

AAEON Technology Inc and Subsidiaries
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon
March 31, 2022 and 2021
(Stock Code: 6579)

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

AAEON Technology Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon March 31, 2022 and 2021

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To AAEON Technology Inc:

Introduction

We have reviewed the accompanying consolidated balance sheets of AAEON Technology Inc. and its subsidiaries ("the Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies. It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, international financial reporting standards approved by the Financial Supervisory Commission, and IAS 34 - "Interim Financial Reporting". Our responsibility as auditor is to form a conclusion based on our reviews.

Scope of Review

Except as described in the "Basis for qualified conclusion" paragraph, we, the auditors, have performed the review in accordance with Statement on Auditing Standards No. 65 - "Financial Statement Review". The procedures executed in our review of consolidated financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are unable to provide an opinion.

Basis for qualified conclusion

As mentioned in Note 4. (3) of the consolidated financial statements, some non- significant subsidiaries were consolidated using non-auditor reviewed financial statements for the corresponding period, which the sum of assets represented by such subsidiaries totaled \$635,414 thousand and \$795,631 thousand as of March 31, 2022 and 2021, and accounted for 5.86% and 8.08% of consolidated total assets, respectively; they also represented \$111,350 thousand and \$148,218 thousand of total liabilities, which accounted for 5.23% and 10.47% of consolidated total liabilities, respectively. Comprehensive losses reported by the above subsidiaries amounted to \$4,641 thousand and \$8,327 thousand for the three-month periods ended March 31, 2022 and 2021, which accounted for 2.75% and 17.74% of total comprehensive income for the respective periods.

Qualified conclusion

Based on our reviews and the reports of other independent auditors (please refer to other matter), none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of

Financial Reports by Securities Issuers or the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of the Group as of March 31, 2022 and 2021, and consolidated business performance and consolidated cash flow for the three-month periods ended March 31, 2022 and 2021, except for the matters discussed in the "Basis for qualified conclusion" paragraph and potential adjustments to the consolidated financial statements if financial statements of non-significant subsidiaries were to be auditor-reviewed.

Other matter – Reference to the reviews of other independent auditors

We did not review the financial statements of certain investments accounted for under equity method. Those financial statements were reviewed by other independent auditors whose reports thereon have been furnished to us and our conclusion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors. These investments accounted for under equity method amounted to \$3,848,648 thousand and \$3,890,001 thousand as of March 31, 2022 and 2021, which accounted for 35.50% and 39.53% of consolidated total assets on the respective dates; comprehensive income recognized from the above companies amounted to \$53,291 thousand and \$14,774 thousand for the three-month periods ended March 31, 2022 and 2021, which accounted for 31.60% and 31.48% of consolidated comprehensive income for the respective periods.

PwC Taiwan

Certified Public Accountant

Shih-Rong Weng

Chun-Yao Lin

(Formerly known as) Securities and Futures Commission, The Ministry of Finance
Approval reference: (1999)Tai-Tsai-Cheng (VI) No. 95577


(Formerly known as) Securities and Futures Commission, The Ministry of Finance
Approval reference: (1996)Tai-Tsai-Cheng (VI) No. 68702

May 4, 2022

Notes to Readers


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

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


AAEON Technology Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2022, December 31, 2021 and March 31, 2021
 (The consolidated balance sheets as of March 31, 2022 and 2021, were reviewed, not audited)
 (Expressed in thousands of New Taiwan Dollars)

Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021		
		Amount	%	Amount	%	Amount	%	
Current asset								
1100	Cash and cash equivalents	6. (1)	\$ 2,178,748	20	\$ 1,841,520	18	\$ 2,864,665	29
1110	Financial asset at fair value through profit or loss - current	6. (2)	339,666	3	425,306	4	448,889	5
1150	Net notes receivable	6. (4)	9,059	-	23,655	-	11,116	-
1170	Net accounts receivable	6. (4)	1,138,306	11	1,174,099	11	576,609	6
1200	Other receivables	7	160,110	1	57,692	1	110,703	1
1220	Current tax assets		13,546	-	12,603	-	-	-
130X	Inventories	6. (5)	1,916,268	18	1,518,035	15	909,848	9
1410	Prepayments		99,947	1	89,415	1	94,881	1
1479	Other current assets - other	8	1,269	-	1,631	-	15,126	-
11XX	Total current assets		<u>5,856,919</u>	<u>54</u>	<u>5,143,956</u>	<u>50</u>	<u>5,031,837</u>	<u>51</u>
Non-current assets								
1510	Financial asset at fair value through profit or loss - non-current	6. (2)	60,783	1	65,217	1	71,980	1
1517	Financial asset at fair value through other comprehensive income - non-current	6. (3)	30,806	-	32,381	-	2,381	-
1550	Investments accounted for under equity method	6. (6)	3,848,648	36	3,922,180	38	3,890,001	39
1600	Property, plant and equipment	6. (7), 8	797,486	7	800,321	8	571,268	6
1755	Right-of-use assets	6. (8)	83,841	1	82,067	1	107,356	1
1760	Investment property		80,209	1	79,758	1	52,319	1
1780	Intangible assets		15,825	-	17,726	-	21,461	-
1840	Deferred tax assets		50,949	-	57,557	1	50,259	1
1900	Other non-current assets	8	15,168	-	14,842	-	42,834	-
15XX	Total non-current assets		<u>4,983,715</u>	<u>46</u>	<u>5,072,049</u>	<u>50</u>	<u>4,809,859</u>	<u>49</u>
1XXX	Total assets		<u>\$ 10,840,634</u>	<u>100</u>	<u>\$ 10,216,005</u>	<u>100</u>	<u>\$ 9,841,696</u>	<u>100</u>

(Continued)


AAEON Technology Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2022, December 31, 2021, and March 31, 2021
 (The consolidated balance sheets as of March 31, 2022 and 2021, were reviewed, not audited)
 (Expressed in thousands of New Taiwan Dollars)

	Liabilities and equity	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
	Current liability							
2100	Short-term borrowings	6. (9), 8	\$ 105,000	1	\$ 105,000	1	\$ 20,973	-
2120	Financial liabilities at fair value through profit or loss - current	6. (10)	-	-	-	-	116	-
2130	Contract liability - current	6. (18)	280,070	3	226,231	2	195,666	2
2150	Notes payables		-	-	-	-	483	-
2170	Accounts payables	7	793,952	7	580,911	6	478,592	5
2200	Other payables	6. (12), 7	391,062	4	433,117	4	371,393	4
2230	Current tax liabilities		115,389	1	73,617	1	87,677	1
2250	Provisions - current		30,029	-	27,411	-	27,589	-
2280	Lease liability - current		33,441	-	29,303	-	34,045	-
2320	Long-term liabilities-current Portion	6. (11), 8	10,591	-	10,744	-	-	-
2399	Other current liabilities - other		38,220	1	33,512	1	27,164	-
21XX	Total current liabilities		<u>1,797,754</u>	<u>17</u>	<u>1,519,846</u>	<u>15</u>	<u>1,243,698</u>	<u>12</u>
	Non-current liabilities							
2527	Contract Liability - non-current	6. (18)	71,230	1	47,341	-	57,169	1
2540	Long-term borrowings	6. (11), 8	152,522	1	155,043	2	-	-
2550	Provisions - non-current		9,998	-	8,014	-	7,229	-
2570	Deferred tax liabilities		42,694	-	39,438	-	31,734	-
2580	Lease liabilities - non-current		51,303	1	53,639	1	74,289	1
2670	Other non-current liabilities - other		2,218	-	2,156	-	1,859	-
25XX	Total non-current liabilities		<u>329,965</u>	<u>3</u>	<u>305,631</u>	<u>3</u>	<u>172,280</u>	<u>2</u>
2XXX	Total Liabilities		<u>2,127,719</u>	<u>20</u>	<u>1,825,477</u>	<u>18</u>	<u>1,415,978</u>	<u>14</u>
	Equity							
	Equity attributable to owners of parent							
	Share capital	6. (15)						
3110	Share capital-common stock		1,484,985	14	1,484,985	15	1,484,985	15
3140	Advance receipts for share capital		370	-	1,200	-	-	-
	Capital surplus	6. (14) (16)						
3200	Capital surplus		5,463,538	50	5,433,926	53	5,479,167	56
	Retained earnings	6. (17)						
3310	Legal reserve		425,624	4	425,624	4	387,553	4
3320	Special reserve		53,278	-	53,278	1	63,315	1
3350	Undistributed retained earnings		663,686	6	534,550	5	520,308	5
	Other Equity							
3400	Other Equity		(47,864)	-	(64,805)	(1)	(49,106)	-
31XX	Total equity attributable to owners of parent		<u>8,044,817</u>	<u>74</u>	<u>7,868,758</u>	<u>77</u>	<u>7,886,222</u>	<u>81</u>
36XX	Non-controlling interests	4. (3)	<u>668,098</u>	<u>6</u>	<u>521,770</u>	<u>5</u>	<u>539,496</u>	<u>5</u>
3XXX	Total equity		<u>8,712,915</u>	<u>80</u>	<u>8,390,528</u>	<u>82</u>	<u>8,425,718</u>	<u>86</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 10,840,634</u>	<u>100</u>	<u>\$ 10,216,005</u>	<u>100</u>	<u>\$ 9,841,696</u>	<u>100</u>

Please also refer to the notes as it is part of the consolidated financial statements.

Chairman: Yung-Shun Chuang

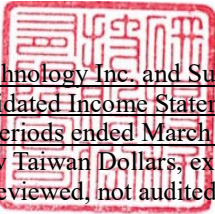


Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
Consolidated Income Statement
For the three-month periods ended March 31, 2022 and 2021
 (Expressed in thousands of New Taiwan Dollars, except earnings per share data)
 (Reviewed, not audited)

Item	Notes	For the three-month periods ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000 Operating income	6. (18), 7	\$ 1,951,691	100	\$ 1,266,555	100
5000 Operating cost	6. (5)(22)				
	(23), 7.	(1,398,504)	(72)	(891,353)	(70)
5900 Operating profit		553,187	28	375,202	30
Operating expenses	6. (13)(22)				
	(23), 7.				
6100 Selling Expenses		(135,705)	(7)	(123,528)	(10)
6200 General and administrative expenses		(78,103)	(4)	(73,734)	(6)
6300 Research and development expenses		(132,993)	(7)	(126,457)	(10)
6450 Expected credit impairment losses (gains)	12. (2)	(5,879)	-	(29)	-
6000 Total operating expense		(352,680)	(18)	(323,748)	(26)
6900 Operating income		200,507	10	51,454	4
Non-operating income and expenses					
7100 Interest income		766	-	1,058	-
7010 Other income	6. (19)	7,490	-	3,069	-
7020 Other gains and losses	6. (20)	(59,337)	(3)	(11,527)	(1)
7050 Financial costs	6. (21)	(1,079)	-	(885)	-
7060 Share of the profit of associates and joint ventures accounted for under equity method	6. (6)	52,548	3	7,758	1
7000 Total non-operating income and expenses		388	-	(527)	-
7900 Profit (loss) before income tax		200,895	10	50,927	4
7950 Income tax expenses	6. (24)	(50,971)	(2)	(7,543)	(1)
8200 Profit (loss) for the period		\$ 149,924	8	\$ 43,384	3

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AAEON Technology Inc. and Subsidiaries
Consolidated Income Statement

For the three-month periods ended March 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars, except earnings per share data)
(Reviewed, not audited)

Item	Notes	For the three-month periods ended March 31				
		2022		2021		
		Amount	%	Amount	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8316	Unrealized gains(losses) on financial assets at FVOCI	6. (3)	(\$ 1,575)	-	\$ -	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in subsequent periods	6. (6)	(2,036)	-	6,506	1
8310	Total amount not to be reclassified to profit or loss in subsequent periods		(3,611)	-	6,506	1
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		24,427	1	(4,327)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss	6. (6)	2,779	-	510	-
8399	Income tax relating to the components of other comprehensive income	6. (24)	(4,884)	-	864	-
8360	Total amount to be reclassified to profit or loss in subsequent periods		22,322	1	(2,953)	-
8500	Total comprehensive income		\$ 168,635	9	\$ 46,937	4
Profit attributable to:						
8610	Owners of parent		\$ 129,340	7	\$ 36,053	2
8620	Non-controlling interests		20,584	1	7,331	1
			\$ 149,924	8	\$ 43,384	3
Total comprehensive income (loss) attributable to:						
8710	Owners of parent		\$ 146,281	8	\$ 40,225	3
8720	Non-controlling interests		22,354	1	6,712	1
			\$ 168,635	9	\$ 46,937	4
Basic earnings (loss) per share						
9750	Total basic earnings (loss) per share	6. (25)	\$	1.21	\$	0.34
Diluted earnings (loss) per share						
9850	Total diluted earnings (loss) per share	6. (25)	\$	1.20	\$	0.34

Please also refer to the notes as it is part of the consolidated financial statements.

