u>	<u>567,202</u>	<u>439,210</u>	<u>40,117</u>	<u>117,558</u>	<u>1,427,714</u>
Balance as at January 1, 2022	\$ 263,627	564,242	841,223	54,446	110,856	1,834,394
Addition	-	2,291	2,665	1,729	9,513	16,198
Reclassification	-	-	4,195	9,931	-	14,126
Disposal	-	-	(294,037)	(26,269)	(12,051)	(332,357)
Balance as at December 31, 2022	<u>\$ 263,627</u>	<u>566,533</u>	<u>554,046</u>	<u>39,837</u>	<u>108,318</u>	<u>1,532,361</u>
Depreciation and impairment loss:						
Balance as at January 1, 2023	\$ -	463,490	529,844	14,784	94,183	1,102,301
Depreciation for the current period	-	8,074	6,227	9,150	5,832	29,283
Disposal	-	-	(120,049)	-	-	(120,049)
Balance as at December 31, 2023	<u>\$ -</u>	<u>471,564</u>	<u>416,022</u>	<u>23,934</u>	<u>100,015</u>	<u>1,011,535</u>
Balance as at January 1, 2022	\$ -	455,634	818,342	31,518	100,663	1,406,157
Depreciation for the current period	-	7,856	5,408	9,240	5,417	27,921
Disposal	-	-	(293,906)	(25,974)	(11,897)	(331,777)
Balance as at December 31, 2022	<u>\$ -</u>	<u>463,490</u>	<u>529,844</u>	<u>14,784</u>	<u>94,183</u>	<u>1,102,301</u>
Carrying amounts:						
Balance as at December 31, 2023	<u>\$ 263,627</u>	<u>95,638</u>	<u>23,188</u>	<u>16,183</u>	<u>17,543</u>	<u>416,179</u>
Balance as at December 31, 2022	<u>\$ 263,627</u>	<u>103,043</u>	<u>24,202</u>	<u>25,053</u>	<u>14,135</u>	<u>430,060</u>

Note 1: Transferred from payments for prepaid equipment.

The Company's real estate, factories and equipment have not been provided as collateral security.

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

(X) Right of use assets

Changes in the cost, depreciation, and impairment losses of the land and buildings of the Company are detailed as follows:

	Housing and construction
Right of use asset costs:	
Balance as at January 1, 2023	\$ 79,457
Addition	1,684
Balance as at December 31, 2023	<u>\$ 81,141</u>
Balance as at January 1, 2022	\$ 73,810
Addition	1,988
Remeasurements due to change in lease term	7,324
Disposal (early termination of the contract)	<u>(3,665)</u>
Balance as at December 31, 2022	<u>\$ 79,457</u>
Right of use asset depreciation:	
Balance as at January 1, 2023	\$ 21,657
Depreciation for the current period	14,816
Balance as at December 31, 2023	<u>\$ 36,473</u>
Balance as at January 1, 2022	\$ 8,470
Depreciation for the current period	14,793
Disposal (early termination of the contract)	<u>(1,606)</u>
Balance as at December 31, 2022	<u>\$ 21,657</u>
Carrying amounts:	
Balance as at December 31, 2023	<u>\$ 44,668</u>
Balance as at December 31, 2022	<u>\$ 57,800</u>

(XI) Investment real estate

Investment real estate constitutes the Company's own assets. Changes in the cost, depreciation, and impairment losses investment real estate of the Company for 2023 and 2022 are detailed as follows:

	Land	Housing and construction	Total
Cost or deemed cost:			
Balance as at December 31, 2023 (i.e., balance as at January 1, 2023)	<u>\$ 69,908</u>	<u>7,174</u>	<u>77,082</u>
Balance as at December 31, 2022 (i.e., balance as at January 1, 2022)	<u>\$ 69,908</u>	<u>7,174</u>	<u>77,082</u>

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Depreciation and impairment loss:

	<u>Land</u>	<u>Housing and construction</u>	<u>Total</u>
Balance as at January 1, 2023	\$ -	896	896
Depreciation for the current period	-	179	179
Balance as at December 31, 2023	<u>\$ -</u>	<u>1,075</u>	<u>1,075</u>
Balance as at January 1, 2022	\$ -	717	717
Depreciation for the current period	-	179	179
Balance as at December 31, 2022	<u>\$ -</u>	<u>896</u>	<u>896</u>

Carrying amount:

Balance as at December 31, 2023	<u>\$ 69,908</u>	<u>6,099</u>	<u>76,007</u>
Balance as at December 31, 2022	<u>\$ 69,908</u>	<u>6,278</u>	<u>76,186</u>

Fair value:

Balance as at December 31, 2023	<u>\$ 138,060</u>
Balance as at December 31, 2022	<u>\$ 159,156</u>

The fair value of the Company's investment real estate is valued by the Company with reference to market evidence of similar real estate transaction prices.

(XII) Intangible assets

Costs and amortization of the Company's intangible assets in 2023 and 2022 are detailed as follows:

	<u>Computer software</u>
Cost:	
Balance as at December 31, 2023 (i.e., balance as at January 1, 2023)	<u>\$ 6,138</u>
Balance as at December 31, 2022 (i.e., balance as at January 1, 2022)	<u>\$ 6,138</u>
Amortization and impairment loss:	
Balance as at January 1, 2023	\$ 966
Amortization for the period	<u>888</u>
Balance as at December 31, 2023	<u>\$ 1,854</u>
Balance as at January 1, 2022	\$ 78
Amortization for the period	<u>888</u>

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Balance as at December 31, 2022	<u>\$ 966</u>
Carrying amounts:	
Balance as at December 31, 2023	<u>\$ 4,284</u>
Balance as at December 31, 2022	<u>\$ 5,172</u>

(XIII) Lease liabilities

Book value of the Company's lease liabilities is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Current	\$ 14,860	14,238
Non current	<u>30,307</u>	<u>43,842</u>
	<u>\$ 45,167</u>	<u>58,080</u>

For the maturity analysis, please refer to Note 6 (22).

Lease amounts recognized as profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 687</u>	<u>847</u>
Short-term lease expense	<u>\$ 753</u>	<u>-</u>
Expenses relating to leases of low value assets(Low-value leases excluding short-term leases)	<u>\$ 15</u>	<u>827</u>

Lease amounts recognized in the statements of cash flows are as follows:

	<u>2023</u>	<u>2022</u>
Total amount of net cash flows from operating activities	\$ 1,455	1,674
Total amount net cash flows from financing activities	<u>14,597</u>	<u>14,439</u>
Total cash flows from leases	<u>\$ 16,052</u>	<u>16,113</u>

The Company leased land and buildings as factories and office premises on December 31, 2023 and 2022. Land and building leases are usually for a period of five years with an option to extend for the same period as the original contract at the expiry of the lease term.

The Company leases some offices and transportation equipment for a period of one to three years. Such leases are leases of low value subject matter, and the Company has elected not to recognize right of use assets and lease liabilities for these leases.

As of December 31, 2023 and 2022, lease liabilities Increase by NTD 0 thousand due and decreased by NTD 4,973 thousand due to early termination and re-assessment of some lease contracts.

(XIV) Provisions

After-sales service provisions:

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	2023	2022
Beginning balance as of January 1	\$ 86,204	63,475
Newly added provisions for the period	77,469	37,426
Current reversal provision	(39,956)	(14,697)
Ending balance as of December 31	\$ 123,717	86,204

Carrying amount of after-sales service provisions is as follows:

	2023.12.31	2022.12.31
Current	33,226	26,017
Non current	90,491	60,187
	\$ 123,717	86,204

Decommissioning, restoration, and rehabilitation costs - non current:

	2023	2022
Beginning balance as of January 1	\$ 4,102	5,069
Provisions used in the period	-	(967)
Ending balance as of December 31	\$ 4,102	4,102

1. Liability provision for after-sales service is based on historical experience, management's judgment and other known reasons to estimate possible product returns, discounts and replacements, and it is recognized as cost of goods sold in the year when the related products are sold.
2. Decommissioning, restoration, and rehabilitation costs is to estimate the restoration cost of the leased plant that may occur in the future.

(XV) Employee benefits

1. Defined benefit plan

Reconciliation between the present value of the Company's defined benefit obligations and the fair value of plan assets is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligations	\$ 17,468	16,493
Fair value of plan assets	(11,524)	(11,156)
Non-current net defined benefit liability	\$ 5,944	5,337

The Company's defined benefit plan is transferred to labor retirement reserve accounts of the Bank of Taiwan. Retirement payments for each employee are subject to the Labor Standards Act; they are calculated on the basis of years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

In accordance with the Labor Standards Act, the pension fund provided for by the Company is under the overall management of the Bureau of Labor Funds under the Ministry of Labor. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the

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minimum income distributed in the annual final settlement for the use of the fund shall not be lower than the income calculated according to the two-year fixed deposit interest rate of local banks.

As of the reporting date, the balance of the Company's labor retirement reserve account at the Bank of Taiwan was NTD 11,397 thousand. Information on the use of assets of the labor pension fund includes fund yield and fund asset allocation; please refer to the information published on the website of the Bureau of Labor Funds.

