AAEON Technology Inc and Subsidiaries Consolidated Financial Statements With Independent Auditor's Review Report Thereon March 31, 2024 and 2023 (Stock Code: 6579)

Company Address: 5F., No. 135, Ln. 235, Baoqiao Rd., Xindian

Dist., New Taipei City, Taiwan (R.O.C.)

Contact Number: (02)8919-1234

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, 2024 and 2023

Content

	Subject	Page
I.	Cover	1
II.	Content	2~3
III.	Auditor's Review Report	4~6
IV.	Consolidated Balance Sheet	$7 \sim 8$
V.	Consolidated Income Statement	9~10
VI.	Consolidated Statement of Changes in Equity	11
VII.	Consolidated Cash Flow Statement	12 ~ 13
VIII	. Notes to Consolidated Financial Statements	14 ~ 66
	(I) Company Profile	14
	(II) Date and Procedures for the Authorization of Financial Reports	14
	(III) New or Revised Standards and Applied Interpretation	14 ~ 15
	(IV) Summary of Significant Accounting Policies	15 ~ 20
	(V) Significant Accounting Judgments, Estimations, and Major Sources	
	of Assumption Uncertainty	20
	(VI) Significant Accounting Items	$20 \sim 47$
	(VII) Related Party Transaction	48 ~ 51
	(VIII)Assets pledged as collaterals	51

Subject	Page
(IX) Material Contingent Liabilities and Unrecognized Contractual	
Commitments	51
(X) Losses Due to Major Disasters	51
(XI) Material Subsequent Events	52
(XII) Other Matters	52 ~ 64
(XIII)Disclosures	64 ~ 65
(XIV)Segment Information	65 ~ 66

Auditor's Review Report

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, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, 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 explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, Review of Financial Information Performed by the Independent Auditor of the Entity in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As mentioned in Note 4. (3) and 6.(6) of the consolidated financial statements, some nonsignificant subsidiaries were consolidated using non-auditor reviewed financial statements for the corresponding period, which the sum of assets represented by such subsidiaries totaled \$715,605 thousand and \$632,446 thousand as of March 31, 2024 and 2023, and accounted for 4.65% and 5.38% of consolidated total assets, respectively; they also represented \$182,664 thousand and \$132,586 thousand of total liabilities, which accounted for 6.84% and 6.64% of consolidated total liabilities, respectively. Comprehensive losses reported by the above subsidiaries amounted to (\$2,286) thousand and \$5,183 thousand for the three-month periods ended March 31, 2024 and 2023, which accounted for (0.41%) and 1.36% of total comprehensive income for the respective periods. As for investments accounted for using the equity method, the balance as of March 31, 2024 and 2023, was \$33,185 thousand and \$34,069 thousand, which accounted for 0.22% and 0.29% of the total consolidated assets. The share of profit or loss from associated companies accounted for using the equity method and the share of other comprehensive income amounted to (\$1,500) thousand and (\$786) thousand for the three-month periods ended March 31, 2024 and 2023, accounting for (0.27%) and (0.21%) of the total consolidated comprehensive income.

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, 2024 and 2023, and consolidated business performance and consolidated cash flow for the three-month periods ended March 31, 2024 and 2023, 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 \$4,194,595 thousand and \$4,244,227 thousand as of March 31, 2024 and 2023, which accounted for 27.25% and 36.08% of consolidated total assets on the respective dates; comprehensive income recognized from the above companies amounted to \$82,468 thousand and \$100,552 thousand for the three-month periods ended March 31, 2024 and 2023, which accounted for 14.67% and 26.44% of consolidated comprehensive income for the respective periods.

PwC Taiwan

Certified Public Accountant

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Financial Supervisory Commission. The Ministry of Finance Approval reference: Jin-Guan-Zheng-Shen No. 0990042602 (Formerly known as) Securities and Futures Commission, The Ministry of Finance Approval reference: (1996) Tai-Tsai-Cheng (VI) No. 68702

May 9, 2024

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, 2024, December 31, 2023 and March 31, 2023 (The consolidated balance sheets as of March 31, 2024 and 2023, were reviewed, not audited) (Expressed in thousands of New Talwan Dollars)