Chairman: Yung-Shun Chuang

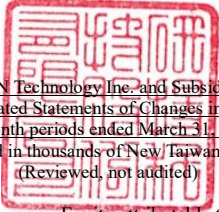


Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the three-month periods ended March 31, 2022 and 2021
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	Equity attributable to owners of the parent											
		Share Capital		Retained Earnings					Other Equity				Non-controlling interests	Total
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
For the three months period ended March 31, 2021													
Balance at January 1, 2021		\$ 1,484,985	\$ -	\$ 5,473,802	\$ 387,553	\$ 63,315	\$ 484,744	(\$ 47,317)	(\$ 3,830)	(\$ 2,131)	\$ 7,841,121	\$ 531,332	\$ 8,372,453
Profit for the period		-	-	-	-	-	36,053	-	-	-	36,053	7,331	43,384
Other comprehensive income		-	-	-	-	-	-	(2,733)	6,905	-	4,172	(619)	3,553
Total comprehensive income		-	-	-	-	-	36,053	(2,733)	6,905	-	40,225	6,712	46,937
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (16)	-	-	38	-	-	-	-	-	-	38	-	38
Change in associates and joint ventures accounted for under equity method	6. (6) (16)	-	-	2	-	-	-	-	-	-	2	-	2
Share-based Payment	6. (14) (16)	-	-	5,325	-	-	(489)	-	-	-	4,836	1,452	6,288
Balance at March 31, 2021		\$ 1,484,985	\$ -	\$ 5,479,167	\$ 387,553	\$ 63,315	\$ 520,308	(\$ 50,050)	\$ 3,075	(\$ 2,131)	\$ 7,886,222	\$ 539,496	\$ 8,425,718
For the three months period ended March 31, 2022													
Balance at January 1, 2022		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407)	\$ 2,733	(\$ 2,131)	\$ 7,868,758	\$ 521,770	\$ 8,390,528
Profit for the period		-	-	-	-	-	129,340	-	-	-	129,340	20,584	149,924
Other comprehensive income		-	-	-	-	-	-	20,424	(3,483)	-	16,941	1,770	18,711
Total comprehensive income		-	-	-	-	-	129,340	20,424	(3,483)	-	146,281	22,354	168,635
Differences between share price and book value from acquisition or disposal of subsidiaries		-	-	19,802	-	-	-	-	-	-	19,802	(19,802)	-
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (16)	-	-	8	-	-	-	-	-	-	8	-	8
Change in associates and joint ventures accounted for under equity method	6. (6) (16)	-	-	1,076	-	-	-	-	-	-	1,076	-	1,076
Share-based Payment	6. (14) (16)	-	-	6,665	-	-	(204)	-	-	-	6,461	5,185	11,646
Employee stock options exercised	6. (14) (16)	1,200	(830)	2,061	-	-	-	-	-	-	2,431	-	2,431
Changes in non-controlling interests-subsidiary increase cash capital		-	-	-	-	-	-	-	-	-	-	138,591	138,591
Balance at March 31, 2022		\$ 1,486,185	\$ 370	\$ 5,463,538	\$ 425,624	\$ 53,278	\$ 663,686	(\$ 44,983)	(\$ 750)	(\$ 2,131)	\$ 8,044,817	\$ 668,098	\$ 8,712,915

Please also refer to the notes as it is part of the consolidated financial statements.

Chairman: Yung-Shun Chuang

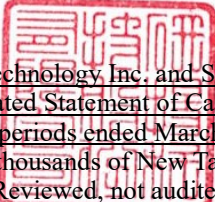


Manager: Chien-Hung Lin




Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the three-month periods ended March 31, 2022 and 2021
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	For the three-month periods ended March 31	
		2022	2021
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 200,895	\$ 50,927
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6. (7) (8) (22)	19,209	19,950
Amortization expenses	6. (22)	3,749	4,206
Expected credit impairment losses (gains)	12. (2)	5,879	29
Costs of share-based payment awards	6. (14)	11,646	6,288
Interest income		(766)	(1,058)
Dividends income	6 (19)	(3,367)	-
Interest expenses	6. (8) (9) (11) (21)	1,079	885
Net gains from financial assets and liabilities at fair value through profit or loss	6. (2) (10) (20)	90,074	4,843
Losses on disposal of property, plant and equipment	6. (7) (20)	2,149	79
Transferred to expenses and losses		25	-
Depreciation expense of investment property (other gains and losses)	6 (20)	1,602	1,323
Share of profit of associates accounted for under equity method	6. (6)	(52,548)	(7,758)
Lease modification loss	6. (8) (20)	(36)	6
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes and accounts receivable		45,106	90,470
Other receivables		26,020	6,329
Inventories		(398,233)	(83,537)
Prepayments		(10,532)	(27,802)
Net changes in operating liabilities			
Contract liability		77,728	18,020
Notes and accounts payable		213,041	150,936
Other payables		(39,991)	(22,804)
Other current liabilities		4,708	455
Provisions for liabilities		4,602	83
Other non-current liabilities		62	76
Net cash from operating activities		202,101	211,946
Interest received		766	1,058
Interest paid		(1,070)	(885)
Income taxes paid		(2,231)	(10,614)
Net cash flows from operating activities		199,566	201,505

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AAEON Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the three-month periods ended March 31, 2022 and 2021
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	For the three-month periods ended March 31	
		2022	2021
<u>Cash flows from investing activities</u>			
Decrease in other current assets		\$ 362	\$ 341
Acquisition of investments accounted for under equity method	6. (6)	-	(1,289)
Acquisition of property, plant and equipment	6. (26)	(6,808)	(6,854)
Disposal of property, plant and equipment	6. (7)	-	62
Acquisition of intangible asset		(1,640)	(715)
Increase in other non-current assets		(534)	(28,007)
Dividends received		3,367	-
Net cash flows used in investing activities		(5,253)	(36,462)
<u>Cash flows from financing activities</u>			
Decrease in short-term borrowings	6. (27)	-	(17,977)
Reimbursement in long-term borrowings	6. (27)	(2,674)	-
Repayment of lease principal	6. (8) (27)	(8,292)	(10,598)
Changes in non-controlling interests - increase cash capital		138,591	-
Employee share options exercised	6. (14)	2,431	-
Net cash flows from financing activities		130,056	(28,575)
Effects due to changes in exchange rate		12,859	266
Increase in cash and cash equivalents		337,228	136,734
Cash and cash equivalents at the beginning of periods		1,841,520	2,727,931
Cash and cash equivalents at the end of periods		\$ 2,178,748	\$ 2,864,665

Please also refer to the notes as it is part of the consolidated financial statements.

Chairman: Yung-Shun Chuang




Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON TECHNOLOGY INC. and Subsidiaries
Notes of Consolidated Financial Statements
March 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars,
except as of otherwise indicated)
(Reviewed, not audited)

I. Company Profile

AAEON Technology Co., Ltd. (hereinafter referred to as the "the Company") was established in the Republic of China. The main businesses of the company and its subsidiaries (hereinafter collectively referred to as the "Group") include the manufacturing, processing and imports/exports of computer peripherals, electronic components, computer test instruments, computer PCB functional testing, and radio telecommunication equipment and its components; the R&D, design, manufacturing, processing, and trading of various industrial computers, medical computers, industrial controllers, quantity controllers, and components; industrial computer automation design and services, as well as the import/export of related materials. The Company has been listed on Taiwan Stock Exchange since August 2017. Asustek Computer Co., Ltd. holds 40.68% of the Company's shares (including indirect holdings) and is the Group's ultimate parent company.

II. Date and Procedures for the Authorization of Financial Reports

These consolidated financial statements were reported to the Board of Directors and issued on May 4, 2022.

III. New or Revised Standards and Applied Interpretation

(I) The impact of adopting standards or interpretations issued, revised or amended by IASB which are endorsed by the Financial Supervisory Commission (hereinafter referred to as FSC)

Standards or interpretations issued, revised or amended by IASB which are endorsed by FSC at 2022 are listed below:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 3, "Reference to the conceptual framework"	January 1, 2022
Amendments to IAS 16, "Property, plant and equipment: proceeds before intended use"	January 1, 2022
Amendments to IAS 37, "Onerous contracts - cost of fulfilling a contract"	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no material impact to the Group.

(II) The impact of the IFRS issued and amended by IASB which are endorsed by FSC but not yet adopted by the Group

None.

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

Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC are listed below.:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, "Insurance contracts"	January 1, 2023
Amendments to IFRS 17, "Initial application of IFRS 17 and IFRS 9 -comparative information"	January 1, 2023
Amendments to IAS 1, "Classification of liabilities as current or noncurrent"	January 1, 2023
Amendments to IAS 1, "Disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8, "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12, "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023

The above standards and interpretations have no material impact on the Group.

IV. Summary of Significant Accounting Policies

The following is a description of significant accounting policies in regards to statement of compliance, basis of preparation, basis of consolidation and addition. Unless otherwise stated, all other accounting policies shall remain unchanged from Note 4. of the 2021 consolidated financial statements and apply consistently across all reporting periods.

(I) Statement of compliance

1. This consolidated financial report has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 - "Interim Financial Reporting".
2. This consolidated financial report shall be read in conjunction with the 2021 consolidated financial report.

(II) Basis of preparation

1. The consolidated financial statements have been prepared on a historical cost basis except for the following reasons:
 - (1) Financial assets and liabilities (including derivatives) that have been measured at fair value through profit or loss.
 - (2) Financial assets that have been measured at fair value through other comprehensive income.
2. For the preparation of financial statements in conformity with the IFRS, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, it requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or

complexity, or areas where assumptions and estimations are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Preparation principle of consolidated financial statement:

This consolidated financial report has been prepared on the same basis as the 2021 consolidated financial report.

2. The subsidiaries included in the consolidated financial statements:

Investor	Subsidiary name	Business	Ownership (%)			Notes
			2022/3/31	2021/12/31	2021/3/31	
AAEON	AAEON ELECTRONICS, INC. (AEI)	Sales of IPC and PC peripherals	100%	100%	100%	
AAEON	AAEON TECHNOLOGY CO., LTD. (ATCL)	Investment of IPC and interface card	100%	100%	100%	Note 1
AAEON	AAEON TECHNOLOGY (EUROPE) B.V.(ANI)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
AAEON	AAEON INVESTMENT, CO., LTD. (AAEONI)	Investment of IPC and PC peripherals	100%	100%	100%	Note 1
AAEON	ONYX HEALTHCARE INC. (ONYX)	Design, manufacture and sales of medical PC	50.00%	50.00%	50.00%	Note 2
AAEON	AAEON TECHNOLOGY SINGAPORE PTE. LTD (ASG)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
ATCL	AAEON TECHNOLOGY (SUZHOU) INC. (ACI)	Production and sales of IPC and interface card	100%	100%	100%	Note 1
ANI	AAEON TECHNOLOGY GMBH(AGI)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1

Investor	Subsidiary name	Business	Ownership (%)			Notes
			2022/3/31	2021/12/31	2021/3/31	
ONYX	ONYX HEALTHCARE EUROPE B.V.(ONI)	Marketing support and maintenance of medical PC and peripherals	100%	100%	100%	Note 1
ONYX	ONYX HEALTHCARE USA, INC. (OHU)	Sales of medical PC and peripherals	100%	100%	100%	
ONYX	ONYX HEALTHCARE (SHANGHAI) LTD. (OCI)	Sales of medical PC and peripherals	100%	100%	100%	Note 1
ONYX	IHELPER INC. (IHELPER)	R&D and sales of medical robots	46.00%	46.00%	46.00%	Notes 1. and 3.

Note 1: Given that the entities did not meet the definitions of material subsidiary, their financial reports as of March 31, 2022 and 2021, were not reviewed by auditors.

Note 2: ONYX has increased cash capital in March, 2022, be invested in same shareholding by the Company.

Note 3: Although the Group does not hold more than 50% shareholding, it is included in the preparation of the consolidated financial report as it has control over the Company's financial, operating and personnel policies.

3. The subsidiaries excluded from the consolidated financial statements: None.

4. Different adjustments from subsidiaries during the reporting period: None.

5. Significant restrictions: None.

6. Subsidiaries with material non-controlling interests

The Group's total non-controlling interests as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$668,098, \$521,770 and \$539,496, respectively. The Group's subsidiaries with significant non-controlling interests are as follows:

Subsidiary Name	Main business location	Non-controlling interests 2022/3/31		Non-controlling interests 2021/12/31	
		Amount	Ownership interest	Amount	Ownership interest
ONYX	Taiwan	\$ 659,612	50.00%	\$ 512,899	50.00%

Subsidiary Name	Main business location	Non-controlling interests 2021/3/31	
		Amount	Ownership interest
ONYX	Taiwan	\$ 530,296	50.00%

Summarized financial information of subsidiaries:

Balance sheet

	ONYX		
	2022/3/31	2021/12/31	2021/3/31
Current asset	\$ 1,019,404	\$ 698,415	\$ 725,137
Non-current assets	1,005,487	1,003,518	722,316
Current liability	(441,797)	(431,310)	(283,821)
Non-current liabilities	(255,259)	(235,857)	(91,723)
Total Net Assets	\$ 1,327,835	\$ 1,034,766	\$ 1,071,909

Statement of comprehensive income

	ONYX	
	For the three-month periods ended March 31,	
	2022	2021
Income	\$ 419,208	\$ 273,277
Profit before tax	\$ 51,052	\$ 17,687
Income tax expense	(9,494)	(1,025)
Net income	41,558	16,662
Other comprehensive income (net amount after tax)	3,540	(506)
Total comprehensive income	\$ 45,098	\$ 16,156
Total comprehensive income attributable to non-controlling interests	\$ 22,739	\$ 8,711

Cash flow statement

	ONYX	
	For the three-month periods ended March 31,	
	2022	2021
Net cash inflow from operating activities	\$ 43,678	\$ 37,456
Net cash flows used in investing activities	(5,602)	(33,397)
Net cash inflows (outflow) from financing activities	232,595	(3,430)
Effects of exchange rate changes on cash and cash equivalents	3,965	(593)
Increase in current cash and cash equivalents	274,636	36
Cash and cash equivalents at the beginning of periods	182,893	392,364
Cash and cash equivalents at the end of periods	\$ 457,529	\$ 392,400

(IV) Income tax

If tax rate changes within a financial period, the Group will recognize impact in the same period in one lump sum. For changes unrelated to income tax and profit or loss, impacts are recognized in other comprehensive income or under equity item. Changes concerning income tax or profit or loss items are recognized through profit or loss.