(2) Changes in present value of defined benefit obligations

Changes in the present value of the Company's defined benefit obligations in 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligations as at January 1	\$ 16,493	18,331
Current service cost	-	-
Current interest	227	114
Remeasurement of net defined benefit liabilities (assets)		
- Actuarial gains and losses due to experience adjustments	283	(1,269)
- Actuarial gains and losses arising from changes in financial assumptions	465	(683)
Defined benefit obligations as at December 31	<u>\$ 17,468</u>	<u>16,493</u>

(3) Changes in fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets in 2023 and 2022 were as follows:

	2023	2022
Fair value of identifiable plan net assets as at January 1	\$ 11,156	9,926
Interest income	156	63
Remeasurement of net defined benefit liabilities (assets) — plan asset return (excluding current interest)	80	762
Amount allocated to the plan	132	405
Fair value of identifiable plan net assets as at December 31	<u>\$ 11,524</u>	<u>11,156</u>

(4) Expenses recognized in profit or loss

Details of expenses reported by the Company in 2023 and 2022 are as follows:

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	2023	2022
Current service cost	\$ -	-
Net interest on net defined benefit liabilities	71	51
	\$ 71	51

(5) Net defined benefit assets recognized in remeasurement of other comprehensive income (liabilities)

The Company's cumulative net defined benefit assets recognized in remeasurement of other comprehensive income (liabilities) are as follows:

	2023	2022
Cumulative balance as at January 1	\$ 2,940	226
Recognized this period	(668)	2,714
Cumulative balance as at December 31	\$ 2,272	2,940

(6) Actuarial assumptions

Significant actuarial assumptions used by the Company for the present value of the defined benefit obligations at the reporting date are as follows:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.375%
Future salary increases	2.500%	2.250%

The Company expects a provision amount paid to defined benefit plan of \$0 thousand within one year after the 2023 annual report date.

The weighted average duration of the defined benefit plan is 7.4 years.

(7) Sensitivity analysis

The impact of changes in key actuarial assumptions when applied at 31 December 2023 and 2022 on the present value of the defined benefit obligations is as follows:

	Impact on defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2023		
Discount rate (change of 0.25%)	(317)	329
Future salary adjustments (change of 0.25%)	320	(310)
December 31, 2022		
Discount rate (change of 0.25%)	(319)	331
Future salary adjustments (change of 0.25%)	323	(313)

The above sensitivity analysis is based on the analysis of the impact of a

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

change in a single assumption while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liability on the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis in this period are the same as those in the previous period.

2. Defined contribution plan

The Company's defined contribution plan is in accordance with the provisions of the Labor Pension Act. Transfers are made to individual labor pension accounts established by the Bureau of Labor Insurance in line with the contribution rate of 6% of monthly employee salaries. Under this setup, after the Company has provided a fixed amount to the Bureau of Labor Insurance, there is no statutory or constructive obligation to pay an additional amount.

Pension expenses under the Company's 2023 and 2022 defined pension appropriation measures are NTD 5,047 thousand and NTD 4,794 thousand respectively, which have been allocated to the Bureau of Labor Insurance.

(XVI) Income taxes

1. The Company's 2022 and 2021 income tax expenses (benefits) are detailed as follows:

	2023	2022
Current income tax expense		
Current period	\$ 10,866	6,659
Underestimation of income tax benefit for prior years	(39)	(316)
	10,827	6,343
Deferred tax expense (benefit)		
Occurrence and reversal of temporary differences	(59,619)	(6,601)
Income tax benefit	\$ (48,792)	(258)

Income tax benefit (expense) recognized by the Company under other comprehensive income in 2023 and 2022 are detailed as follows:

	2023	2022
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	\$ 134	(543)

The Company's 2023 and 2022 income tax expenses (benefits) and reconciliation with net profit before tax are detailed as follows:

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	2023	2022
Net profit before tax	<u>\$ 518,742</u>	<u>415,793</u>
Income tax calculated at the domestic tax rate of the Company's location	\$ 103,748	\$ 83,159
Tax-exempt dividend income	(20,002)	(25,633)
Valuation loss (gain) of financial assets	(2,675)	(1,424)
Gain in investments accounted for using the equity method	(20,212)	(10,537)
Realized Equity method investment loss	(494,118)	-
Non-deductible expenses	3,111	2,598
Subsidiary capital reduction to make up for losses	-	(55,721)
Impact of loss carryforward on tax liability	370,356	-
Tax difference in depreciation expenses	173	(374)
Previous underestimation	(39)	(316)
Undistributed surplus earnings	10,866	6,659
Other	-	1,331
Total	<u>\$ (48,792)</u>	<u>(258)</u>

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

Items not recognized as deferred tax assets by the Company are as follows:

	2023.12.31	2022.12.31
Temporary differences that can be deducted	\$ 1,130,559	2,624,107
Tax loss	3,265,759	1,596,547
	<u>\$ 4,396,318</u>	<u>4,220,654</u>

Taxable losses are subject to the provisions of the Income Tax Act. As approved by the tax collection authority, losses for the previous ten years may be deducted from the net profit of the current year to re-assess income tax. These items are not recognized as deferred tax assets. This is because it is not probable that the Company will have sufficient taxable income for the temporary difference in the future.

As of December 31, 2023, the Company has not yet recognized tax losses as deferred tax assets. The deduction period is as follows:

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Year of loss	Loss not yet deducted	The last year for which the deduction can be made
2014 approved number	\$ 11,997	2024
2015 approved number	370,175	2025
2016 approved number	98,904	2026
2017 approved number	808,806	2027
2018 approved number	7,359	2028
2022 declared number	6,661	2031
2023 estimate number	1,961,857	2032
Total	\$ 3,265,759	

(2) Deferred tax assets and liabilities recognized

Changes in deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Inventory allowance for impairment losses	Expected credit impairment losses	After-sales service liability provision	loss carryforward on tax liability	Other	Total
January 1, 2023	\$ 10,596	1,794	17,241	-	1,143	30,774
Credit (debit) profit and loss	(119)	(372)	7,502	52,570	(13)	59,568
Credit to other comprehensive income	-	-	-	-	134	134
December 31, 2023	\$ 10,477	1,422	24,743	52,570	1,264	90,476
January 1, 2022	\$ 6,751	4,749	12,495	-	1,757	25,752
Credit (debit) profit and loss	3,845	(2,955)	4,746	-	(71)	5,565
Credit to other comprehensive income	-	-	-	-	(543)	(543)
December 31, 2022	\$ 10,596	1,794	17,241	-	1,143	30,774

Deferred tax liabilities:

	Foreign exchange gains
January 1, 2023	\$ 932
Debit (credit) profit and loss	(51)
December 31, 2023	\$ 881
January 1, 2022	\$ 1,968
Debit (credit) profit and loss	(1,036)
December 31, 2022	\$ 932

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

3. Income tax approval status

The Company's tax returns for the years through 2021 were examined and approved by the tax authority.

(XIX) Capital and other equity

1. Issuance of ordinary shares

As at December 31, 2023 and 2022, the Company's total authorized capital stock is NTD 2,000,000 thousand and the par value of each share is NTD 10.

Total issued shares amount to 151,328 thousand shares.

2. Capital reserve

The balance of the Company's capital reserve is as follows:

	2023.12.31	2022.12.31
Additional paid-in capital - may be used to compensate for losses, distributed in cash, or recapitalized.	\$ 1,859,093	1,934,757
Additional paid-in capital may be used - only to compensate for prior losses.	50,804	50,804
Changes in the net equity value of affiliated companies recognized under the equity method	13,642	13,634
Employee stock options	2,321	2,321
	\$ 1,925,860	2,001,516

In accordance with provisions of the Company Act, after capital reserve is given priority to cover losses, it may be issued to new shares or cash in proportion to the shareholders' original shares in the form of realized capital gains. Realized capital gains as mentioned in the preceding paragraph includes excess from the issuance of shares in excess of par value as well as grants received. In accordance with provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital reserves that can be used as capital shall not exceed 10% of the paid-in capital.

3. Retained earnings

According to the provisions of the earnings distribution policy of the Articles of Incorporation of the Company, if there is a surplus in the annual final accounts, taxes should first be paid to offset any prior deficit, and 10% is to be subsequently set aside as legal reserve. In addition, in accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act, for the deduction amount of shareholders' equity incurred in the current year, the same amount of special reserve shall be set aside from the after-tax surplus earnings of the current year and the undistributed surplus earnings of the previous period. For the deduction amount of other shareholders' equity accumulated in the previous period, the

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

special reserve of the same amount shall not be distributed from the undistributed surplus earnings in the previous period. In the event of a subsequent reversal of the amount of the deduction of shareholders' equity, earnings may be distributed to the reversed portion.

In addition, and in accordance with the Articles of incorporation of the Company, the dividend policy of the Company is based on current and future development plans while considering the investment environment, capital needs, and the domestic and foreign competitive environment, and takes into account the interests of shareholders and other factors. Each year, no less than 20% of the distributable surplus shall be allocated for distribution to shareholders as dividends and bonuses; but when the accumulated distributable surplus is less than 100% of paid-in capital, it may not be distributed.