				March 31, 202		December 31, 2023			March 31, 2023		
	Assets	Notes		Amount	_%		Amount	<u>%</u>		Amount	<u>%</u>
	Current asset										
1100	Cash and cash equivalents	6.(1)	\$	5,014,214	33	\$	4,347,976	30	\$	2,848,985	24
1110	Financial asset at fair value through profit or loss - current	6. (2)		648,384	4		423,284	3		385,816	3
1136	Financial assets measured at amortized cost-current	8		128,960	1		62,331	1		-	-
1150	Net notes receivable	6. (4)		17,588	-		13,400	-		20,927	-
1170	Net accounts receivable	6. (4), 7		843,098	5		919,566	6		906,849	8
1200	Other receivables	7		22,306	-		17,377	-		18,521	-
1220	Current tax assets			17,357	-		2,084	-		1,978	-
130X	Inventories	6. (5)		1,403,792	9		1,491,105	10		1,872,137	16
1410	Prepayments			113,913	1		105,134	1		99,107	1
1479	Other current assets - other	8	<u> </u>	5,848			4,747			2,252	
11XX	Total current assets			8,215,460	53		7,387,004	51		6,156,572	52
	Non-current assets										
1510	Financial asset at fair value through profit or loss -	6. (2)									
1517	non-current Financial asset at fair value through other comprehensive	6. (3)		69,775	-		62,631	-		58,270	1
	income - non-current			141,630	1		68,756	1		2,381	-
1550	Investments accounted for under equity method	6. (6)		4,227,780	28		4,138,921	29		4,278,296	36
1600	Property, plant and equipment	6. (7), 8		1,516,362	10		1,519,684	11		825,370	7
1755	Right-of-use assets	6. (8)		236,495	2		186,616	1		112,247	1
1760	Investment property	6. (9)		190,945	1		191,792	1		221,369	2
1780	Intangible assets	6. (10), 7		681,807	4		700,153	5		11,147	-
1840	Deferred tax assets			77,431	1		88,741	1		79,415	1
1900	Other non-current assets	8		33,906			33,360			18,934	
15XX	Total non-current assets			7,176,131	47		6,990,654	49		5,607,429	48
1XXX	Total assets		\$	15,391,591	100	\$	14,377,658	100	\$	11,764,001	100

(Continued)

P LI AAEON Technology Inc and Subsidiaries

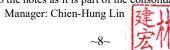
<u>AAEON recentology in an Substances</u> <u>Consolidated Balance Sheets</u> <u>March 31, 2024, December 31, 2023 and March 31, 2023</u> (The consolidated balance sheets as of March 31, 2024 and 2023, were reviewed, not audited) (Expressed in thousands of New Taiwan Dollars)

			 March 31, 202		December 31, 20		March 31, 202	
	Liabilities and equity	Notes	 Amount	_%	Amount	%	Amount	%
	Current liability						*	
2100	Short-term borrowings	6. (11), 8	\$ 27,000	-	\$ 27,000	-	\$ -	-
2130	Contract liability - current	6. (19)	251,603	2	225,564	2	269,769	2
2150	Notes payables		1,629	-	2	-	-	-
2170	Accounts payables		626,540	4	452,725	3	364,602	3
2180	Accounts payables-related parties	7	167,388	1	69,941	1	57,774	1
2200	Other payables	6. (13), 7	689,928	5	672,350	5	523,266	5
2230	Current tax liabilities		137,182	1	105,243	1	281,324	3
2250	Provisions - current		38,272	-	41,519	-	35,815	-
2280	Lease liability - current		65,882	-	44,717	-	37,998	-
2320	Long-term liabilities-current Portion	6. (12), 8	10,455	-	10,476	-	10,331	-
2399	Other current liabilities - other		52,174		47,941		38,683	
21XX	Total current liabilities		2,068,053	13	1,697,478	12	1,619,562	14
	Non-current liabilities		<u>.</u>					
2527	Contract Liability - non-current	6. (19)	60,417	-	58,686	-	74,378	1
2540	Long-term borrowings	6. (12), 8	131,916	1	134,499	1	142,370	1
2550	Provisions - non-current	()//	14,268	-	14,507	-	11,156	-
2570	Deferred tax liabilities		248,091	2	230,873	2	65,581	-
2580	Lease liabilities - non-current		133,436	1	103,720	1	76,616	1
2670	Other non-current liabilities - other		14,275	-	16,500	-	7,949	-
25XX	Total non-current liabilities		 602,403	4	558,785	4	378,050	3
2XXX	Total Liabilities		 2,670,456	17	2,256,263	16	1,997,612	17
211111	Equity		 2,070,430		2,230,203			
	Equity attributable to owners of							
	parent							
	Share capital	6. (16)						
3110	Share capital-common stock	0. (10)	1 604 079	10	1 602 419	11	1 402 255	13
3140	Advance receipts for share capital		1,604,078	10	1,602,418	11	1,492,255	15
5140		((15)(17))	4,830	-	1,660	-	3,410	-
2200	Capital surplus	6. (15) (17)	(454 2(9	42	(421 702	15	5 490 675	46
3200	Capital surplus	((19))	6,454,268	43	6,421,702	45	5,480,675	40
2210	Retained earnings	6. (18)	577.044	4	577.044		470 522	4
3310	Legal reserve		577,944	4	577,944	4	470,533	4
3320	Special reserve		12,359	-	12,359	-	64,805	1
3350	Undistributed retained earnings		1,760,836	11	1,331,564	9	1,472,291	13
2400	Other Equity		122.440		(2.0.52		21.222	
3400	Other Equity		 132,440	1	62,953		31,232	
31XX	Total equity attributable to			(0)			0.01 7.0 01	
	owners of parent		 10,546,755	69	10,010,600	69	9,015,201	77
36XX	Non-controlling interests	4. (3)	 2,174,380	14	2,110,795	15	751,188	6
3XXX	Total equity		 12,721,135	83	12,121,395	84	9,766,389	83
	Significant contingent liabilities and	9						
	unrecognized contract commitments Significant events after the balance	11						
	sheet date	11						
3X2X	Total liabilities and equity		\$ 15,391,591	100	\$ 14,377,658	100	\$ 11,764,001	100