V. Significant Accounting Judgments, Estimations, and Major Sources of Assumption Uncertainty

No material changes had taken place in the current period; please refer to Note 5. of the 2021 consolidated financial report.

VI. Significant Accounting Items

(I) Cash and cash equivalents

	2022/3/31	2021/12/31	2021/12/31
Cash on hand and petty cash	\$ 1,608	\$ 1,082	\$ 1,353
Check deposit and demand deposit	2,106,514	1,806,751	2,778,768
Time deposit	70,626	33,687	84,544
Total	<u>\$ 2,178,748</u>	<u>\$ 1,841,520</u>	<u>\$ 2,864,665</u>

1. Due to good credit quality of the Group's principal financial institutions and the Group's relationships with multiple financial institutions, the exposure to a diversified set of risks would lower the probability of a default.

2. Please refer to Note 8 for the Group's collateral provision in the form of cash and cash equivalent guarantees.

(II) Net loss (gains) from financial assets and liabilities

Item	2022/3/31	2021/12/31	2021/3/31
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 159,125	\$ 159,125	\$ 173,171
Emerging stocks	3,000	3,000	3,000
Unlisted and non-OTC stocks	73,744	73,744	77,744
Beneficiary securities	25,000	25,000	31,141
	<u>260,869</u>	<u>260,869</u>	<u>285,056</u>
Valuation adjustment	78,797	164,437	163,833
Subtotal	<u>\$ 339,666</u>	<u>\$ 425,306</u>	<u>\$ 448,889</u>

Item	2022/3/31	2021/12/31	2021/3/31
Non-current:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted and non-OTC stocks	\$ 59,070	\$ 59,070	\$ 59,070
Hybrid instrument	10,832	10,832	10,832
	<u>69,902</u>	<u>69,902</u>	<u>69,902</u>
Valuation adjustment	(9,119)	(4,685)	2,078
Subtotal	<u>\$ 60,783</u>	<u>\$ 65,217</u>	<u>\$ 71,980</u>

1. The hybrid instrument is a contract that contains both a host contract and embedded options of the unlisted company V-net AAEON Corporation Ltd. (hereinafter referred to as V-net). The options provide original shareholders the right to resell/repurchase stocks of the Company and V-net at the original transaction price. Please refer to Note 12 (3) 8 for the fair value as of March 31, 2022, December 31, 2021 and March 31, 2021.

2. Details of financial assets at fair value through profit or loss recognized as income:

	For the three-month periods ended March 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instrument	(\$ 89,864)	(\$ 3,836)
Beneficiary securities	15	(129)
Hybrid instrument	(225)	(762)
Total	(\$ 90,074)	(\$ 4,727)

3. The Group has no financial assets measured at fair value through profit or loss pledged as collaterals.

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

<u>Item</u>	<u>2022/3/31</u>	<u>2021/12/31</u>	<u>2021/3/31</u>
Non-current:			
Equity instrument			
Unlisted and non-OTC stocks	\$ 69,334	\$ 69,334	\$ 39,334
Valuation adjustment	(38,528)	(36,953)	(36,953)
Total	\$ 30,806	\$ 32,381	\$ 2,381

1. The Group has elected to classify investment on MELTEN CONNECTED HEALTHCARE INC. and PROTECTLIFE INTERNATIONAL BIOMEDICAL INC, which are considered to be strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of the investments amounted to \$30,806, \$32,381 and \$2,381 on March 31, 2022, December 31, 2021, and March 31, 2021 separately.

2. Financial assets at fair value through other comprehensive income has amounted (\$1,575) and \$0 comprehensive income recognized for the three-month periods ended March 31, 2022 and 2021.

3. The Group has no financial assets measured at fair value through other comprehensive income pledged as collaterals.

(IV) Notes and accounts receivables

	<u>2022/3/31</u>	<u>2021/12/31</u>	<u>2021/3/31</u>
Notes receivable	\$ 9,059	\$ 23,655	\$ 11,116
Accounts receivable	\$ 1,163,184	\$ 1,192,502	\$ 592,966
Less: Loss allowance	(24,878)	(18,403)	(16,357)
	\$ 1,138,306	\$ 1,174,099	\$ 576,609

1. The ageing analysis of notes and accounts receivable is as follows:

Accounts receivable	2022/3/31	2021/12/31	2021/3/31
Not past due	\$ 990,182	\$ 1,030,420	\$ 511,419
Within 30 days	126,999	131,116	50,838
31-60 days	25,684	7,938	12,009
61-90 days	694	4,725	3,150
91-180 days	1,164	1,687	320
Over 181 days	18,461	16,616	15,230
	<u>\$ 1,163,184</u>	<u>\$ 1,192,502</u>	<u>\$ 592,966</u>

Notes receivable	2022/3/31	2021/12/31	2021/3/31
Not past due	\$ 9,059	\$ 23,655	\$ 11,116

The aging analysis above is based on the number of days past due.

- The Group does not hold any collateral over the accounts and notes receivables.
- Balances of accounts and notes receivable as of March 31, 2022, December 31, 2021 and March 31, 2021 had arisen entirely from customers' contracts. Balance receivable on customers' contracts and allowance for losses as of January 1, 2021 were \$694,756 and \$16,430, respectively.
- Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of notes receivables as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$9,059, \$23,655 and \$11,116, respectively, and the maximum exposure to the credit risk of accounts receivable as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$1,138,306, \$1,174,099 and \$576,609, respectively.
- Please refer to Note 12 (2) for credit risk information of notes and accounts receivable.

(V) Inventories

	2022/3/31		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,206,677	(\$ 64,242)	\$ 1,142,435
Work in progress	521,324	(19,519)	501,805
Finished good	272,910	(34,023)	238,887
Merchandise Inventories	34,475	(2,086)	32,389
Inventories in transit	752	-	752
Total	<u>\$ 2,036,138</u>	<u>(\$ 119,870)</u>	<u>\$ 1,916,268</u>
	2021/12/31		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 853,735	(\$ 57,921)	\$ 795,814
Work in progress	470,638	(18,213)	452,425
Finished good	263,637	(30,021)	233,616
Merchandise Inventories	36,793	(1,917)	34,876
Inventories in transit	1,304	-	1,304
Total	<u>\$ 1,626,107</u>	<u>(\$ 108,072)</u>	<u>\$ 1,518,035</u>

2021/3/31			
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 516,712	(\$ 59,034)	\$ 457,678
Work in progress	307,573	(30,569)	277,004
Finished good	186,361	(28,103)	158,258
Merchandise Inventories	18,657	(1,854)	16,803
Inventories in transit	105	-	105
Total	\$ 1,029,408	(\$ 119,560)	\$ 909,848

The Group's cost of inventories recognized as expenses of the current period:

	For the three-month periods ended March 31,	
	2022	2021
Cost of inventories sold	\$ 1,387,418	\$ 881,049
Inventories obsolescence and devaluation loss	10,963	9,730
Losses on disposal of inventories	142	591
Others	(19)	(17)
	\$ 1,398,504	\$ 891,353

(VI) Investments accounted for under equity method

	2022	2021
At January 1	\$ 3,922,180	\$ 3,969,157
Increase in investments accounted for under equity method	-	1,289
Share of investment income accounted for under equity method	52,548	7,758
Distribution of investment income accounted for under equity method	(127,907)	(95,259)
Changes in capital surplus and retained earnings	1,084	40
Changes in other equity	743	7,016
At March 31	\$ 3,848,648	\$ 3,890,001

Investee	2022/3/31		2021/12/31	
	Ownership (%)	Book value	Ownership (%)	Book value
LITEMAX ELECTRONICS INC.	11.99	\$ 97,353	11.99	\$ 103,896
IBASE TECHNOLOGY INC.	31.68	3,176,186	31.91	3,257,009
WINMATE INC.	13.83	575,109	13.85	561,275
		\$ 3,848,648		\$ 3,922,180

Investee	2021/3/31	
	Ownership (%)	Book value
LITEMAX ELECTRONICS INC.	12.00	\$ 103,750
IBASE TECHNOLOGY INC.	30.79	3,238,734
WINMATE INC.INC.	13.61	547,517
		<u>\$ 3,890,001</u>

1. On June 11, 2018, the Company signed a share exchange agreement with IBASE TECHNOLOGY INC. and increased its capital by issuing 41,698 thousand new shares for the exchange for the exchange of 52,922 thousand common shares from IBASE TECHNOLOGY INC. The record date of the share exchange was September 29, 2018. The share exchange entitles AAEON a 30% equity interest and significant influence in Ibase; for this reason, Ibase has been accounted using the equity method since then. According to the share exchange agreement, the two parties agree to notify the other party of the transaction terms and conditions in writing, providing the preferential right of subscription for the following changes in shareholdings:

- (1) Either party wishes to reduce shares of the other party which are acquired based on the share exchange agreement.
- (2) Either party wishes to increase its shareholding in the other party within three years after the contract is signed.

2. Summarized aggregated financial information of the Group's share in these associates is as follows:

Balance sheet

	IBASE TECHNOLOGY INC.		
	2022/3/31	2021/12/31	2021/3/31
Current asset	\$ 5,121,189	\$ 5,503,123	\$ 4,412,491
Non-current assets	5,098,174	5,047,175	6,127,343
Current liability	(3,221,596)	(3,034,399)	(1,947,171)
Non-current liabilities	(1,548,195)	(1,699,749)	(2,850,069)
Net assets fair value of trade marks, other intangible and tangible assets adjustment	2,264,740	2,306,129	2,545,989
Adjusted net assets	<u>\$ 7,714,312</u>	<u>\$ 8,122,279</u>	<u>\$ 8,288,583</u>
Share of net assets of the affiliate	\$ 2,197,768	\$ 2,278,591	\$ 2,260,316
Goodwill	978,418	978,418	978,418
Book value of affiliates	<u>\$ 3,176,186</u>	<u>\$ 3,257,009</u>	<u>\$ 3,238,734</u>

Statement of comprehensive income

	<u>IBASE TECHNOLOGY INC.</u>	
	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Income	\$ 1,483,935	\$ 1,030,686
Net income of continuing operations	171,313	\$ 157
Other comprehensive income (net amount after tax)	2,195	24,575
Total comprehensive income	173,508	24,732
Fair value adjustment	(38,134)	(38,134)
Adjusted total comprehensive income	\$ 135,374	(\$ 13,402)

3. The Group's share of their operating results of affiliates that are individually not significant to the Group:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Net income of continuing operations	\$ 17,933	\$ 11,725
Other comprehensive income (net amount after tax)	1,887	(738)
Total comprehensive income	\$ 19,820	\$ 10,987

4. Fair values of the Group's affiliates with quoted prices are as follows:

	<u>2022/3/31</u>	<u>2021/12/31</u>	<u>2021/3/31</u>
LITEMAX ELECTRONICS INC.	\$ 198,345	\$ 185,808	\$ 183,802
IBASE TECHNOLOGY INC.	2,497,912	2,156,566	2,013,677
WINMATE INC.	792,235	787,214	778,191
	<u>\$ 3,488,492</u>	<u>\$ 3,129,588</u>	<u>\$ 2,975,670</u>

5. Although the Group holds less than 20% of the voting power of Litemax Electronics Inc., it has significant influence to Litemax and has adopted the equity method for evaluation as its shareholding percentage is the highest, and has also been serving as a director of Litemax.
6. Although the Group holds less than 20% of the voting power of Winmate Inc., it has adopted the equity method for evaluation as its subsidiary Onyx has served as a director of Winmate Inc.
7. The Group holds 31.68% of the voting power of IBASE TECHNOLOGY INC., as the single largest shareholder. Considering the participation of other shareholders in the previous shareholders' meeting and the voting rights of major proposals, the Group has no actual ability to direct relevant activities. Therefore, the Group has no control over the company and only has a significant influence.

The Group holds 11.99% of the voting power of LITEMAX ELECTRONICS INC., as the single largest shareholder. Considering that the remaining 88.01% of LITEMAX's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Group has no control over the company and only has significant influence on LITEMAX.