(1) Legal reserve

When the Company has no losses, then subject to a resolution of the shareholders' meeting there may be issuance of new shares or cash with the legal reserve. However, this is limited to the portion of the reserve exceeding 25% of the paid-in capital.

(2) Earnings distribution

At its respective General Meetings of Shareholders on May 31, 2023 and June 29, 2022, the Company passed corresponding resolutions for 2022 and 2021, announcing cash dividends from capital reserve and earnings distribution with the amounts of cash dividends being as follows:

	2022	2021
Dividends distributed to owners of ordinary shares:		
Cash - retained earnings	\$ 151,328	105,929
Cash - capital reserve	75,664	75,664
	\$ 226,992	181,593
Distribution rate in NT dollars (NTD)	\$ 1.50	1.20

Information on the distribution of earnings as resolved by the Company's shareholders' meeting can be inquired through the Market Observation Post System.

On February 27, 2024, the board of directors of the company proposed a profit distribution plan for 2023. The following is the amount of dividends to be distributed to shareholders :

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

	2023	
	Dividend yield (yuan)	Amount
Dividends distributed to owners of ordinary shares:		
Cash - retained earnings	\$ 1.50	226,992
Cash - capital reserve	0.50	<u>75,663</u>
Total		<u><u>\$ 302,655</u></u>

4. Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance as at January 1, 2023	\$ 13,527	1,174,206	1,187,733
Exchange differences on translation of foreign financial statements	(130)	-	(130)
Share of other comprehensive income of subsidiaries, affiliates, and joint ventures recognized using the equity method	(2,996)	-	(2,996)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income	-	625,489	625,489
Balance as at December 31, 2023	<u><u>\$ 10,401</u></u>	<u><u>1,799,695</u></u>	<u><u>1,810,096</u></u>
Balance as at January 1, 2022	\$ (89,969)	1,152,720	1,062,751
Exchange differences on translation of foreign financial statements	102,110	-	102,110
Share of other comprehensive income of subsidiaries, affiliates, and joint ventures recognized using the equity method	1,386	-	1,386
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income	-	21,486	21,486
Balance as at December 31, 2022	<u><u>\$ 13,527</u></u>	<u><u>1,174,206</u></u>	<u><u>1,187,733</u></u>

(XVIII) Earnings per share

Basic EPS and diluted EPS for 2023 and 2022 are calculated as follows:

Unit: Thousand shares

	2023	2022
Basic EPS:		
Net profit attributable to holders of ordinary	<u><u>\$ 567,534</u></u>	<u><u>416,051</u></u>

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

shares of the Company		
Weighted average number of ordinary shares outstanding	<u>151,328</u>	<u>151,328</u>
Basic EPS (Unit: New Taiwan Dollars)	<u>\$ 3.75</u>	<u>2.75</u>
Diluted EPS:		
Net profit attributable to holders of ordinary shares of the Company	<u>\$ 567,534</u>	<u>416,051</u>
Weighted average number of ordinary shares outstanding	151,328	151,328
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>329</u>	<u>390</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>151,657</u>	<u>151,718</u>
Diluted EPS (Unit: New Taiwan Dollars)	<u>\$ 3.74</u>	<u>2.74</u>

(XIX) Revenue from contracts with customers

1. Details of revenue

	2023		
	<u>Optoelectronics Division</u>	<u>Electromechanical Division</u>	<u>Total</u>
Principal regional markets:			
Asia	\$ 108,769	13,325	122,094
Americas	38,966	-	38,966
Taiwan	240,434	1,244,063	1,484,497
	<u>\$ 388,169</u>	<u>1,257,388</u>	<u>1,645,557</u>

	2022		
	<u>Optoelectronics Division</u>	<u>Electromechanical Division</u>	<u>Total</u>
Principal regional markets:			
Asia	\$ 116,835	1,428	118,263
Americas	27,406	-	27,406
Taiwan	734,012	669,174	1,403,186
	<u>\$ 878,253</u>	<u>670,602</u>	<u>1,548,855</u>

2. Contract balances

	<u>2023.12.31</u>	<u>2022.12.31</u>	<u>2022.1.1</u>
Notes receivable	\$ 258,689	113,919	139,266
Accounts receivable	139,240	96,903	159,832
Accounts receivable - related parties	53,540	24,026	15,476
Long-term notes receivable	25,390	-	(27,548)

**Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial
Statements (Continued)**

(Other Non-Current Assets)			
Less: Loss allowance— notes receivable	(5,043)	(10,967)	-
Less: Loss allowance - accounts receivable	(1,501)	(1,007)	-
Loss allowance - Long- term notes receivable	(4,060)	-	-
Total	\$ 466,255	222,874	287,026
Contract Liabilities - Merchandise Sales	\$ 4,892	5,579	6,028

The opening balances of contract liabilities on January 1, 2023 and 2022 were recognized as revenue in 2023 and 2022, amounting to NTD 4,621 thousand and NTD 2,335 thousand respectively.

(XX) Remuneration of employees and directors

According to the Articles of Incorporation of the Company, if there is profit for the year then not less than 2% shall be set aside for employees' remuneration and not more than 1.5% shall be set aside as remuneration for directors. However, when the Company still has accumulated losses, it should reserve the compensatory amount in advance. Stock or cash may be distributed to persons to whom employee remuneration is to be distributed as in the preceding paragraph, including employees of controlling or subordinate companies meeting certain conditions.

The Company's estimated amounts of employee remuneration for 2023 and 2022 were NTD 10,751 thousand and NTD 8,636 thousand respectively. The corresponding estimated amounts for directors' remuneration were NTD 8,063 thousand and NTD 6,463 thousand. The estimated amounts mentioned above are calculated based on net profit before tax of the Company, excluding remuneration to employees and directors, and multiplied by the percentage of remuneration to employees and directors as stipulated in the Company's Articles of Incorporation. These remunerations were reported under operating expenses. The differences between the actual distributed amounts, as determined by the Board of Directors, and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. Relevant information can be inquired through the Market Observation Post System. If the Board of Directors decides to pay employee compensation in stock, the numbers of shares to be distributed were calculated based on the closing price of the Company's shares one day before the date of the decision of the Board of Directors. If the actual amount of dividends distributed in the next year is different from the estimated amount, it will be treated as a change in accounting estimate, and the difference will be recognized in the next year's income statement.

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The amount of employee and director remuneration resolved by the aforementioned board of directors is the same as the estimated amount in the individual financial statements of the company for 2023 and 2022. For details, see the Market Observation Post System (MOPS).

(XXV) Non-operating revenue and expenses

1. Interest income

Details of the interest income of the Company are as follows:

	2023	2022
Bank deposit interest	\$ 3,909	3,203
Related party interest	-	341
Bank deposit interest	\$ 3,909	3,544

2. Other income

Details of other income of the Company are as follows:

	2023	2022
Lease income	\$ 2,191	2,292
Dividend income	100,008	128,166
Other income	6,850	5,735
	\$ 109,049	136,193

3. Other gains and losses

Other gains and losses of the Company are detailed as follows:

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 1,175	15,990
Foreign currency exchange loss, net	(2,005)	29,528
Gain (loss) on financial assets at fair value through profit or loss	13,377	7,120
Investment real estate depreciation expense	(179)	(179)
Other	(253)	(11)
	\$ 12,115	52,448

4. Finance costs

The finance costs of the Company are detailed as follows:

	2023	2022
Bank loans	\$ -	289
Lease liabilities	687	847
Other	6	3
	\$ 693	1,139

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

(XXII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

Among the balances of accounts receivable and notes receivable of the Company as at 31 December 2023 and 2022, three major customers accounted for 67% and 51% respectively.

(3) Credit risk on receivables and financial assets at amortized cost

For credit risk exposure of notes receivable and accounts receivable, please refer to Note 6 (5). For credit risk exposure of other receivables and long-term receivables, please refer to Note 6 (6). Other receivables, long-term receivables and other financial assets measured at amortized cost are financial assets with low credit risk. The loss allowance for that period is therefore measured at the twelve-month expected credit loss amount.

2. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Company's operations and mitigate the impact of fluctuations in cash flow. The Company's management supervises the use of bank financing lines and ensures compliance with terms of the loan contracts.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2023						
Non derivative financial liabilities						
Accounts payable (including related parties)	\$ 311,444	311,444	311,444	-	-	-
Other payables	206,989	206,989	206,989	-	-	-
Lease liabilities	45,167	46,077	15,359	15,359	15,359	-
Deposits received	613	613	25	220	368	-
Other non-current liabilities	61,303	61,303	-	-	-	61,303
	<u>\$ 625,516</u>	<u>626,426</u>	<u>533,817</u>	<u>15,579</u>	<u>15,727</u>	<u>61,303</u>
December 31, 2022						
Non derivative financial liabilities						
Notes payable	\$ 546	546	546	-	-	-
Accounts payable (including related parties)	223,027	223,027	223,027	-	-	-
Other payables	150,685	150,685	150,685	-	-	-
Lease liabilities	58,080	59,635	14,909	15,359	15,359	-
Deposits received	400	400	25	155	220	-
Other non-current liabilities	61,312	61,312	-	-	-	61,312
	<u>\$ 494,050</u>	<u>495,605</u>	<u>389,192</u>	<u>15,064</u>	<u>30,037</u>	<u>61,312</u>

The Company does not expect that the cash flows included in the maturity

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

analysis could occur significantly earlier or in significantly different amounts.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The Company's financial assets and liabilities exposed to foreign currency exchange rate risk were as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
<u>Financial assets</u>						
<u>Monetary items</u>						
US Dollar	\$ 8,454	30.7050	259,578	8,964	30.7100	275,274
JPY	132,923	0.2172	28,871	164,474	0.2324	38,224
 <u>Financial liabilities</u>						
<u>Monetary items</u>						
US Dollar	7,038	30.7050	216,115	6,554	30.7100	201,287

(2) Sensitivity analysis

The Company's exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties), accounts payable (including related parties), and other payables that are denominated in foreign currency. As at December 31, 2023 and 2022, if the TWD, when compared with the USD and JPY, had appreciated or depreciated 5% with all other factors remaining constant, then net profit before tax for 2023 and 2022 would have respectively increased or decreased by approximately NTD 3,617 thousand and NTD 5,611 thousand. The analysis is performed on the same basis for both periods.

(3) Exchange gains and losses on monetary items

Due to the wide variety of foreign currency transactions of the Company, gains or losses on foreign exchange are summarized as a single amount. Foreign currency exchange gains and (losses) (including both realized and unrealized) in 2023 and 2022 were approximately NTD (2,005) thousand and NTD 29,528 thousand, respectively.

4. Interest rate risk

The interest rate risk of the company's financial assets is explained in the financial risk management section of this note.

The company's major financial assets that are sensitive to interest rates are term deposits. calculated at floating interest rates. However, after assessing their increase and decrease, the change is not large, so it will not cause a significant cash flow risk to the company.

5. Other market price risk

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Sensitivity analyses for changes in securities prices vs. impact on items of comprehensive income at the reporting date are shown as follows (the analysis is performed on the same basis for both periods and assuming other variables remain constant):

<u>Price of securities at reporting date</u>	<u>2023</u>	<u>2022</u>
Up 5%	\$ 209,935	167,576
Down 5%	\$ (209,935)	(167,576)

6. Fair value information

(1) Hierarchy and fair value of financial instruments

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of each category of financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and of lease liabilities, disclosure of fair value information is not required by the regulations:

	2023.12.31				
	Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 127,624	127,624	-	-	127,624
Financial assets at fair value through other comprehensive income					
Domestic TWSE (TPEX) listed shares	4,177,556	4,177,556	-	-	4,177,556
Equity instruments without an active market measured at fair value	21,142	-	-	21,142	21,142
Subtotal	4,198,698	4,177,556	-	21,142	4,198,698
Financial assets measured at amortized cost					
Cash and cash equivalents	350,074	-	-	-	-
Notes receivable and accounts receivable (including related parties)	444,925	-	-	-	-
Other receivables	10,664	-	-	-	-

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Other receivables - related parties	4,562	-	-	-	-
Long-term notes receivable	21,330	-	-	-	-
Refundable deposits	5,324	-	-	-	-
Subtotal	<u>836,879</u>	-	-	-	-
Total	<u>\$ 5,163,201</u>	<u>4,305,180</u>	-	<u>21,142</u>	<u>4,326,322</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 311,444	-	-	-	-
Other payables	206,989	-	-	-	-
Lease liabilities	45,167	-	-	-	-
Deposits received	613	-	-	-	-
Other non-current liabilities	61,303	-	-	-	-
Total	<u>\$ 625,516</u>	-	-	-	-

	2022.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 74,970	74,970	-	-	74,970
Financial assets at fair value through other comprehensive income					
Domestic TWSE (TPEX) listed shares	3,334,383	3,334,383	-	-	3,334,383
Equity instruments without an active market measured at fair value	17,142	-	-	17,142	17,142
Subtotal	<u>3,351,525</u>	<u>3,334,383</u>	-	<u>17,142</u>	<u>3,351,525</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	474,968	-	-	-	-
Current financial assets at amortised cost	30,710	-	-	-	-
Notes receivable and accounts receivable (including related parties)	222,874	-	-	-	-
Other receivables	2,201	-	-	-	-

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Other receivables - related parties	1,790	-	-	-	-
Refundable deposits	5,211	-	-	-	-
Subtotal	<u>737,754</u>	-	-	-	-
Total	<u>\$ 4,164,249</u>	<u>3,409,353</u>	-	<u>17,142</u>	<u>3,426,495</u>
Financial liabilities measured at amortized cost					
Notes payable and accounts payable (including related parties)	\$ 223,573	-	-	-	-
Other payables	150,685	-	-	-	-
Lease liabilities	58,080	-	-	-	-
Deposits received	400	-	-	-	-
Other non-current liabilities	<u>61,312</u>	-	-	-	-
Total	<u>\$ 494,050</u>	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value—non-derivative financial instruments

If there is a quoted market price in an active market for a financial instrument, the fair value is based on the quoted market price in an active market. The market price announced by the major exchanges for all listed (over-the-counter) equity instruments taken as the basis for fair value.

Among financial instruments held by the Company, the stocks of listed (over-the-counter listed) companies and gold passbook accounts are financial assets with standard terms and conditions and are traded in the active market, and their fair values are determined by reference to market quotations.

Except for the above-mentioned financial instruments for which there is an active market, the fair values of other financial instruments are based on valuation techniques. Fair value obtained through valuation techniques may refer to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow methods, or other valuation techniques including those calculated using models based on market information available at the balance sheet date.

Financial instruments held by the Company constitute equity instruments without an active market that are not publicly quoted and are measured at fair value. Fair value is estimated using the market comparables approach as well as net asset value. The main assumptions of the market comparables approach are based on the after-tax net profit or equity net worth of the investee and the earnings or book value multipliers derived from market quotations of comparable listed companies. This estimate has been adjusted for the discounting effect of the lack of market liquidity of the equity securities. Because

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

the amount of equity investment estimated by the Company using the market comparable company method and net asset value to estimate the fair value is not significant, there is no intention to disclose quantitative information.

(XXIII) Financial risk management

The Company's financial management department provides services for each business units including overall coordination of access to domestic and international financial market operations, supervision and management of financial risks related to the Company's operations through internal risk reports that analyze exposure in accordance with risk procedures and breadth. Such risks include market risk (including exchange rate risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

The Company avoids exposure to risk through derivative financial instruments to mitigate the impact of these risks. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors of the Company, which are written principles of exchange rate risk, interest rate risk, credit risk, and the use of derivative financial instruments. Internal auditors continually review policy compliance and exposure limits. The Company does not trade in financial instruments for speculative purposes (including derivative financial instruments).

1. Credit risk

Credit risk refers to the risk of financial losses by the Company caused by a counterparty defaulting on its contractual obligations. As of the balance sheet date, the Company's largest credit risk exposure for financial losses arising from a counterparty's failure to perform its obligations is mainly from the book values of financial assets recognized in the balance sheet.

The policy adopted by the Company is to only deal with reputable parties, and, if necessary, obtain sufficient guarantee to reduce the risk of financial loss due to default. The Company continuously monitors the credit risk insurance and the credit ratings of counterparties and distributes the total transaction amounts to customers with qualified credit ratings. The credit risk is controlled through the counterparty's credit limit, which is reviewed and approved by the Company's most competent personnel every year.

The Company continuously evaluates the financial status of accounts receivable customers. The Company has no significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. When the counterparty to a transaction is an affiliated company, the Company defines it as a counterparty with similar characteristics. The Company has no significant concentration of credit risk.

2. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

to support the Group's operations and mitigate the impact of fluctuations in cash flows. The Company's management supervises the use of bank financing lines and ensures compliance with terms of the loan contracts.

The Company's working capital is sufficient to cover its needs; therefore, there is no liquidity risk due to an inability to raise funds to fulfill contractual obligations.

Bank borrowings are an important source of liquidity for the Company. As at December 31, 2023 and 2022, the Company's unutilized short-term bank facilities amounted to NTD 1,417,731 thousand and NTD 1,384,924 thousand respectively.

3. Market risk

Market risk refers to changes in market prices such as changes in exchange rates, interest rates, and equity instrument prices, and the risk that this affects the Company's income or the value of financial instruments held. The objective of market risk management is to control the exposure of market risks within an acceptable range and optimize the return on investment.

(1) Currency risk

The Company is exposed to exchange rate risks arising from sales, purchases, fixed deposits and borrowing transactions that are not denominated in the functional currency of the Company. The functional currency of the Group companies is mainly New Taiwan Dollars. The main denomination currencies for these transactions are New Taiwan Dollars, US Dollars, and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Company. Therefore, the Company currently adopts natural hedging as the main exchange rate avoidance policy in terms of exchange rate risk.