(VII) Property, Plant and Equipment

2022

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
January 1						
Cost	\$ 511,982	\$ 310,595	\$ 69,224	\$ 200,338	\$ 1,307	\$ 1,093,446
Accumulated depreciation and impairment	- (	101,534)	(45,528)	(146,063 )	- (	293,125)
	<u>\$ 511,982</u>	<u>\$ 209,061</u>	<u>\$ 23,696</u>	<u>\$ 54,275</u>	<u>\$ 1,307</u>	<u>\$ 800,321</u>
January 1	\$ 511,982	\$ 209,061	\$ 23,696	\$ 54,275	\$ 1,307	\$ 800,321
Additions	-	-	150	3,150	1,435	4,735
Disposal	-	-	-	(2,149)	-	(2,149)
Reclassification	- (	271)	-	649	(674)	(296)
Depreciation expense	- (	2,098)	(1,842)	(7,039)	-	(10,979)
Net exchange differences	2,377	3,191	42	244	-	5,854
March 31	<u>\$ 514,359</u>	<u>\$ 209,883</u>	<u>\$ 22,046</u>	<u>\$ 49,130</u>	<u>\$ 2,068</u>	<u>\$ 797,486</u>
March 31						
Cost	\$ 514,359	\$ 313,153	\$ 66,813	\$ 191,446	\$ 2,068	\$ 1,087,839
Accumulated depreciation and impairment	- (	103,270)	(44,767)	(142,316 )	- (	290,353)
	<u>\$ 514,359</u>	<u>\$ 209,883</u>	<u>\$ 22,046</u>	<u>\$ 49,130</u>	<u>\$ 2,068</u>	<u>\$ 797,486</u>

2021

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
January 1						
Cost	\$ 284,334	\$ 320,442	\$ 79,157	\$ 174,157	\$ 5,083	\$ 863,173
Accumulated depreciation and impairment	- (	117,284)	(48,051)	(133,307 )	- (	298,642)
	<u>\$ 284,334</u>	<u>\$ 203,158</u>	<u>\$ 31,106</u>	<u>\$ 40,850</u>	<u>\$ 5,083</u>	<u>\$ 564,531</u>
January 1	\$ 284,334	\$ 203,158	\$ 31,106	\$ 40,850	\$ 5,083	\$ 564,531
Additions	-	-	530	14,700	586	15,816
Disposal	-	-	-	(141)	-	(141)
Reclassification	-	-	143	3,838	(3,017)	964
Depreciation expense	- (	2,139)	(2,605)	(4,847)	-	(9,591)
Net exchange differences	138	(101)	(10)	(338)	-	(311)
March 31	<u>\$ 284,472</u>	<u>\$ 200,918</u>	<u>\$ 29,164</u>	<u>\$ 54,062</u>	<u>\$ 2,652</u>	<u>\$ 571,268</u>
March 31						
Cost	\$ 284,472	\$ 320,241	\$ 80,206	\$ 189,932	\$ 2,652	\$ 877,503
Accumulated depreciation and impairment	- (	119,323)	(50,597)	(136,315 )	- (	306,235)
	<u>\$ 284,472</u>	<u>\$ 200,918</u>	<u>\$ 29,609</u>	<u>\$ 53,617</u>	<u>\$ 2,652</u>	<u>\$ 571,268</u>

1. The above property, plant and equipment are assets for self-use requirement.
2. Please refer to Note 8 for the property, plant and equipment as collaterals for loans.
3. The Group signed a real estate purchase contract in Xindian District on March 26, 2021. The contract price was \$280,077 (tax included), and completed the transfer commission in May, 2021.

(VIII) Lease transactions - lessee

1. The underlying assets in the Group's lease include houses, transportation equipment and other equipment. The contract term period typically ranges from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions, with no other restrictions imposed.
2. The lease term of part of the Group's houses and transportation equipment is no more than 12 months, with leases of office equipment which are low-value assets.
3. The carrying amount of right-of-use assets and the amount of depreciation expense recognized are as follows:

	2022/3/31	2021/12/31	2021/3/31
	Carrying amount	Carrying amount	Carrying amount
Building	\$ 74,662	\$ 73,014	\$ 92,869
Transportation equipment	7,185	6,952	12,065
Other equipment	1,994	2,101	2,422
	<u>\$ 83,841</u>	<u>\$ 82,067</u>	<u>\$ 107,356</u>

	For the three-month periods ended March 31,	
	2022	2021
	Depreciation expense	Depreciation expense
Building	\$ 6,623	\$ 8,498
Transportation equipment	1,500	1,741
Other equipment	107	120
	<u>\$ 8,230</u>	<u>\$ 10,359</u>

4. For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets were \$12,020 and \$85,997, respectively.
5. The profit and loss related to the lease contract are as follows:

	For the three-month periods ended March 31,	
	2022	2021
Items affecting profit or loss		
Interest expenses on lease liabilities	\$ 370	\$ 474
Expenses on short-term lease contracts	5,759	4,404
Expenses on leases of low-value assets	11	11
Lease modification loss	36 (	6)

6. For the three-month periods ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$14,432 and \$15,487, respectively.

(IX) Short-term borrowings

<u>Nature of the borrowing</u>	<u>2022/3/31</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>105,000</u>	1.08%~1.10%	None

<u>Nature of the borrowing</u>	<u>2021/12/31</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ <u>105,000</u>	1.08%~1.10%	None

<u>Nature of the borrowing</u>	<u>2021/3/31</u>	<u>Interest rate range</u>	<u>Collateral</u>
Borrowings from banks			
Guaranteed borrowings	\$ <u>20,973</u>	3.80%~5.00%	Property, Plant and Equipment

1. For the three months ended March 31, 2022 and 2021, interest expenses recognized through profit or loss were \$324 and \$411, respectively.

2. Please refer to Note 8 for the guarantee status of short-term borrowings.

(X) Financial liabilities at fair value through profit or loss

<u>Item</u>	<u>2022/3/31</u>	<u>2021/12/31</u>	<u>2021/3/31</u>
Current:			
Financial asset or liability held for trading			
Derivatives – foreign currency forward contract	\$ -	\$ -	\$ 116

1. Details of financial liabilities at fair value through profit or loss recognized as income:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial asset or liability held for trading		
Derivatives	\$ -	(\$ 116)

2. The transaction and contract information of derivative financial liabilities undertaken by the Group where no hedge accounting was applied are as follows:

Derivative financial liabilities	2021/3/31	
	Contract amount (nominal amounts)	Contract period
Current:		
Foreign currency forward contract		
- Buy NTD and sell USD	USD 200,000	2021.03.08~2021.04.07
- Buy NTD and sell USD	USD 200,000	2021.03.19~2021.04.16

3. The Group's currency and interest rate swaps a foreign exchange transaction that involves trading one currency for the same in another currency without hedging accounting, in the aim to avoid exchange rate risks of export and import prices.

(XI) Long-term borrowings

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2022/3/31
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.25%	Land, Buildings	\$ 163,113
Less: Current portions of long-term loans				(10,591)
				<u>\$ 152,522</u>
Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2021/12/31
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.00%	Land, Buildings	\$ 165,787
Less: Current portions of long-term loans				(10,744)
				<u>\$ 155,043</u>

1. There's no long-term borrowings for the year ended March 31, 2021.
2. The interest recognized in profit or loss for the three months ended March 31, 2022 is \$385.
3. Please refer to Note 8 for the details of collateral.

(XII) Other payables

	2022/3/31	2021/12/31	2021/3/31
Accrued payroll, employee's compensation and bonuses	\$ 204,783	\$ 272,654	\$ 205,485
Accrued technical service fee	43,676	46,917	39,524
Accrued assembly costs	-	308	1,600
Accrued commission fee	40,351	25,442	32,378
Others	102,252	87,796	92,406
	<u>\$ 391,062</u>	<u>\$ 433,117</u>	<u>\$ 371,393</u>

(XIII) Pension

1. Since July 1, 2005, the Company and its domestic subsidiaries have established certain retirement payout methods applicable for domestic employees in accordance with the "Labor Pension Act". The Company and its domestic subsidiaries choose to apply the labor pension system stipulated in the "Labor Pension Act", and allocate pensions on a monthly basis to the individual labor pension account managed by the Bureau of Labor Insurance at 6% of monthly wage. Based on the principal and accrued dividends from an employee's individual labor pension account, labor pension shall be paid by monthly pension payments or by lump-sum payment upon retirement.
2. In accordance with the pension insurance system formulated by the People's Republic of China, ACI and OCI has allocated provisions for pension insurance based on a specified ratio of the overall wage of local employees. Each employee's retirement pension is managed by the government, and ACI and OCI have no further obligations except to be responsible for monthly allocation.
3. AEI and OHU currently have a personal pension scheme under the Company's support. The Company and the employees are jointly liable for the employee's pension fund, of which the company allocates 3% of total wage, and the pension is capped by the amount paid by employees.
4. ASG, ANI, AGI and ONI shall allocate pensions in accordance with local laws and regulations.
5. Pension costs recognized by AAEON in accordance with the above retirement policy for were \$9,568 and \$8,964 for the three months periods ended March 31, 2022 and 2020 respectively.

(XIV) Share-based Payment

1. The Company

- (1) The Company had the following share-based payment agreement active for the three-months periods ended March 31, 2022 and 2021:

Arrangement type	Grant date	Quantity granted (thousand)	Contract period	Vesting conditions
Plan of employee stock options	2019.11.26	3,000	5 years	Service of 2~4 years

All of the above arrangements are for equity-settled share-based payments.

- (2) Details of the aforementioned share-based payment arrangement:

	For the three-months periods ended March 31, 2022	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	2,556	\$ 65.7
Options exercised	(37)	65.7
Options outstanding at the end of period	2,519	65.7
Options exercisable at the end of period	2,519	

	<u>For the three-months periods ended March 31, 2021</u>	
	<u>No. of units (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>
Options outstanding at beginning of period	2,912	68.8
Options exercisable at the end of period	-	-

(3) The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

			<u>2022/3/31</u>	
<u>Arrangement type</u>	<u>Authorized issue date</u>	<u>Maturity date</u>	<u>Number of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>
Plan of employee stock options	2019.11.26	2024.11.25	2,519	\$ 65.7

			<u>2021/12/31</u>	
<u>Arrangement type</u>	<u>Authorized issue date</u>	<u>Maturity date</u>	<u>Number of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>
Plan of employee stock options	2019.11.26	2024.11.25	2,556	\$ 65.7

			<u>2021/3/31</u>	
<u>Arrangement type</u>	<u>Authorized issue date</u>	<u>Maturity date</u>	<u>Number of shares (in thousands)</u>	<u>Exercise price (in dollars)</u>
Plan of employee stock options	2019.11.26	2024.11.25	2,912	\$ 68.8

(4) The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Arrangement type</u>	<u>Grant date</u>	<u>Quantity granted (thousand)</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Expected price Volatility</u>	<u>Expected option life</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (in dollars)</u>
Plan of employee stock options	2019.11.26	3,000	\$ 72.3	\$ 72.3	26.88%	3.875 years	0.58%	\$ 15.7445

(5) Expenses of share-based payment transaction:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Equity settlement	<u>\$ 1,275</u>	<u>\$ 3,384</u>

2. Subsidiary- ONYX HEALTHCARE INC. (ONYX)

(1) ONYX had the following share-based payment agreement active for the three-month period ended March 31, 2022.

Arrangement type	Grant date	Quantity granted (thousand)	Contract period	Vesting conditions
Plan of employee stock options	2020.08.06	1,000	5 years	Service of 2~4 years
Increase cash capital reserved for employees	2022.01.25	418	Not applicable	Immediately

All of the above arrangements are for equity-settled share-based payments.

(2) Details of the aforementioned share-based payment arrangement:

	For the three-month periods ended March 31, 2022	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period	1,000	\$ 121.5
Options exercised	-	
Options outstanding at the end of period	1,000	\$ 119.7
Options exercisable at the end of period	-	-

	For the three-month periods ended March 31, 2021	
	No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period (as the end of March 31)	1,000	\$ 139.5
Options exercisable at the end of period	-	\$ -

(3) The maturity date and exercise price of outstanding share options at the end of the reporting period are as follows:

Arrangement type	Authorized issue date	Maturity date	2022/3/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	1,000	\$ 119.7

Arrangement type	Authorized issue date	Maturity date	2021/12/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	1,000	\$ 121.5

Arrangement type	Authorized issue date	Maturity date	2021/3/31	
			No. of units (shares in thousands)	Exercise price (in dollars)
Plan of employee stock options	2020.08.06	2025.08.06	1,000	\$ 139.5

(4) The fair value of employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Quantity granted (thousand)	Stock price	Exercise price	Expected price Volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Plan of employee stock options	2020.08.06	1,000	\$ 139.5	\$ 139.5	32.26%	3.88 years	0.29%	\$ 35.39
Increase cash capital reserved for employees	2022.01.25	418	\$ 107.5	\$ 88.0	18.32%	0.16 years	0.34%	\$19.5567

(5) Expenses of share-based payment transaction:

	For the three-months periods ended March 31, 2022	For the three-months periods ended March 31, 2021
Increase cash capital reserved for employees	\$ 8,174	\$ -
Equity settlement	2,197	2,904
	<u>\$ 10,371</u>	<u>\$ 2,904</u>

(XV) Share capital

1. As of March 31, 2022 the Company's authorized capital was \$2,000,000 (including 5,000 thousand shares reserved for issuing employee stock options), with paid-in capital of \$1,486,185, divided into 148,618 thousand shares, each at par value of NT\$10 per share. Proceeds have been fully collected for the issued shares. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2022	2021
1/1	148,618	148,498
Employee stock options exercised	37	-
12/31	<u>148,655</u>	<u>148,498</u>

2. On April 30, 2019, the Company passed the issuance of employee stock options (ESOs) by resolution of the board of directors, which was then amended on November 12, 2019 by resolution of the board of directors. A total of 3,000 ESOs were issued, and each ESO granted the right to buy 1,000 shares. A total of 3,000 thousand new common shares were issued for exercising the ESOs, of which the exercise price per share are set in accordance with relevant regulations.

3. As of March 31, 2022 the Company's affiliate - IBASE owned 41,698 thousand of The Group's shares.

(XVI) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2022						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,837,089	\$ 213,200	\$ 223,636	\$ 127,296	\$ 30,524	\$ 2,181	\$ 5,433,926
Differences between share price and book value from acquisition or disposal of subsidiaries	-	19,802	-	-	-	-	19,802
Employee stock options exercised	2,061	-	-	-	-	-	2,061
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	8	-	-	8
Change in associates and joint ventures accounted for under equity method	-	-	-	1,076	-	-	1,076
Share-based Payment	-	-	5,186	-	1,479	-	6,665
March 31	\$ 4,839,150	\$ 233,002	\$ 228,822	\$ 128,380	\$ 32,003	\$ 2,181	\$ 5,463,538

	2020						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,902,942	\$ 213,200	\$ 215,992	\$ 119,513	\$ 19,974	\$ 2,181	\$ 5,473,802
Changes in ownership interests in subsidiaries	-	-	1,835	-	(1,835)	-	-
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	38	-	-	38
Change in associates and joint ventures accounted for under equity method	-	-	-	2	-	-	2
Share-based Payment	-	-	1,452	-	3,873	-	5,325
March 31	\$ 4,902,942	\$ 213,200	\$ 219,279	\$ 119,553	\$ 22,012	\$ 2,181	\$ 5,479,167

(XVII) Retained earnings

- Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at the beginning of the period shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.
- In the future, the Company may have the surplus profit distributable as dividends in part or in whole considering the financial, business and operational factors. The ratio of share dividend shall exceed 5% of distributable earnings. Surplus distribution can be in the form of cash or stock dividends. For the measurement of future capital requirements and capital structure, cash dividend shall not be less than 10% of the total amount of dividends in the future, and the actual distribution amount shall be adopted by resolution of the shareholders' meeting.
- Unless losses have been covered or where legal reserve is distributed by the issuance of new shares or by cash in proportion to the shareholders' existing shareholding, the Company shall not make distributions out of legal reserve, of which only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
- For surplus distribution, the Company shall appropriate special reserve to the debit balance of other equity on the end of the reporting period. When the debit balance of other equity is reversed, the reversal amount can be included in distributable surplus.
 - The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

5. The Company's appropriations of 2021 and 2020 earnings had been approved by the resolutions of the board of directors of the Company and approved by the e-voting result on Feb. 25, 2022 and May 28, 2021 respectively. Details are summarized below:

	2021		2020	
	Amount	Dividend per share (in NT dollars)	Amount	Dividend per share (in NT dollars)
Provision (reversal) of Special reserve	\$ 11,527		(\$ 10,037)	
Legal reserve	44,909		38,071	
Cash dividends	386,408	\$ 2.60	371,246	\$ 2.50
	<u>\$ 442,844</u>		<u>\$ 399,280</u>	

Cash dividends distributed to common shareholders from the capital surplus would be \$74,309 (\$0.5 per share) which approved by the resolutions of the board of directors of the Company on February 25, 2022.

Cash dividends distributed to common shareholders from the capital surplus would be \$74,249 (\$0.5 per share) which approved by the e-voting result regarding the earnings appropriation and cash appropriation from the capital surplus for 2020 reached the legal resolution threshold on May 28, 2021.

The result of appropriations of 2021 which has not yet been approved by the resolutions of the shareholders' meeting.

(XVIII) Operating income

	For the three-month periods ended March 31,	
	2022	2021
Revenue from Contracts with Customers	\$ 1,951,691	\$ 1,266,555

1. Disaggregation of revenue from contracts with customers

The Group's revenue come from the provision of goods and services that are transferred over time and at a point in time. The revenues are segmented into the following major product lines:

For the three-month periods ended March 31, 2022	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 1,538,735	\$ 412,956	\$ 1,951,691
Time of income recognition			
Income recognized at a point in time	1,537,845	402,216	1,940,061
Revenue recognized over time	890	10,740	11,630
Total	<u>\$ 1,538,735</u>	<u>\$ 412,956</u>	<u>\$ 1,951,691</u>

For the three-month periods ended March 31, 2021	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 994,372	\$ 272,183	\$ 1,266,555
Time of income recognition			
Income recognized at a point in time	993,555	264,844	1,258,399
Revenue recognized over time	817	7,339	8,156
Total	\$ 994,372	\$ 272,183	\$ 1,266,555

2. Contract liability

(1) Recognized contract liabilities relative to revenue from contracts with customers are as follows:

	2022/3/31	2021/12/31	2021/3/31	2021/1/1
Contract Liability - Current:				
Advances from customers	\$ 267,188	\$ 212,285	\$ 179,694	\$ 158,221
Warranty contract	12,882	13,946	15,972	16,750
Contract Liability - Non-current:				
Advances from customers	51,070	26,024	31,976	31,995
Warranty contract	20,160	21,317	25,193	27,849
Total	\$ 351,300	\$ 273,572	\$ 252,835	\$ 234,815

(2) Recognized income of contract liabilities at January 1

	For the three-month periods ended March 31,	
	2022	2021
Beginning balance of contract liabilities		
Recognized income		
Advances from customers	\$ 41,526	\$ 45,660
Warranty contract	3,940	4,659
Total	\$ 45,466	\$ 50,319

(XIX) Other income

	For the three-month periods ended March 31,	
	2022	2021
Rental income	\$ 4,123	\$ 3,069
Dividends income	3,367	-
Total	\$ 7,490	\$ 3,069

(XX) Other gains and losses

	For the three-month periods ended March 31,	
	2022	2021
Net income from financial assets and liabilities at fair value through profit or loss	(\$ 90,074)	(\$ 4,843)
Gain (loss) on foreign currency exchange	28,860	(8,801)
Losses on disposal of property, plant and equipment	(2,149)	(79)
Depreciation on investment property, buildings.	(1,602)	(1,323)
Gain (loss) on lease modification	36	(6)
Government subsidy	51	274
Other income	5,541	3,251
	<u>(\$ 59,337)</u>	<u>(\$ 11,527)</u>

(XXI) Financial costs

	For the three-month periods ended March 31,	
	2022	2021
Interest expenses	\$ 709	\$ 411
Leased liabilities interest expenses	370	474
	<u>\$ 1,079</u>	<u>\$ 885</u>

(XXII) Extra information regarding the nature of cost and expenses

	For the three-month periods ended March 31,					
	2022			2021		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Expenses from employee benefits	\$ 69,753	\$ 238,119	\$ 307,872	\$ 60,690	\$ 220,615	\$ 281,305
Depreciation expense	9,388	9,821	19,209	11,297	8,653	19,950
Amortization expenses	501	3,248	3,749	574	3,632	4,206

(XXIII) Expenses from employee benefits

	For the three-month periods ended March 31,	
	2022	2021
Salaries expenses	\$ 271,089	\$ 248,647
Labor and national health insurance expenses	23,694	21,188
Pension expenses	9,568	8,964
Other employment expenses	3,521	2,506
	<u>\$ 307,872</u>	<u>\$ 281,305</u>

1. According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 5% and remuneration of directors and supervisors at rates of no higher than 1%, of the remaining profit after deducting accumulated losses.
2. For the three months periods ended March 31, 2022 and 2021, based on the percentage stipulated in the Articles of Incorporation, employee compensation were estimated at \$7,405 and \$2,527, respectively, while the remuneration of directors were estimated at \$808 and \$349, respectively, which are recognized as salary expenses.

Amounts for the period January 1 to March 31, 2022, were estimated based on profitability at the time and the percentages stipulated in Articles of Incorporation.

Amounts of 2021 employee and director remuneration resolved by the board of directors were consistent with the amounts recognized in the 2020 financial report, which were \$46,872 and \$4,500, respectively. Employee remuneration is intended to be paid in cash, but no actual payment has been made.

Information on remuneration of employees and directors approved by the board of directors is disclosed on the MOPS.

(XXIV) Income tax

1. Income tax expense
 - (1) Components of income tax expense:

	For the three-month periods ended March 31,	
	2022	2021
Current income tax:		
Income tax from current income	\$ 45,077	\$ 7,943
Adjustments in respect of prior period	866	-
Total current income tax	<u>45,943</u>	<u>7,943</u>
Deferred tax		
Origination and reversal of temporary differences	5,028	(400)
Income tax expense	<u>\$ 50,971</u>	<u>\$ 7,543</u>

(2) Income tax relative to other comprehensive income:

	For the three-month periods ended March 31,	
	2022	2021
Differences in translation of foreign operations	\$ 4,884	(\$ 864)

2. Profit-seeking enterprise business income tax returns of the Company and domestic subsidiaries have been certified by the tax authority as follows:

	Certification
(1) The Company, AAELONI, ONYX, IHELPER INC.	2020

(XXV) Earnings per share

	For the three-month periods ended March 31, 2022		
	After-tax amount	Weighted average Outstanding shares (in thousand)	Losses per share (in dollars)
<u>Basic (diluted) losses per share</u>			
Current net income attributable to common shareholders of parent company	\$ 129,340	106,946	\$ 1.21
<u>Diluted earnings per share</u>			
Current net income attributable to common shareholders of parent company	\$ 129,340		
Dilutive effect of potential common shares			
Employee stock options		97	
Employee compensation		551	
Current net income attributable to common shareholders of parent company plus effect of potential common shares	\$ 129,340	107,594	\$ 1.20
	For the three-month periods ended March 31, 2021		
	After-tax amount	Weighted average Outstanding shares (in thousand)	Losses per share (in dollars)
<u>Basic (diluted) losses per share</u>			
Current net income attributable to common shareholders of parent company	\$ 36,053	106,800	\$ 0.34
<u>Diluted earnings per share</u>			
Dilutive effect of potential common shares			
Employee compensation		463	
Current net income attributable to common shareholders of parent company plus effect of potential common shares	\$ 36,053	107,263	\$ 0.34
1. The Company's employee stock options were not included in the calculation of diluted			

earnings per share due to its anti-dilutive impact on earnings per share in the end of March 31, 2022, and 2021.

- The Company applies the equity method for the exchange of shares with Ibase, and applies the treasury stock method for investments on Ibase. In calculating earnings per share, the Company recognizes Ibase's shareholding as treasury shares which is a deduction from equity.

(XXVI) Supplemental cash flow information

- Partial cash payments for investing activities:

	For the three-month periods ended March 31,	
	2022	2021
Acquisition of property, plant and equipment	\$ 4,735	\$ 15,816
Add : Opening balance of payable on equipment	2,760	1,296
Less: Ending balance of payable on equipment	(687)	(10,258)
Cash paid during the period	<u>\$ 6,808</u>	<u>\$ 6,854</u>

- Non-cash flow from financing activities:

	For the three-month periods ended March 31,	
	2022	2021
Declared cash dividends not yet paid from Investments accounted for under equity method	<u>\$ 127,907</u>	<u>\$ 95,259</u>

(XXVII) Changes in liabilities arising from financing activities

	2022			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ 105,000	\$ 165,787	\$ 82,942	\$ 353,729
Changes in cash flow from financing	-	(2,674)	(8,292)	(10,966)
Effect on changes in exchange rate	-	-	438	438
Changes in others without cash flow	-	-	9,656	9,656
Cash paid during the period	<u>\$ 105,000</u>	<u>\$ 163,113</u>	<u>\$ 84,744</u>	<u>\$ 352,857</u>

	2021		
	Short-term borrowings	Lease liability	Total
January 1	\$ 38,875	\$ 34,069	\$ 72,944
Changes in cash flow from financing	(17,977)	(10,598)	(28,575)
Effect on changes in exchange rate	75	(630)	(555)
Changes in others without cash flow	-	85,493	85,493
Cash paid during the period	<u>\$ 20,973</u>	<u>\$ 108,334</u>	<u>\$ 129,307</u>

VII. Related party transaction

(I) Parent and ultimate controlling party

AAEON is controlled by ASUSTEK COMPUTER INC. (incorporated in R.O.C.), the ultimate parent of the Company with 40.68% ownership (including indirect shareholdings) of the Company.