(2) Interest rate risk

The Company's financial assets with fair value risk from changes in interest rates are bank deposits; financial liabilities are short-term borrowings, but the impact on the fair value of the relevant financial assets due to changes in interest rates is not material.

(3) Other market price risk

The Company's holdings of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are invested in domestic gold passbook accounts as well as domestic TWSE and TPEX listed company stocks. Because they are measured at fair value, the Company will be exposed to the risk of changes in the market prices of equity securities. We thus prudently select investment targets and control the positions held for the sake of managing market risk.

(XXIV) Capital management

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The Company's capital risk management policy is based on the existing and possible future assets, liabilities and capital structure, taking moderate risks, and earning reasonable profits for shareholders. The goal is to achieve an ideal balance between risk control and business development and to optimize shareholder value.

In addition to appropriating legal reserve and special reserve according to law, the Company retains surplus funds and capital increase premium funds for plant expansion and operating turnover. The debt ratio is controlled below 30%, and we maintain adequate asset liquidity.

(XXV) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities not affecting current cash flow in 2023 and 2022 were as follows:

1. For acquisition of the right-of-use asset by leasing, please refer to Note 6 (10).

2. Reconciliation of liabilities from financing activities is as follows:

		Non cash changes				
		2023.1.1	Cash flows	Addition	Disposal and Remeasurement Contracts in the Current Period	2023.12.31
Total liabilities from financing activities(Lease liabilities)		\$ 58,080	(14,597)	1,684	-	45,167
		Non cash changes				
		2022.1.1	Cash flows	Addition	Disposal and Remeasurement Contracts in the Current Period	2022.12.31
Short-term loans		\$ 41,297	(41,297)	-	-	-
Lease liabilities		65,558	(14,439)	1,988	4,973	58,080
Total liabilities from financing activities		\$ 106,855	(55,736)	1,988	4,973	58,080

VII. Related party transactions

(I) Names and relationship with related parties

Related parties having transactions with the Company during the period covered by the parent company only financial statements are as follows:

Name of related party	Relationship with the Company
Young Fast (BELIZE) Co., Ltd. (Young Fast Belize) (Note1)	Subsidiaries of the Company
Young Fast (SAMOA) Co., Ltd. (Young Fast Samoa)	Subsidiaries of the Company
Young Fast Optoelectronics (VIETNAM) Co., Ltd. (Young Fast	Subsidiaries of the Company

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Vietnam)	
Young Fast Optoelectronics (HK) Co., Ltd. (Young Fast Hong Kong) (Note1)	Subsidiaries of the Company
Tengyang Optoelectronics (Huizhou) Co., Ltd. (Tengyang Optoelectronics)	Subsidiaries of the Company
Taiwan SRU Corporation Limited (Taiwan SRU)	Subsidiaries of the Company
Epoch Chemtronics Corp (Epoch)	Associate of the Company
Luminous Optical Technology (Vietnam) Co., Ltd. (Luminous Optical Technology Vietnam) (Note2)	Associate of the Company
Luminous Optical Technology Co., Ltd. (Luminous Optical Technology)	Other related parties (de facto related parties)
Hold-Key Electric Wire & Cable Co., Ltd. (Hold-Key)	Other related parties (major shareholders of the Company)

Note 1: Young Fast Hong Kong and Young Fast Belize have completed all liquidation procedures on August 19, 2022 and March 29, 2023, respectively.

Note 2: In December 2022, Epoch Chemtronics Corp. Subsidiaries ELEGANT ART TECHNOLOGY CORP acquired 100% of the equity of Luminous Optical Technology Vietnam. Starting from December 2022, the relation changed from a de facto related party to an associate of the Company.

(II) Significant transactions with related parties

1. Operating revenue

The Company's significant sales amounts with related parties are as follows:

Related party	2023	2022
Subsidiaries of the Company	\$ 7,473	3,429
Hold-Key	266,638	141,164
	<u>\$ 274,111</u>	<u>144,593</u>

The prices and payment terms of Company's sales to the above-mentioned related parties are not significantly different from those of general customers. In addition, Company does not provide similar processing services to other customers for the processing income of related parties, so there is no general customer for comparison of the transaction price. The payment terms are negotiated by both parties.

2. Purchase

Amounts of purchase and provide labor services between the Company and

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

related parties are as follows:

Related party	2023	2022
Young Fast Vietnam	\$ 249,879	475,177
Taiwan SRU Corp.	298,010	135,035
Tengyang Optoelectronics	3,613	3,993
Other related parties	1,341	11
Associate of the Company	-	111
	<u>\$ 552,843</u>	<u>614,327</u>

Company has not purchased similar products from other manufacturers or commissioned other manufacturers to provide similar labor services, there is no general manufacturer for comparison of the above transaction prices. However, the payment terms are not significantly different from those of general manufacturers.

3. Receivables from related parties

Details of the Company's receivables from related parties are as follows:

Accounts	Related Party Category/Name	2023.12.31	2022.12.31
Accounts receivable	Hold-Key	\$ 52,028	24,026
	Subsidiaries of the Company	1,512	-
		<u>53,540</u>	<u>24,026</u>
Other receivables	Young Fast Vietnam	4,562	1,001
	Subsidiaries of the Company	-	788
	Other related parties	-	1
		<u>4,562</u>	<u>1,790</u>
		<u>\$ 58,102</u>	<u>25,816</u>

As of December 31, 2023 and 2022, none of the above accounts receivable and other receivables has any loss allowance.

4. Payable to related parties

Details of the Company's payables to related parties are as follows:

Accounts	Related Party Category/Name	2023.12.31	2022.12.31
Accounts payable	Young Fast Vietnam	\$ 112,892	93,363
	Taiwan SRU Corp.	94,500	46,494
	Other related parties	425	36
	Subtotal	<u>207,817</u>	<u>139,893</u>
Other	Young Fast Vietnam	75	20

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

payables

	816	416
Other related parties	891	436
	\$ 208,708	140,329

5. Lease expenses

In April 2022, Company renewed its five-year factory lease contract with Hold-Key . The total value of the contract after renewal is NTD 72,868 thousand. In addition, in March 2023, Company leased a parking lot from Hold-Key and signed a lease contract for about four years. The total value of the contract is NTD 1,728 thousand. The above rents were negotiated based on the agreed prices between the two parties and the rent prices in the neighboring areas. The interest expense recognized by the Company for the above lease liabilities in 2023 and 2022 was NTD 687 thousand and NTD 847 thousand respectively, and the balances of unpaid lease liabilities as of December 31, 2023 and 2022 was NTD 45,167 thousand and NTD 58,080 thousand.

6. Loans to related parties

Accounts	Related Party Category/Name	2023	2022
Interest income	Young Fast Belize	\$ -	341

The Company was approved by the Board of Directors to provide short-term loans to Young Fast Belize. The annual interest rates in 2022 ranged at 0.65%. As of December 31, 2022, all short-term loans and interest income to Young Fast Belize have been fully collected. In addition, there were no loans to related parties in 2023.

7. Endorsements / guarantees provided

The amounts of endorsements/guarantees by the Company to related parties is as follows:

Related party	2023.12.31		2022.12.31	
	Endorsement/guarantee amount	Usage amount	Endorsement/guarantee amount	Usage amount
Subsidiary				
Young Fast Vietnam	\$ 196,512	2,735	138,195	-
Young Fast Samoa	307,050	-	767,750	-
Total	\$ 503,562	2,735	905,945	-

The Company's unutilized bank facilities shared with subsidiaries as at December 31, 2023 and 2022 amounted to NTD 497,843 thousand and NTD

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

905,945 thousand respectively.

(III) Remuneration of key management personnel

Remuneration of key management personnel

	2023	2022
Short-term employee benefits	\$ 45,463	37,233
Retirement benefits	366	484
	\$ 45,829	37,717

VIII. Pledged assets: None.

IX. Significant commitments and contingencies

Amounts of unused standby letters of credit that the Company has issued for the purchase of raw materials and machinery and equipment are as follows:

	2023.12.31	2022.12.31
JPY	JPY -	JPY 131,103
USD	USD 137	USD 85

X. Losses Due to Major Disasters: None.

XI. Subsequent Events: None.

XII. Other

A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

By function By nature	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salary	66,049	114,718	180,767	50,550	103,859	154,409
Health and labor insurance	5,772	6,137	11,909	4,867	5,480	10,347
Pension	2,585	2,533	5,118	2,573	2,272	4,845
Director's remuneration	-	9,675	9,675	-	7,892	7,892
Other employee benefit expenses	2,459	2,195	4,654	2,214	1,300	3,514
Depreciation expense (Note)	33,025	11,074	44,099	31,278	11,436	42,714
Amortization expense	335	553	888	335	553	888

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Note: Depreciation expenses incurred for investment real estate in 2023 and 2022 were NTD 179 thousand both, accounted under other gains and losses.