(II) Related parties

Name of related party	Relation
ASUSTEK COMPUTER INC.	Ultimate parent company
IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method
IBASE GAMING INC.	Associate - Subsidiary of IBASE TECHNOLOGY INC.
LITEMAX ELECTRONICS INC.	Associate - Investee accounted for under the equity method
WINMATE INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary
ATECH OEM INC.	Other related party - the Company's Chairman as a director
MACHVISION, INC.	Other related party - the Company's Chairman as a director
FU LI INVESTMENT INC.	Other related party - the Company's Chairman as Fuli's Chairman
EVERFOCUS ELECTRONICS CORP.	Other related party - the Company's Chairman as EVERFOCUS ELECTRONICS CORP's Chairman
AAEON EDUCATION FOUNDATION	Other related party - the Company's Chairman as a director
WT MICROELECTRONICS CO.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary (Note)
TECHMOSA INTERNATIONAL INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary (Note)
MORRIHAN INTERNATIONAL CORP.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary (Note)
NUVISION TECHNOLOGY, INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary (Note)
MAXTEK TECHNOLOGY CO., LTD.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary (Note)
SPARK TECHNOLOGIES INC.	Other related party - the Company's Chairman is first degree relative of SPARK TECHNOLOGIES INC.'s Chairman

Name of related party	Relation
LYDS THCH.	Other related party - the Company's Chairman is first degree relative of LYDS TECH's Chairman
ASUS COMPUTER INTERNATIONAL	Fellow subsidiary — same as ultimate parent entity

(III) Significant transactions with related parties

1. Operating income

	For the three-month periods ended March 31,	
	2022	2021
Ultimate parent entity	\$ 277	\$ 180
Affiliate company	284	110
Other related party	2,028	1,198
Total	<u>\$ 2,589</u>	<u>\$ 1,488</u>

The Group's sales price to each of the aforementioned related parties is set based on the economic environment and market competition of each sales region. The Group has granted credit periods of 60 days EOM or 30 days EOD to its related parties, with no significant difference compared to general customers.

2. Purchases

	For the three-month periods ended March 31,	
	2022	2021
Goods purchased		
Ultimate parent entity— ASUSTEK COMPUTER INC.	\$ 360,607	\$ 194,027
Affiliate company	6,125	1,125
Fellow subsidiary	113	-
Other related party	48,494	20,282
Total	<u>\$ 415,339</u>	<u>\$ 215,434</u>

The Group's purchases are in accordance with its general terms and conditions (market prices), with payment period of 30 days EOM or 30-60 days EOM.

3. Operating expenses

	For the three-month periods ended March 31,	
	2022	2021
Ultimate parent entity	\$ 23,966	\$ 17,158
Affiliate company	343	457
Other related party	1,269	72
Total	<u>\$ 25,578</u>	<u>\$ 17,687</u>

The above operating expenses mainly comprised technical service fees, and were presented as operating expenses - R&D expense.

4. Other accounts receivable

	<u>2022/3/31</u>		<u>2021/12/31</u>		<u>2021/3/31</u>
Other accounts receivable					
Affiliate company					
-IBASE	\$ 115,370	\$	-	\$	95,259
- LITEMAX	12,951		252		600
Other related party	60		2,720		600
	<u>\$ 128,381</u>	<u>\$</u>	<u>2,972</u>	<u>\$</u>	<u>96,459</u>

Mainly comprised dividends receivable.

5. Payables from related parties

	<u>2022/3/31</u>		<u>2021/12/31</u>		<u>2021/3/31</u>
Accounts Payable					
Ultimate parent entity					
– ASUSTEK	\$ 159,138	\$	75,332	\$	85,274
COMPUTER INC.					
Affiliate company	3,599		331		831
Other related party	24,096		17,823		13,861
Total	<u>\$ 186,833</u>	<u>\$</u>	<u>93,486</u>	<u>\$</u>	<u>99,966</u>

6. Other payables

	<u>2022/3/31</u>		<u>2021/12/31</u>		<u>2021/3/31</u>
Other Payables					
Ultimate parent entity	\$ 43,676	\$	46,917	\$	39,524
Affiliate company	11		-		3
Other related party	695		609		107
Total	<u>\$ 44,382</u>	<u>\$</u>	<u>47,526</u>	<u>\$</u>	<u>39,634</u>

Mainly comprises technical service fees payable; refer to Note 7. (3)3 for details.

(IV) Key management remuneration

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Wages and other short-term employee benefits	\$ 23,838	\$ 19,571
Post-employment benefits	370	386
Total	<u>\$ 24,208</u>	<u>\$ 19,957</u>

VIII. Assets pledged as collaterals

The Company's pledged assets are summarized below:

Asset	Book value			Guarantee purpose
	2022/3/31	2021/12/31	2021/3/31	
Property, Plant and Equipment	\$ 476,360	\$ 470,670	\$ 199,252	Loans and the line of credit
Restricted time deposit (including other current assets)	859	830	856	Collateral provided for foreign exchange forward contract
Guarantee deposits (including Other current and non-current assets)	11,104	10,448	10,703	Office, warehouse deposit and project guarantee deposit.
	<u>\$ 488,323</u>	<u>\$ 481,948</u>	<u>\$ 210,811</u>	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

As of March 31, 2022, the Group has issued a promissory note of \$ 450,000 required for the application a comprehensive credit line and transactions of derivatives.

X. Losses Due to Major Disasters

None.

XI. Material Subsequent Events

On April 28, 2022, the company leased its new area, Baogao Science and Intellectual Park, from the Economic Development Department under Bureau of the New Taipei City Government. the lease period is from April 28, 2022 to April 27, 2027, increasing right-of-use assets and lease liabilities were both \$41,347.

XII. Others

(1) Capital management

The Group has set up capital management objectives to ensure continued operation, maintain the best capital structure for the reduction in cost of capital, and protect shareholders interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instrument

1. Type of financial instrument

	2022/3/31	2021/12/31	2021/3/31
<u>Financial asset</u>			
At fair value through profit or loss - Financial asset			
Mandatory at fair value throughout profit or loss – financial asset	\$ 400,449	\$ 490,523	\$ 520,869
At fair value through other comprehensive income - financial asset			
Designated equity instrument investments	30,806	32,381	2,381
Financial assets measured at amortized cost / loans and receivables			
Cash and cash equivalents	2,178,748	1,841,520	2,864,665
Notes receivable	9,059	23,655	11,116
Accounts receivable	1,138,306	1,174,099	576,609
Other Receivables	160,110	57,692	110,703
Restricted time deposit (including other current assets)	859	830	856
Guarantee deposits (including other non-current assets)	11,104	10,448	10,703
	<u>\$ 3,929,441</u>	<u>\$ 3,631,148</u>	<u>\$ 4,097,902</u>
<u>Financial liability</u>			
At fair value through profit or loss - Financial liability			
Financial asset or liability held for trading	\$ -	\$ -	\$ 116
Financial liabilities measured at amortized cost			
Short-term borrowings	105,000	105,000	20,973
Notes payable	-	-	483
Accounts payable	793,952	580,911	478,592
Other payables	391,062	433,117	371,393
Long-term borrowings (including current portion)	163,113	165,787	-
	<u>\$ 1,453,127</u>	<u>\$ 1,284,815</u>	<u>\$ 871,557</u>
Lease liabilities (including current and non-current)	<u>\$ 84,744</u>	<u>\$ 82,942</u>	<u>\$ 108,334</u>

2. Risk management policy

The Group adopts a comprehensive risk management system for the management to clearly

identify, measure and control all risks to achieve effective control and measurement.

The Group's Control and management strategies are as follows:

(1) Interest rate risk:

The Group continuously keep track on the trend of interest rates and set up stop-loss points to control interest rate risks.

(2) Exchange rate risk:

The Group uses derivative financial instruments such as forward foreign exchange transactions to hedge for foreign currency assets or liabilities or highly probable transactions to reduce the risks in cash flows and fair value from fluctuation in foreign exchange rates. In addition, the changes foreign exchange rate is closely monitored, with a stop loss point to mitigate exchange rate risks.

(3) Credit risk:

The Group has a stringent credit evaluation policy and only trades with counterparties of good credit quality, with regular application of credit protection measures to mitigate credit risk.

3. The nature and level of material financial risks

(1) Market risk

Exchange rate risk

- A. The Group's international operations have been subject to exchange rate risks arise from transactions denominated in a currency other than the functional currencies of the Company and its subsidiaries, which includes main currencies such as USD, SGD, EUR and RMB. Related exchange rate risks arise from future business transactions and recognized assets and liabilities.
- B. The Group's management formulated policies to manage exchange rate risks relative to the functional currency of the Company and its subsidiaries. The finance department is responsible for hedging the overall exchange rate risk. Exchange rate risk is measured through highly probable forecast transactions that involves expenditures denominated in USD and RMB. Accordingly, the Group uses foreign currency forward contracts to mitigate the impact of exchange rate fluctuations on the costs of purchasing inventories.
- C. The Group uses forward exchange and currency and interest rate swaps to hedge exchange rate risks without hedging accounting, which are recognized as financial assets or liabilities at fair value through profit or loss. Please refer to Note 6 (2) and (10) for more details.
- D. Since the Group's businesses involves certain non-functional currencies (NTD is the functional currency of the Company and part of its subsidiaries, while the functional currencies of other subsidiaries include USD, SGD, and RMB), it may be affected by exchange rate fluctuations. The foreign currency assets and liabilities that may be significantly affected by exchange rate fluctuations are as follows:

		2022/3/31		
		Foreign currency (in thousands)	Exchange rate	Carrying amount(NTD)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	\$	43,947	28.63	\$ 1,258,203
EUR:NTD		526	31.92	16,790
USD:CNY		108	6.35	3,092
USD:SGD		249	1.35	7,129
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	20,949	28.63	\$ 599,770
EUR:NTD		2	31.92	64
USD:CNY		2,304	6.35	65,964
USD:SGD		573	1.35	16,405

		2021/12/31		
		Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	\$	49,575	27.68	\$ 1,372,236
EUR:NTD		427	31.32	13,374
USD:CNY		588	6.37	16,276
USD:SGD		309	1.35	8,553
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	13,513	27.68	\$ 374,040
EUR:NTD		431	31.32	13,499
USD:CNY		2,012	6.37	55,692
USD:SGD		687	1.35	19,016

		2021/3/31		
		Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	\$	29,181	28.54	\$ 832,826
EUR:NTD		601	33.48	20,121
USD:CNY		282	1.35	8,048
USD:SGD				
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	11,942	28.54	\$ 340,825
EUR:NTD		197	33.48	6,596
USD:CNY		2,150	6.57	61,361
USD:SGD		244	1.35	6,964

- E. The overall realized and unrealized foreign exchange gains and losses of the Group's monetary items that may be significantly affected by exchange rate fluctuations for the three months periods ended March 31, 2022 and 2021, were \$28,860 and \$ (8,801), respectively.
- F. The Group's foreign currency risk analysis due to significant foreign exchange rate fluctuations is as follows:

		<u>For the three-month periods ended March 31, 2022</u>		
		Sensitivity analysis		
		Extent of change	Effect on income	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	12,582	\$ -
EUR:NTD	1%		168	-
USD:CNY	1%		31	-
USD:SGD	1%		71	-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,998	\$ -
EUR:NTD	1%		1	-
USD:CNY	1%		660	-
USD:SGD	1%		164	-

For the three-month periods ended March 31, 2021				
Sensitivity analysis				
	Extent of change		Effect on income	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,328 \$	-
EUR:NTD	1%		201	-
USD:CNY	1%		80	-
USD:SGD	1%			-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,408 \$	-
EUR:NTD	1%		66	-
USD:CNY	1%		614	-
USD:SGD	1%		70	-

Price risk

- A. The Group is exposed to equity instrument price risk because of investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk arising from investments in equity instruments, the Group has diversified its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments and open-end funds issued by domestic companies, of which the price of equity instruments will be affected by uncertainty of future value of the investment target. Assuming all other factors remain unchanged, if prices of equity instruments rise or fall by 1%, net income for the three months periods ended March 31, 2022 and 2021, would rise or fall by \$3,647 and \$4,769, respectively, for equity instruments measured at fair value through profit or loss, whereas other comprehensive income for the three months periods ended March 31, 2022 and 2021, would rise or fall by \$308 and \$24, respectively, for financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises mainly from long-term and short-term borrowings at floating rates, which exposes the Group to cash flow interest rate risk, but part of the risk can be offset by cash and cash equivalents held at floating rates. For the three months periods ended March 31, 2022 and 2021, The Group's floating rate borrowings were mainly denominated in USD.
- B. Assuming all other factors remain unchanged, if the NTD borrowing rate rises or falls by 0.25%, net income for the three-month period ended March 31, 2022 will decrease or increase by \$670, mainly due to changes in interest expenses that arise from floating rate borrowings.

- C. Assuming all other factors remain unchanged, if the USD borrowing rate rises or falls by 0.25%, net income for the three-month period ended March 31, 2021, will decrease or increase by \$52, mainly due to changes in interest expenses that arise from floating rate borrowings.