Additional information on the number of employees and employee benefit expenses of the Company in 2023 and 2022 is as follows:

	2023	2022
Number of employees	156	148
Number of directors not concurrently serving as employees	5	5
Average employee benefit expense	\$ 1,341	1,211
Average employee salary expense	\$ 1,197	1,080
Adjustment of average employee salary expenses	10.83%	4.25%
Supervisor remuneration	\$ -	-

Information on the Company's salary and remuneration policy (including directors, supervisors, managers, and employees) is as follows:

(I) Remuneration of directors

1. Remuneration of directors

Remuneration of directors of the Company is based on provisions of Article 24 of the Company's Articles of Incorporation, such that if there is profit for the year then not more than 1.5% shall be set aside as remuneration for directors.

The remuneration of non-independent directors who participate in the daily operations of the Company shall be governed by Article 21 of the Articles of Incorporation of the Company. The Board of Directors is authorized to receive remuneration according to the management responsibilities of directors and the degree of operational participation and the value of their contributions, as well as the usual level of payment in the industry.

Basic salaries, position bonuses, allowance, various bonuses and benefits, pensions, severance pay, and other salaries of non-independent directors in the Company's daily operations are handled in accordance with the Company's Salary Management Measures.

2. Remuneration of functional committee members

Remuneration for the Audit Committee stands at a fixed monthly remuneration of NTD 40 thousand. Remuneration for serving as a functional committee member other than for the Audit Committee shall be submitted to the Remuneration Committee and the Board of Directors for discussion and approval. Remuneration for the resigning committee members in the current year shall be calculated through the end of the month of resignation. For newly elected members, calculation of remuneration begins on the first day of the month

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

following their election.

3. Expenses related to business execution

For independent directors or for external committee members other than independent directors serving as functional committee members, the travel fee for each meeting is NTD 10 thousand.

(II) Remuneration of employees and managers

1. Employee remuneration

Remuneration of employees of the Company is based on provisions of Article 24 of the Company's Articles of Incorporation, such that if there is profit for the year then not less than 2% shall be set aside for employees' remuneration. Employee salary is based on the Company's Salary Management Measures and with reference to market salary conditions and organizational structure, and are adjusted according to market salary trends and government regulations in a timely manner.

2. Remuneration of managers

Basic salaries, position bonuses, allowance, various bonuses and benefits, pensions, severance pay, and other salaries of managers who are not directors of the Company are handled in accordance with the Company's Salary Management Measures.

XIII. Other disclosures

(I) Information on significant transactions:

The following is the information on significant transactions required for disclosure by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for 2023:

1. Loans to other parties:

Number (Note 1)	Lending company	Loan and counter party	Whether the current subject	is a relate d party	Maximum amount for the current period (Note 2)	Ending balance (Note 3)	Actual expenditur e amount	Interes t rate range (%)	Nature of the loan of funds (Note 4)	Transactio n amount for business between two parties	Reasons for necessity of short- term financing	Allow ance for bad debt	Collateral		Loan of funds and limit for individual counterpart ies (Notes 5 and 6)	Loan of funds and total limit (Notes 5 and 6)
													Name	Value		
1	Young Fast Samoa	Young Fast Vietnam	Other receivabl es	Yes	153,525	153,525	-	0.20 ~0.65	2	-	Operating turnover	-	-	-	871,072	871,072

Note 1: The method for filling in the "Number" column is as follows:

1. The Company is filled in as 0.
2. Subsidiaries - in sequence by company from the Arabic numeral 1.

Note 2: The highest balance of funds loaned to others in the current year.

Note 3: Refers to the quota approved by the Board of Directors as of December 31, 2023.

Note 4: Method for filling in "Nature of the loan of funds":

1. For those with business dealings please fill in "1."
2. If there is a need for short-term financing, please fill in "2."

Note 5: For companies that have short-term financing with Young Fast Samoa, the individual loan amount shall not exceed 10% of the net value of the Company, and the total loan amount shall not exceed 30% of the net value of the Company. When the counterparty of a loan of funds is the Company or is a company of the Group not located in Taiwan and in which the Company holds 100% of its total shares, the total amount and individual loans and limits shall not exceed 150% of the net worth of Young Fast Samoa.

Note 6: Loans of funds and limit amounts are calculated based on the most recent financial statements audited and

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

certified by an accountant.

2. Guarantees and endorsements for other parties:

Number (Note 1)	Endorsement/guarantee company name	Counterparty of guarantee/endorsement		Endorsement/guarantee limit for a single business (Note 3)	Maximum endorsement/guarantee balance in the current period	Endorsement/guarantee balance at end of period	Actual expenditure amount	Endorsement/guarantee amount by property guarantee	Proportion of cumulative endorsement/guarantee amounts to the net value of the most recent financial statements (%)	Maximum endorsement/guarantee amount (Note 3)	Parent company to subsidiary Endorsement/guarantee	Subsidiary to parent company Endorsement/guarantee	Endorsement/guarantee for the Mainland China region
		Company name	Relationship (Note 2)										
0	The Company	Young Fast Vietnam	2	1,966,128	196,512	196,512	735	-	3.00	3,276,880	Y	N	N
0	The Company	Young Fast Samoa	2	1,966,128	767,625	307,050	-	-	4.69	3,276,880	Y	N	N

Note 1: The method for filling in the "Number" column is as follows:

1. The Company is filled in as 0.
2. Subsidiaries - in sequence by company from the Arabic numeral 1.

Note 2: The relationship between the one providing endorsements/guarantees and the one receiving endorsements/guarantees is classified into six types:

1. Intercompany business transactions
2. Companies in which the Company directly and indirectly holds more than 50% of the voting rights.
3. Companies that directly and indirectly hold more than 50% of the voting shares of the Company.
4. Companies that are mutually protected under contractual requirements based on the needs of the contractor.
5. Companies that are endorsed by shareholders in accordance with their shareholding ratios because of the joint investment relationship.
6. Performance guarantees for pre-sale contracts under the Consumer Protection Act.

Note 3: The total amount of the Company's endorsements/guarantees shall be 50% of the net value of the Company's most recent financial statements, and endorsements/guarantees for a single enterprise shall not exceed 15% of the net value of the Company's most recent financial statements. The amount of endorsements and guarantees for companies that are directly and indirectly held 100% by voting shares may not exceed 30% of the net worth of the company's most recent financial statements.

3. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with issuer of securities	Account title	End of period				Note
				Shares/Units	Carrying amount	Percentage of ownership	Fair value	
The Company	Shares:							
	Promell Materials Technology Inc.	-	Financial assets mandatorily designated as at fair value through profit or loss-current	2,647	-	7.42%	-	
	Ritfast Corporation	-	"	245	-	0.74%	-	
	Shares:							
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	28,977	793,979	0.21%	793,979	
	Mega Financial Holding Company Limited	-	"	23,505	921,408	0.17%	921,408	
	Taiwan Cooperative Financial Holding Co., Ltd.	-	"	56,117	1,498,317	0.38%	1,498,317	
	Taiwan Business Bank	-	"	14,062	192,646	0.17%	192,646	
	Taiwan Fertilizer Co., Ltd.	-	"	2,902	196,175	0.30%	196,175	
Cathay Financial Holdings Co., Ltd.	-	"	1,672	76,502	0.01%	76,502		
Chang Hwa Commercial Bank, Ltd.	-	"	8,541	152,890	0.08%	152,890		
				3,831,917			3,831,917	

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

The Company	Hold-Key Electric Wire & Cable Co., Ltd.	Major shareholders of the Company	Financial assets at fair value through other comprehensive income – non current	10,586	345,639	5.49%	345,639
	Sol Young Enterprises Co., Ltd.	Corporate director of the Company	"	356	12,610	0.55%	12,610
	ICP Technology Co., Ltd.	-	"	295	3,032	0.90%	3,032
	Willide Optoelectronics Co., Ltd.	-	"	3.0	3,000	15.00%	3,000
	Tung Wah Electrical Engineering Co., Ltd.	-	"	Note	2,500	5.00%	2,500
					366,781		366,781

Note : Tung Wah Electrical Engineering Co., Ltd. is a limited liability company and has not issued shares, so there is no number of shares.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
7. Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Purchasing (selling) company	Name of transaction counterparty	Relationship	Transaction status				Circumstances and reasons why transaction conditions different from normal trading		Notes and accounts receivable (payable)		Note
			Purchase (sold)	Amount	Proportion of total purchased (sold) (%)	Credit period	Unit price	Credit period	Balance	Proportion of total notes and accounts receivable (payable) (%)	
The Company	Hold-Key	Other related parties	Sales	(266,638)	(16.20)	Note 1			52,028	11.16	
The Company	Young Fast Vietnam	Sub-subsidiary	Purchase of goods	249,879	29.21	Note 1			(112,892)	(36.25)	
The Company	Taiwan SRU Corp.	Subsidiary	Purchase of goods	298,010	34.84	Note 1			(94,500)	(30.34)	
Young Fast Vietnam	The Company	Parent company	Sales	(249,879)	(99.94)	Note 1			112,892	99.94	
Taiwan SRU Corp.	The Company	Parent company	Sales	(298,010)	(100.00)	Note 1			94,500	100.00	

Note 1: The Company's transaction conditions with the related party are mutually negotiated.

8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Company with accounts receivable	Name of transaction counterparty	Relationship	Balance of receivables from related parties	Turnover rate (%)	Overdue receivables from related parties		Amounts subsequently recovered from receivables of related parties	Allowance for bad debt
					Amount	Action taken		
Young Fast Vietnam	The Company	Parent and subsidiary companies	112,892 (Note1)	2.42	-		9,983	-

Note 1: The timing of cash receipts for sales revenue depends on the collection status of related parties.

Note 2: The turnover ratio refers to the accounts receivable turnover ratio.

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Note 3: As of January 19, 2024.

9. Trading in derivative instruments: None.

(II) Information on investees

Information on the company's reinvestment business in 2023 is as follows (excluding investments in Mainland China companies):

Investing company name	Investee company name	Region	Main business items	Initial investment amount (Note 3)		Held at the end of the period			Profit and loss of the investee company for the current period (Note 2)	Investment gains and losses recognized in the current period (Note 2)	Note
				End of the current period	End of prior year	Number of shares	Percentage (%)	Carrying amount (Note 2)			
The Company	Young Fast Belize	Belize	Professional investment	-	3,000,130 (USD100,000)	-	-	-	-	-	Note4
"	Young Fast Samoa	Samoa	Professional investment	1,946,551 (USD66,500)	1,946,551 (USD66,500)	57,195	100.00%	866,865	(2,106)	476	Note1
"	Taiwan SRU Corp.	Taiwan	Manufacturing of wire and cable accessories	30,960	30,960	3,096	51.00%	87,034	90,293	43,730	Note1
"	Epoch	Taiwan	Optical instruments	150,626	150,626	8,080	23.75%	348,778	239,376	56,851	
Young Fast Samoa	Young Fast Vietnam	Vietnam	Manufacture and sales of touch panels	965,402 (USD32,200)	965,402 (USD32,200)	-	100.00%	789,653	(2,490)	(1,819)	Note1

Note 1: Taking into account unrealized and realized gains and losses on intercompany transactions.

Note 2: The amounts of investment gains and losses recognized by the Company are based on financial statements of the investee company audited by accountants and estimated by the equity method.

Note 3: Initial investment amount is calculated based on historical exchange rates.

Note 4: Young Fast Belize all liquidation procedures on March 29, 2023.

(III) Information on investment in Mainland China:

1. Information on business reinvestment in Mainland China:

Mainland investee company name	Main business items	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the current period	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the end of the current period	Profit and loss of the investee company for the current period	Shareholding ratio of direct or indirect investment by the Company (%)	Investment gains and losses recognized in the current period (Note 3)	Book value of investments at the end of the period (Note 3)	Investment income repatriated up to the current period
					Outflow	Inflow						
Tengyang Optoelectronics	After sales services (labor)	4,660 (USD 150)	(II)	-	-	-	-	(627)	100.00	(627)	1,855	-

Note 1: The investment methods are divided into the following three categories, and it is sufficient to indicate the category:

(I) Direct investment in mainland China.

(II) Reinvestment in mainland China through a company in a third region. The current investment amount of USD 150 thousand is invested by Young Fast Samoa using its own funds.

(III) Other methods.

Note 2: The amounts of investment gains and losses recognized by the Company and the book values of investments at the end of the period are based on financial statements of the investee company checked by CPAs of the parent company with estimation carried out using the equity method.

Note 3: The above listed USD to NTD exchange rates are based on historical exchange rates.

2. Limits on reinvestment in mainland China:

Unit: NTD thousand

Accumulated investment amount remitted from Taiwan to the mainland at the end of the current period (Note 3)	Investment amounts authorized by the Investment Commission of the Ministry of Economic Affairs (Note 2)	Investment limits for the Mainland Area in accordance with the regulations of the Investment Committee of the Ministry of Economic Affairs (Note 1)
-	2,241,741 (USD 73,009)	3,932,256

Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial Statements (Continued)

Note 1: 60% of net value.

Note 2: Accumulated remittance amount from Taiwan at the end of the current period (net of repatriation) calculated using historical exchange rates. The amount approved by the Investment Committee of the Ministry of Economic Affairs is calculated at the exchange rate of December 31, 2023 (USD:NTD exchange rate = 1:30.705).

Note 3: Does not include cumulative disposals (including sale, liquidation, dissolution, merger and bankruptcy, etc.) (net of repatriation). The amount of investment that has not been repatriated is NTD 2,043,694 thousand (USD 66,559 thousand).

3. Significant transactions: None.

(IV) Information on major shareholders:

Unit: Shares

Shares Name of major shareholder	Number of shares held	Percentage of shareholding
Sol Young Enterprises Co., Ltd.	32,102,114	21.21%
Hold-Key Electric Wire & Cable Co., Ltd.	20,414,832	13.49%
Zhangmiao Development Co., Ltd.	9,403,000	6.21%

Note: (1) Information on major shareholders in this table is calculated from the depository company on the last business day at the end of each quarter, and includes shareholders holding more than 5% of ordinary shares and preferred shares of the Company that have completed physical registration and delivery (including treasury shares). As for share capital recorded in the Company's financial statements and the actual number of shares delivered by the Company without physical registration, there may be differences or discrepancies due to different calculation bases.

(2) If the above-mentioned information indicates that shareholders are to hand over shares to a trust, this shall be disclosed by the trustee who has opened an individual sub-account of the trustor of the special trust account. As for the insider shareholding declaration of shareholders holding more than 10% of the shares in accordance with the Securities and Exchange Act, such shareholdings include self-held shares plus the shares that are delivered to the trust and have the right to exercise decision-making power over the trust property, and so on. Please refer to the Market Observation Post System for information on insider shareholding declarations.

(3) Shareholding ratios are unconditionally rounded to two decimal places.

XIV. Segment information

**Young Fast Optoelectronics Co., Ltd. Notes to Parent Company Only Financial
Statements (Continued)**

Please refer to the 2023 consolidated financial statements for details.

Young Fast Optoelectronics Co., Ltd.
Statement of Cash and Cash Equivalents

December 31, 2023

Unit: NTD
Thousand or
Single Units of
Foreign Currency

Item	Summary	Amount
Cash	Petty cash	\$ 180
	Cash in foreign currencies:	
	Vietnamese Dong (VND15,200,000 元 @0.0013)	19
	US Dollar (USD6,794 元 @30.705)	209
	Hong Kong Dollar(HKD916 元 @3.929)	4
	Renminbi (CNY9,015 元 @4.327)	39
	Korean Won (KRW734,190 元 @0.0239)	17
	Thai Baht(THB14,607 元 @0.9017)	13
	Subtotal	<u>481</u>
Cash in banks	Demand deposits:	
	New Taiwan Dollar	205,307
	US Dollar (USD1,414,038.80 元 @30.705)	43,418
	Hong Kong dollar(HKD186,516.84 元 @3.929)	733
	Japanese yen (JPY116,576,681 元 @0.2172)	25,320
	Renminbi(CNY259,563.50 元 @4.327)	1,123
	Term deposits:	
	US Dollar (USD 2,400,000.00 @ 30.705 , Expiry date: 2024/1/2~2024/2/20 ; interest rates at 5.40%~5.53%)	<u>73,692</u>
	Subtotal	<u>349,593</u>
		<u>\$ 350,074</u>

Young Fast Optoelectronics Co., Ltd.

Statement of financial assets at fair value through other
comprehensive income - current

December 31, 2023

Unit: NTD Thousand

Financial instrument	Summary	Number of shares or number of lots	Face value	Total amount	Interest rate	Acquisitio n cost	Fair value		Changes in fair value attributable to changes in credit risk	Note
							Unit price (NTD)	Total amount		
Shares:										
Taiwan Cooperative Financial Holding Co., Ltd.		56,117	-	-	- %	\$ 730,093	26.70	1,498,317	-	
Mega Financial Holding Company Limited		23,505	-	-	- %	554,954	39.20	921,408	-	
First Financial Holding Co.,Ltd.		28,977	-	-	- %	432,023	27.40	793,979	-	
Taiwan Business Bank		14,062	-	-	- %	130,467	13.70	192,646	-	
Taiwan Fertilizer Co., Ltd.		2,902	-	-	- %	156,818	67.60	196,175	-	
Cathay Financial Holdings Co., Ltd.		1,672	-	-	- %	69,888	45.75	76,502	-	
Chang Hwa Commercial Bank, Ltd.		8,541	-	-	- %	152,766	17.90	152,890	-	
				-		\$ 2,227,009		3,831,917	-	

Young Fast Optoelectronics Co., Ltd.

Schedule of Notes Receivable

December 31, 2023

**Unit: NTD
Thousand**

Client name	Summary	Amount	Note
Current			
Non-related party:			
Company A	Business	\$ 142,658	
Company B	"	96,747	
Company C	"	17,424	
Others (individual balance not attaining 5%)	"	<u>1,860</u>	
		258,689	
Less: Loss allowance		<u>5,043</u>	
Subtotal		<u>253,646</u>	
Non-current			
Non-related party:			
Company B	Business	21,757	
Company D	"	<u>3,633</u>	
		25,390	
Less: Loss allowance		<u>4,060</u>	
Subtotal		<u>21,330</u>	
Total Subtotal		<u>\$ 274,976</u>	

Young Fast Optoelectronics Co., Ltd.