(2) Credit risk

- A. The Group's credit risk refers to the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge its obligation under the contract, which is mainly due to the inability of counterparties to meet the terms of their contracts for collecting the cash flows of the receivables.
- B. The Group establishes credit risk policies based on its own risk management perspective. In accordance with internal credit policies, credit risks are required to be managed and analyzed before each of the Group's operating entity set up the terms and conditions for payment and delivery for each new customer. The internal risk control system evaluates the customers' credit quality based on their financial conditions, past experience and other factors. Individual risk exposure limits are set by the board of directors based on internal or external risk ratings, and credit lines are monitored on a regular basis.
- C. The Group adopts IFRS 9 to provide a presumption that default has occurred when contractual payments are more than 90 days past due.
- D. The Group adopts IFRS 9 to provide the following presumption as basis for judging whether the credit risk on a financial instrument has increased significantly since the initial recognition:
It is deemed that credit risk after the original recognition of financial assets has increased significantly when contractual payments are more than 30 days past due.
- E. The customers' accounts receivable are segmented based on customer type. A simplified loss rate approach is used for ECL measurement based on the provision matrix.
- F. The Group has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had no recourse on claims that had been written off.
- G. (1) Expected loss rate for customers of the outstanding credit group is estimated at 0.2%. Total accounts receivable and loss provisions for this group of customers were reported at: \$552,993 and \$399 as of March 31, 2022, \$636,344 and \$340 as of December 31, 2021, and \$299,314 and \$203 as of March 31, 2021, respectively.
- (2) The Group considers the world economic outlook and future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of March 31, 2022, December 31, 2021 and March 31, 2021 is as follows:

	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
2022/3/31							
Expected loss rate	0%~1.62%	0%~5.75%	0%~21.18%	0%~43.44%	1.54%~52.04%	100%	
Total book value	\$ 507,095	\$ 65,333	\$ 25,555	\$ 694	\$ 879	\$ 17,888	\$ 617,444
Loss allowance	\$ 3,207	\$ 1,526	\$ 1,698	\$ 154	\$ 6	\$ 17,888	\$ 24,479

	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
2021/12/31							
Expected loss rate	0%~1.62%	0%~5.75%	0%~21.18%	0%~43.44%	1.54%~52.04%	100%	
Total book value	\$ 469,261	\$ 79,263	\$ 6,671	\$ 4,725	\$ 1,667	\$ 15,158	\$ 576,745
Loss allowance	\$ 532	\$ 700	\$ 97	\$ 743	\$ 833	\$ 15,158	\$ 18,063

	Not yet due	Past due within 30 days	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	Total
2021/3/31							
Expected loss rate	0%~1.74%	0.01%~5.74%	0.15%~23.13%	0.49%~46.95%	2.92%~63.89%	100%	
Total book value	\$ 239,378	\$ 36,647	\$ 9,887	\$ 3,005	\$ -	\$ 15,548	\$ 304,465
Loss allowance	\$ 91	\$ 4	\$ 164	\$ 347	\$ -	\$ 15,548	\$ 16,154

(3) The total book values of the accounts receivable-related parties as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$1,806, \$3,068 and \$303, respectively. The expected credit loss is not significant thanks to low credit risk, which lead to a loss allowance of \$0.

H. The Group's simplified approach of notes receivable and changes in allowance for doubtful accounts are as follows:

	Notes and accounts receivable (including related parties)	
	2022	2021
January 1	\$ 18,403	\$ 16,430
Write off of impairment loss	5,879	29
Forex effect	596	(102)
March 31	\$ 24,878	\$ 16,357

From the loss recognized for the three months periods ended March 31, 2022 and 2021, the impairment losses for accounts receivable arising from customer contracts were \$5,879 and \$29, respectively.

(3) Liquidity risk

- A. Cash flow is forecasted by each of the Group's operating entity and summarized by the finance department. The Group's finance department monitors liquidity forecasting to ensure that it has sufficient funds to meet the operational requirements.
- B. The Group had available borrowing limits of \$572,948, \$539,913 and \$568,996 as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- C. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, whereas derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Non-derivative financial liabilities:

2022/3/31	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings (including accrued interest)	\$ 105,125	\$ -	\$ -	-
Accounts payable	793,952	-	-	-
Other payables	391,062	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,569	12,569	37,708	115,220
Lease liabilities	41,987	29,964	36,468	-
Provisions	30,029	9,998	-	-

Non-derivative financial liabilities:

2021/12/31	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings (including accrued interest)	\$ 105,305	\$ -	\$ -	-
Accounts payable	580,911	-	-	-
Other payables	433,117	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,353	12,353	37,059	116,337
Lease liabilities	37,782	30,840	39,909	-
Provisions	27,411	8,014	-	-

Non-derivative financial liabilities:

2021/3/31	Within 1 year	1-2 years	2-5 years
Short-term borrowings	\$ 20,973	\$ -	\$ -
Notes payable	483	-	-
Accounts payable	478,592	-	-
Other payables	371,393	-	-
Lease liabilities	36,333	28,316	52,863
Provisions	27,589	7,229	-

D. The Group's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(3) Information on fair value

1. The various levels of fair value measurement of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for assets or liabilities identical to those being valued that the entity can obtain at the measurement date. Quoted price in an "active market" means that quoted prices represent market transactions related to assets and liabilities that are readily and regularly occurring. This includes fair values of TWSE listed shares and beneficiary securities invested by the Group.

Level 2: Inputs in this level are observable for assets and liabilities, either directly or indirectly, other than quoted prices described in level 1. This includes fair values of TPEX listed stocks and derivative financial instruments invested by the Group.

Level 3: Inputs in this level are unobservable for assets and liabilities being valued. This includes equity instruments of non-active markets invested by the Group.

2. Financial instruments not measured at fair value

The carrying amounts of the Group's cash and cash equivalents, notes receivable, accounts receivable, other receivables, limited time deposit (classified in the balance sheet as other current asset), guarantee deposits (classified in the balance sheet as other non-current asset), short-term borrowings, notes payable, accounts payable, other payables and lease liabilities are reasonable approximations of fair values.

3. The Group has classified financial and non-financial instruments measured at fair value based on the nature, characteristics and risks of assets and liabilities, as well as in accordance with the fair value hierarchy. The relevant information is as follows:

(1) The Group classifies its financial instrument based on the nature of assets and liabilities, with relevant information as follows:

2022/3/31	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>At fair value on a recurring basis</u>				
Net loss (gains) from financial assets and liabilities				
Equity securities	\$ 307,774	\$ 4,278	\$ 52,646	\$ 364,698
Beneficiary securities	26,525	-	-	26,525
Hybrid instrument	-	-	9,226	9,226
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	30,806	30,806
Total	<u>\$ 334,299</u>	<u>\$ 4,278</u>	<u>\$ 92,678</u>	<u>\$ 431,255</u>

2021/12/31	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>At fair value on a recurring basis</u>				
Net loss (gains) from financial assets and liabilities				
Equity securities	\$ 393,132	\$ 4,575	\$ 56,854	\$ 454,561
Beneficiary securities	26,510	-	-	26,510
Hybrid instrument	-	-	9,452	9,452
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	32,381	32,381
Total	<u>\$ 419,642</u>	<u>\$ 4,575</u>	<u>\$ 98,687</u>	<u>\$ 522,904</u>

2021/3/31	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>At fair value on a recurring basis</u>				
Net loss (gains) from financial assets and liabilities				
Equity securities	\$ 409,117	\$ 4,965	\$ 62,814	\$ 476,896
Beneficiary securities	33,717	-	-	33,717
Hybrid instrument	-	-	10,256	10,256
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	2,381	2,381
Total	<u>\$ 442,834</u>	<u>\$ 4,965</u>	<u>\$ 75,451</u>	<u>\$ 523,250</u>
<u>At fair value on a recurring basis</u>				
Financial liabilities at fair value through profit or loss				
Derivatives				
-Forward exchange contracts	<u>\$ -</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 116</u>

- (2) The Group's approaches and assumptions for fair value measurement are as follows:
- A. The Group adopts quoted prices as inputs used to measure fair value (1st level), which are classified as follows based on the characteristics of the financial instruments:

	<u>Shares of listed companies</u>	<u>Open-end funds</u>
Quoted market price	Closing market prices	Net value

- B. Except for the aforementioned financial instruments in an active market, the fair values of other financial instruments are obtained by using valuation techniques, or by reference to the quoted prices of counterparties.
- C. The Group adopts valuation techniques widely used by market participants for evaluating non-standardized and less complex financial instruments. The parameters used in the valuation models of such financial instruments are usually market observable information.
- D. The evaluation of derivatives is based on the valuation model generally accepted by market users, such as the discount method. Foreign currency forward contracts are usually evaluated based on the current forward exchange rates.
- E. The output of the evaluation model is an estimated value, and the valuation technique may not reflect all the relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value of the valuation model will be adjusted based on additional parameters, such as the model risk or liquidity risk. According to the Group's management policies of fair value valuation model and related control procedures, its management believes that valuation adjustments are appropriate and necessary for the fair values of financial and non-financial instruments to be presented fairly in the consolidated balance sheet. The price information and parameters used in the evaluation process are carefully evaluated, with appropriate adjustments according to current market conditions.

4. Transfers have not occurred between 1st and 2nd level inputs for the three months

periods ended March 31, 2022 and 2021.

5. The following table shows changes in 3rd level inputs for the three months periods ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	<u>Equity instrument</u>	<u>Equity instrument</u>
January 1	\$ 98,687	\$ 72,109
Recognition in profit (loss) (Note 1)	(4,434)	3,342
Recognition in other comprehensive profit (loss) (Note 2)	(1,575)	-
March 31	<u>\$ 92,678</u>	<u>\$ 75,451</u>

Changes in unrealized gains
or losses on assets and
liabilities owned at the end of
the period

(\$ 4,434) \$ 3,342

Note 1: Recorded as othe gains (losses).

Note 2: Recorded as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

6. There had been no inward or outward transfer of level 3 input for the three months periods ended March 31, 2022 and 2021.
7. The Group's validation process for 3rd level fair value measurement on financial instruments is independently performed by the Finance Department. The independent data sources are used to bring the evaluation results closer to the market, while ensuring the reasonableness of evaluation results with consistent resources and executable representative prices.
In addition, the Finance Department is responsible for formulated fair value valuation policies and evaluation procedures, and ensuring the Group's compliance with relevant IFRS regulations.
8. The quantitative analysis of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs as valuation models for 3rd level fair value measurements are as follows:

	2022/3/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Shares of unlisted companies	\$ 33,286	Net asset value approach	N/A	N/A	The higher the value of net assets, the higher the fair value of the stocks Note 2
Shares of unlisted companies	50,166	Discounted Cash Flow Approach	Note 1	N/A	Note 2
<u>Hybrid instrument:</u>					
Shares of unlisted companies	45,195	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option (	35,969)	Options pricing model	Price volatility	N/A	The higher the price volatility, the higher the fair value of the stocks
	2021/12/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Shares of unlisted companies	\$ 37,495	Net asset value approach	N/A	N/A	The higher the value of net assets, the higher the fair value of the stocks Note 2
Shares of unlisted companies	51,740	Discounted Cash Flow Approach	Note 1	N/A	Note 2
<u>Hybrid instrument:</u>					
Shares of unlisted companies	45,343	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option (	35,891)	Options pricing model	Price volatility	N/A	The higher the price volatility, the higher the fair value of the stocks

	2021/3/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Shares of unlisted companies	\$ 43,454	Net asset value approach	N/A	N/A	The higher the value of net assets, the higher the fair value of the stocks
Shares of unlisted companies	21,741	Discounted Cash Flow Approach	Note 1	N/A	Note 2
<u>Hybrid instrument:</u>					
Shares of unlisted companies	52,065	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option	(41,809)	Options pricing model	Price volatility	N/A	The higher the price volatility, the higher the fair value of the stocks

Note 1: Long term sales growth, weighted average cost of capital, long term net profit before tax, discount for lack of marketability, and discount for minority interest.

Note 2: The higher the discount for lack of marketability, the lower the fair value of the stocks; the higher the weighted average cost of capital discount for minority interest, the lower the fair value of the stocks; the higher the long-term sales growth and long-term net profit before tax, the higher the fair value of the stocks.

9. After careful assessment, the Group has selected valuation models and evaluation parameters, but the application of the various valuation models or evaluation parameters may lead to different evaluation results.

XIII. Disclosures

(1) Information on significant transactions

- A. Financing provided: None.
- B. Endorsements and guarantees provided: None.
- C. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to schedule 1.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None.
- E. Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital: None.
- F. Disposal of real estate properties at prices of at least \$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to schedule 2.

- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to schedule 3.
- I. Trading in derivative instruments undertaken during the reporting period: Please refer to Note 6 (2) and (10).
- J. Intercompany relationships and significant intercompany transactions: Please refer to Schedule 4.

(2) Information on investees

Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please refer to Schedule 5.

(3) Information on investments in China

- A. Information on investment in mainland China: Please refer to Schedule 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Schedule 4.

(4) Information of major shareholders

Name and information of shareholders with more than 5% shareholding interest: Please refer to Schedule 7.