Schedule of Accounts Receivable

December 31, 2023

Unit: NTD
Thousand

Client name	Summary	Amount	Note
Related party:			
Hold-Key	Business	\$ 52,028	
Taiwan SRU Corp.	"	<u>1,512</u>	
		<u>53,540</u>	
Non-related party:			
Company D	Business	68,949	
Company E	"	13,224	
Company F	"	10,354	
Company G		7,637	
Others (individual balance not attaining 5%)	"	<u>39,076</u>	
		139,240	
Less: Loss allowance		<u>1,501</u>	
Subtotal		<u>137,739</u>	
		<u>\$ 191,279</u>	

Young Fast Optoelectronics Co., Ltd.

Statement of inventories

December 31, 2023

Unit: NTD
Thousand

Item	Amount		Note
	Cost	Net realizable value	
Raw materials	\$ 211,407	179,448	Market price refers to estimated net realizable value
Work in process	14,562	12,249	"
Manufactured goods	14,320	16,601	"
Goods	8,178	7,617	"
Total	248,467	<u>215,915</u>	
Less: Allowance for depreciation losses on inventories	<u>52,386</u>		
	<u>\$ 196,081</u>		

Young Fast Optoelectronics Co., Ltd.

Statement of changes in financial assets at fair value through other comprehensive income - non current

January 1 to December 31, 2023

**Unit: NTD
Thousand**

Name	Beginning of period		Increase in period (Note 1)		Decrease in period		End of period		Collateral or pledge	Note
	Number of shares or number of lots	Fair value	Number of shares or number of lots	Amount	Number of shares or number of lots	Amount	Number of shares or number of lots	Fair value		
Shares:										
Hold-Key Electric Wire & Cable Co., Ltd.	9,600	\$ 137,763	986	207,876	-	-	10,586	345,639	None	
Sol Young Enterprises Co., Ltd.	356	12,610	-	-	-	-	356	12,610	None	
ICP Technology Co., Ltd.	295	3,032	-	-	-	-	295	3,032	None	
Willide Optoelectronics Co., Ltd..	1.5	1,500	1.5	1,500	-	-	3.0	3,000	None	
Tung Wah Electrical Engineering Co., Ltd.	-	-	-	<u>2,500</u>	-	-	-	<u>2,500</u>	None	Note2
		<u>\$ 154,905</u>		<u>211,876</u>		<u>-</u>		<u>366,781</u>		

Note 1: Including new investment cost of NTD 19,200 thousand and unrealized appraisal gains and losses of NTD 192,676 thousand in the current period.

Note 2: Tung Wah Electrical Engineering Co., Ltd.. is a limited liability company and has not issued shares, so there is no number of shares.

Young Fast Optoelectronics Co., Ltd.

Statement of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2023

Unit: NTD
Thousand

Name	Opening balance		Increase in period (Note 2)		Decrease in period (Note 3)		Ending balance			Market price or net value of equity (Note 1)			Collateral or pledge	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Percentag e of shareholdi ng	Amount	Unit price	Total price			
Young Fast Belize	100,000	\$ -	-	-	-	100,000	-	-	-	-	-	-	None	Note4
Epoch	8,080	327,189	-	56,907	-	35,318	8,080	23.75%	348,778	40.58	327,926	-	None	
Young Fast Samoa	57,195	866,518	-	476	-	129	57,195	100.00%	866,865	15.23	871,072	-	None	
Taiwan SRU Corp.	3,096	63,738	-	43,730	-	20,434	3,096	51.00%	87,034	32.27	99,915	-	None	
		<u>\$ 1,257,445</u>		<u>101,113</u>		<u>55,881</u>			<u>1,302,677</u>		<u>1,298,913</u>			

Note 1: Long-term equity is fairly valued at the net value of equity at the balance sheet date.

Note 2: Including Investment gain of NTD 101,057 thousand, re-measurement of defined benefit plan of NTD 48 thousand, and Changes in equity of investment in associates and joint ventures accounted for using equity method of NTD 8 thousand.

Note 3: Includes cash dividends of NTD 52,755 thousand and re-measurement of defined benefit plan of NTD 3,126 thousand.

Note 4: Young Fast Belize all liquidation procedures on March 29, 2023.

Young Fast Optoelectronics Co., Ltd.

Schedule of Accounts Payable

December 31, 2023

**Unit: NTD
Thousand**

Client name	Summary	Amount	Note
Related party:			
Young Fast Vietnam	Business	\$ 112,892	
Taiwan SRU Corp.	"	94,500	
Luminous Optical Technology	"	<u>425</u>	
Subtotal		<u>207,817</u>	
Non-related party:			
Company A	Business	47,341	
Company B	"	8,316	
Others (individual balance not attaining 5%)	"	<u>47,970</u>	
Subtotal		<u>103,627</u>	
		<u>\$ 311,444</u>	

Schedule of Other Payables

Item	Summary	Amount
Non-related party:		
Salary and bonus payable	Business	\$ 136,375
Employee compensation payable	"	10,751
Others (individual balance not attaining 5%)	"	<u>59,863</u>
		<u>\$ 206,989</u>

Young Fast Optoelectronics Co., Ltd.

Statement of operating revenue

January 1 to December 31, 2023

**Unit: NTD
Thousand**

Item	Quantity	Amount	Note
Touch panels		\$ 388,169	
Terminal boxes and splice boxes		<u>1,257,388</u>	
		<u>\$ 1,645,557</u>	

Young Fast Optoelectronics Co., Ltd.

Schedule of Operating Costs

January 1 to December 31, 2023

Unit: NTD

Thousand

Item	Amount	
	Subtotal	Total
Cost of goods sold for self-manufactured products	\$	792,007
Direct raw materials	622,727	
Add: Beginning inventory	156,936	
Feedstock in this period	689,871	
Less: End-of-period inventory	(210,068)	
Inventory obsolescence loss	(12,780)	
Other	(1,232)	
Direct materials	1,633	
Add: beginning inventory	1,169	
Feedstock in this period	1,872	
Less: end-of-period inventory	(1,339)	
Other	(69)	
Direct labor	35,870	
Manufacturing expense	118,291	
Manufacturing cost	778,521	
Add: Beginning work in process inventory	32,741	
Feedstock in this period	19,371	
Less: Ending work in process inventory	(14,562)	
Inventory obsolescence loss	(5,337)	
Other	(18,998)	
Subtotal of cost of finished goods	791,736	
Add: Inventory of finished products at the beginning of the period	15,344	
Less: Inventory of finished products at the end of the period	(14,320)	
Inventory obsolescence loss	(242)	
Other	(511)	
Cost of goods sold of outsourced goods		236,539
Add: beginning inventory	15,276	
Purchases in this period	231,256	
Less: end-of-period inventory	(8,178)	
Inventory obsolescence loss	(1,560)	
Other	(255)	
Total cost of goods sold		1,028,546
Inventory obsolescence loss		19,919
Inventory valuation and obsolescence reversal gain		(594)
Unamortized manufacturing overhead		12,276
Accrued warranty liability		37,513
Other operating costs		51,527
Total operating costs	\$	1,149,187

Young Fast Optoelectronics Co., Ltd.

Schedule of marketing expenses

January 1 to December 31, 2023

Unit: NTD
Thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Salary expenses		\$ 19,109	
Commission expenses		8,849	
Import and export expenses		2,696	
Others (individual balance not attaining 5%)		4,674	
		<u>\$ 35,328</u>	

Schedule of management expenses

<u>Item</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
Salary expenses		\$ 81,276	
Director and supervisor expenses		9,675	
Depreciation		7,870	
Others (individual balance not attaining 5%)		23,997	
		<u>\$ 122,818</u>	

Young Fast Optoelectronics Co., Ltd.
Schedule of research and development expenses

January 1 to December 31, 2023

**Unit: NTD
Thousand**

Item	Summary	Amount	Note
Salary expenses		\$ 27,126	
Labor expense		6,612	
R&D material expense		3,845	
Depreciation		2,918	
Others (individual balance not attaining 5%)		<u>5,788</u>	
		<u>\$ 46,289</u>	

Please refer to Note 6 (2) of the financial statements for a detailed schedule of Financial assets at fair value through profit or loss.

Please refer to Note 6 (9) of the financial statements for a detailed schedule of changes in property, plant and equipment.

Please refer to Note 6 (10) of the financial statements for a detailed schedule of changes in right-of-use assets.

Please refer to Note 6 (11) of the financial statements for a detailed schedule of changes in investment real estate.

Please refer to Note 6 (12) of the financial statements for a detailed schedule of changes in intangible assets.

Please refer to Note 6 (13) of the financial statements for a detailed schedule of lease liabilities.

Please refer to Note 6 (14) of the financial statements for a detailed schedule of provisions.

Please refer to Note 6 (21) of the financial statements for a detailed schedule of other revenues.

Please refer to Note 6 (21) of the financial statements for a detailed schedule of other gains and losses.

Please refer to Note 6 (21) of the financial statements for a detailed schedule of finance costs.