XIV. Segment information

(1) General information

The Group's management has identified department responsible for reporting to the board of directors based on the reporting information for their decision-making. In the current period, there were no significant changes in the Group's corporate structure, segmentation bases, and measurement bases for segment information.

(2) Measurement of segment information

Profits or losses of the Group's operating segments are measured by segment income and pre-tax profit/loss, and are used as basis for performance evaluation. In addition, the accounting policies of operating segments are the same as the summary of significant accounting policies in Note 4.

(3) Segment information

Segment information reported to the chief operating decision-maker are provided as follows:

For the three-month periods ended March 31,2022				
	IPC	Medical PC	Elimination	Total
Revenue from external customers	\$ 1,538,735	\$ 412,956	\$ -	\$ 1,951,691
Revenue from internal segments	67,807	6,252	(74,059)	-
Segment revenue	<u>\$ 1,606,542</u>	<u>\$ 419,208</u>	<u>(\$ 74,059)</u>	<u>\$ 1,951,691</u>
Segment profit or loss	<u>\$ 149,843</u>	<u>\$ 51,052</u>	<u>\$ -</u>	<u>\$ 200,895</u>
Segment profit or loss:				
Depreciation and amortization	<u>\$ 17,826</u>	<u>\$ 6,734</u>	<u>\$ -</u>	<u>\$ 24,560</u>

For the three-month periods ended March 31,2021				
	IPC	Medical PC	Elimination	Total
Revenue from external customers	\$ 994,372	\$ 272,183	\$ -	\$ 1,266,555 \$
Revenue from internal segments	52,659	1,094	(53,753)	-
Segment revenue	<u>\$ 1,047,031</u>	<u>\$ 273,277</u>	<u>(\$ 53,753)</u>	<u>\$ 1,266,555 \$</u>
Segment profit or loss	<u>\$ 34,525</u>	<u>\$ 16,402</u>	<u>\$ -</u>	<u>\$ 50,927 \$</u>
Segment profit or loss:				
Depreciation and amortization	<u>\$ 20,204</u>	<u>\$ 5,275</u>	<u>\$ -</u>	<u>\$ 25,479 \$</u>

Note 1: Segment income has been write-off to \$0.

Note 2: Not required to be disclosed as the measure of segment assets has not been provided to the chief operating decision-maker.

(4) Adjustment information on segment profit or loss

Adjustment is not required as the Company's reportable segment profit/loss are equivalent to the income (loss) from continuing operations.

AAEON Technology Inc. and Subsidiaries

MARKETABLE SECURITIES HELD

(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

MARCH 31, 2022

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 1

Holding company	Marketable securities type and name				2022/3/31				
	Type	Name (Note 1)	Relationship with the Company	Financial Statement Account	Shares	Carrying value (Note2)	Percentage of Ownership (%)	Fair value	Remarks
AAEON Technology Inc.	Fund	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,091,070	\$ 26,525	-	\$ 26,525	None
"	Stock	Advantech Co.,Ltd.	"	"	802	296	-	296	"
"	"	MACHVISION,INC.	Other related party - the Company's Chairman as a director	"	1,180,198	256,103	2.64	256,103	"
"	"	ATECH OEM INC.	"	"	234	2	-	2	"
"	"	Unitech Electronics Co., Ltd.	None	"	549,657	11,378	0.73	11,378	"
"	"	LILEE SYSTEMS Ltd.	"	"	468,750	-	-	-	"
"	"	Allied Biotech Co.	Other related party - the Company's Chairman as a director	"	300,000	4,278	0.31	4,278	"
"	"	TELEION WIRELESS, INC.	None	"	149,700	-	-	-	"
"	"	InSynerger Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - non-current	1,710,000	19,360	19.29	19,360	"
"	"	V-Net AAEON Corporation Ltd.	"	"	29	9,226	14.50	9,226	Note 3
AAEON INVESTMENT, CO., LTD.	Stock	ATECH OEM INC.	Other related party - the Company's Chairman as a director	Financial assets at fair value through profit or loss - current	3,456,000	31,726	5.82	31,726	None
"	"	Sunengine Co., Ltd.	"	"	156,903	1,089	2.75	1,089	"
ONYX HEALTHCARE INC.	"	MACHVISION,INC.	"	Financial assets at fair value through profit or loss - current	18,716	4,061	0.04	4,061	"
"	"	TOP UNION ELECTRONICS CORP.	None	"	169,658	4,208	0.17	4,208	"
"	"	INNO FUND III	"	Financial assets at fair value through profit or loss - non-current	3,000,000	32,197	13.04	32,197	"
"	"	MELTEN CONNECTED HEALTHCARE INC.	"	Financial asset at fair value through other comprehensive income - non-current	4,193,548	2,381	6.61	2,381	"
"	"	PROTECTLIFE INTERNATIONAL BIOMEDICAL INC	"	"	2,500,000	28,425	6.30	28,425	"

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives included in IFRS 9 "Financial Instruments"

Note2: For those measured at fair value, please enter the carrying value after the valuation adjustment of fair value and deduction of accumulated impairment in the carrying value column. As for those assets not measured at fair value, please enter the carrying value of initial acquisition cost or amortized cost after deducting accumulated impairment in the carrying value column.

Note3: Hybrid contract with embedded options.

AAEON Technology Inc. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

Schedule 2

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Purchasing (sales) company	Related Party	Nature of Relationship	Purchase (sales)	Transaction		Duration of credit	Reasons for difference between the related party transaction terms and the arms length terms of transaction (Note)		Accounts and notes receivable (payable)		Remarks
				Amount	Percentage of total purchase (sales) (%)		Price	Duration of credit	Balance	Percentage of total accounts and notes receivable (payable) (%)	
AAEON Technology Inc.	ASUSTEK COMPUTER INC	Parent	Purchases	\$ 360,607	26.46	30 days after month-end	-	-	(\$ 159,138)	(23.84)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	(Sales)	(360,195)	(27.11)	60 days after month-end	-	-	355,630	36.75	
"	AAEON ELECTRONICS, INC.	"	"	(268,029)	(20.18)	"	-	-	138,583	14.32	
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	"	"	(113,154)	(36.20)	90 days after month-end	-	-	98,143	47.37	

Note: The reasons for difference between the related party transaction terms and the arms length terms of transaction shall be described in the ASP and loan term section.

AAEON Technology Inc. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2022

Schedule 3

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Ending balance (Note 1)	Turnover (%)	Overdue		Amounts Received in Subsequent Period	Allowance for doubtful account
					Amount	Action taken		
AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$ 355,630	4.99	\$ -	-	\$ 115,026	\$ -
"	AAEON ELECTRONICS, INC.	"	138,583	5.98	-	-	84,997	-

Note: Please fill in separately based on accounts receivable, notes and other receivables of related parties.

AAEON Technology Inc. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT\$100 MILLION ARE DISCLOSED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

Schedule 4

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Intercompany transaction			As a percentage of consolidated revenues or total assets (%) (Note 3)
				Financial Statement Account	Amount	Terms	
0	AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	1	Net sales	\$ 360,195	60 days after month-end	18.46
"	"	AAEON ELECTRONICS, INC.	1	Net sales	268,029	"	13.73
"	"	AAEON TECHNOLOGY (EUROPE) B.V.	1	Accounts receivable	355,630	"	3.28
"	"	AAEON ELECTRONICS, INC.	1	Accounts receivable	138,583	"	1.28
1	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA,INC.	3	Net sales	113,154	90 days after month-end	5.80

Note 1: Intercompany transactions should be indicated in the numbered columns individually. The number is filled in as follows:

(1) Parent company is numbered 0.

(2) Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

Note 2: There are three types of relationships with counterparties (Disclosure is not required for the same intercompany transactions. For example: If the parent has already disclosed the intercompany transaction, the subsidiary is not required to disclose the same transaction.

For intercompany transactions between subsidiaries, if one of the subsidiary has already disclosed the transaction, the other subsidiary is not required to disclose the same transaction)

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3: The calculation of transaction amount as a percentage of consolidated net revenue or total assets: in the case of financial statement accounts, ending balance is divided by consolidated total assets; in the case of income statement accounts, cumulative amount in the period is divided by consolidated net revenue.

Note 4: There is no need to disclose transactions of no more than \$100 million, and transactions shall be disclosed as assets and income.

AAEON Technology Inc. and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Schedule 5

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of March 31, 2022			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2022/3/31	2021/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON Technology Inc.	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 140,263	\$ 135,632	490,000	100.00	\$ 241,875	\$ 6,900	\$ 6,903	
"	AAEON TECHNOLOGY CO.,LTD	British Virgin Islands	Investment of IPC and interface card	252,103	243,780	8,807,097	100.00	249,648	521	500	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,192	3,132	-	100.00	35,469	6,060	6,060	
"	AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Singapore	Sales of IPC and PC peripherals	12,343	11,936	465,840	100.00	57,999	2,658	2,658	
"	AAEON INVESTMENT, CO., LTD.	Taiwan	Investment of IPC and PC peripherals	150,000	150,000	15,000,000	100.00	109,977	(9,402)	(9,402)	
"	ONYX HEALTHCARE INC.	"	Design, manufacture and sales of medical PC	73,358	73,358	15,132,074	50.00	645,117	41,943	21,012	
"	LITEMAX ELECTRONICS INC.	"	Sales of PC peripherals	70,218	70,218	5,015,050	11.99	97,353	49,947	5,987	
"	IBASE TECHNOLOGY INC.	"	Manufacturing and sales of industrial motherboards	3,498,501	3,498,501	52,921,856	31.68	3,176,186	145,528	34,615	
AAEON TECHNOLOGY (EUROPE) B.V.	AAEON TECHNOLOGY GMBH	Germany	Sales of IPC and PC peripherals	958	940	-	100.00	19,636	224	-	Notel

AAEON Technology Inc. and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

Schedule 5

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of March 31, 2020			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2022/3/31	2021/12/31	Shares	Percentage (%)	Carrying Amount			
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	USA	Sales of medical PC and peripherals	\$ 57,250	\$ 55,360	200,000	100.00	\$ 94,838	(\$ 2,528)	-	Note1
"	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical PC and peripherals	3,192	3,132	100,000	100.00	18,821	957	-	"
"	IHELPER INC.	Taiwan	R&D and sales of medical robots	16,560	16,560	1,656,000	46.00	7,229	(713)	-	"
"	WINMATE INC.	"	Bid quotations, distributions and sales of LCD application equipment and modules	552,783	552,783	10,041,000	13.83	575,109	86,337	-	"

Note 1: According to relevant regulations, there is no need to fill in investment profit and loss disclosed in this period.

Note 2: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and March 31, 2022, while others are converted to NTD under the exchange rate at end period of the financial report.

AAEON Technology Inc. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

Schedule 6

(Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Name of investee	Main businesses and products	Paid-in capital	Methods of investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Investee profit or loss for the period	The Company's direct or indirect holding percentage	Share of Profits / Losses (Note 2. (2)C)	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022	Remarks
					Outflow	Inflow							
AAEON TECHNOLOGY (SUZHOU) INC.	Production and sales of IPC and interface card	\$ 248,759	2	\$ 248,759	\$ -	\$ -	\$ 248,759	\$ 451	100%	\$ 451	\$ 259,569	\$ -	
ONYX HEALTHCARE (SHANGHAI) LTD	Sales of medical PC and peripherals	62,975	1	62,975	-	-	62,975	(642)	100%	(642)	7,164	-	
<u>Company Name</u>	<u>Accumulated Investment in Mainland China as of March 31, 2022</u>	<u>Amount approved by Investment Commission, MOEA</u>	<u>Upper Limit on Investment</u>										
AAEON Technology Inc.	\$ 248,759	\$ 248,759	\$ 5,227,749										
Onyx Technology Inc.	62,975	62,975	796,701										

Note 1: The methods of investment are listed below, please mark the category on schedule:

- (1) Investment in China companies directly.
- (2) Investment in China companies through AAEON TECHNOLOGY CO., LTD in a third region.
- (3) Other methods of investing in China.

Note 2: The column of investment profit or loss for the period:

- (1) It should be noted if the entity was in preparation stage without profit or loss on investment.
- (2) It should be noted that the basis of recognizing the profit or loss on investment includes the following:
 - A. Based on financial statements reviewed by an international accounting firm that is in collaboration with an accounting firm in the Republic of China.
 - B. Based on financial statements reviewed by auditor of the parent company in Taiwan.
 - C. Other basis

Note 3: The profit or loss of the amount involving foreign currencies are converted to NTD at the average exchange rate between January 1 and March 31, 2022, while others are converted to NTD under the exchange rate at the end period of the financial report.

AAEON Technology Inc. and Subsidiaries

Information of major shareholders

MARCH 31, 2022

Schedule 7

Name of major shareholder	Shares	
	Total Shares Owned	Ownership (%)
ASUSTEK COMPUTER INC.	43,756,000	29.435
IBASE TECHNOLOGY INC.	41,698,468	28.050
Yung-Shun Chuang	19,664,000	13.228
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.623
HUA-MIN INVESTMENT CO., LTD.	8,359,000	5.623

Note 1: In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

Note 2: For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to Market Observation Post System for information on the reporting of insider shareholding