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

Chairman: Yung-Shun Chuang







AAEON Technology Inc. and Subsidiaries Consolidated Income Statement For the three-month periods ended March 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollars, except earnings per share data) (Reviewed, not audited)

				For the three-month periods ended March 31, 2024 2023									
	Item	Notes		Amount 2024	%		Amount	%					
4000	Operating income	6. (19), 7.	\$	1,802,503	100	\$	1,928,838	100					
5000	Operating cost	6. (5) (23) (24),	*	_,,									
		7.	(1,189,603) (66)	(1,306,294) (68)					
5900	Operating profit		\ <u> </u>	612,900	34		622,544	32					
	Operating expenses	6. (23) (24), 7.											
6100	Selling Expenses		(194,245) (11)	(147,698) (8)					
6200	General and administrative												
	expenses		(144,283) (8)	(92,516) (5)					
6300	Research and development												
	expenses		(181,770) (10)	(146,527) (7)					
6450	Expected credit impairment	12. (2)	-										
	losses (gains)		(2,025)	-		904	-					
6000	Total operating expense		(522,323) (29)	(385,837) (20)					
6900	Operating income			90,577	5		236,707	12					
	Non-operating income and												
	expenses												
7100	Interest income			28,704	2		1,180	-					
7010	Other income	6. (20)		4,547	-		5,178	-					
7020	Other gains and losses	6. (21)		376,012	21		92,161	5					
7050	Financial costs	6. (22)	(1,780)	-	(1,341)	-					
7060	Share of the profit of associates and joint ventures accounted for	6. (6)											
	under equity method			36,327	2		56,550	3					
7000	Total non-operating income												
	and expenses			443,810	25		153,728	8					
7900	Profit (loss) before income tax			534,387	30		390,435	20					
7950	Income tax expenses	6. (25)	(57,581) ()	(52,898) (3)					
8200	Profit (loss) for the period		\$	476,806	26	\$	337,537	17					

(Continued)

IT AAEON Technology Inc. and Subsidiaries Consolidated Income Statement

For the three-month periods ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars, except earnings per share data)

(Reviewed, not audited)

				For the three-1	nonth p	eriods	ended March 31,	
		2024				2023		
	Item	Notes		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	6. (3)						
	assets at FVOCI		\$	3,028	-	\$	-	-
8320	Share of other comprehensive income	6. (6)						
	of associates and joint ventures							
	accounted for under equity method -							
	not to be reclassified to profit or loss in				_		40.000	-
	subsequent periods			37,530	2		42,950	2
8310	Total amount not to be reclassified							
	to profit or loss in subsequent				_			-
	periods			40,558	2		42,950	2
	Components of other comprehensive							
	income that will be reclassified to profit							
	orloss							
8361	Financial statements translation							
	differences of foreign operations			47,088	3	(500)	-
8370	Share of other comprehensive income	6. (6)						
	of associates and joint ventures							
	accounted for under equity method - to						• • • •	
	be reclassified to profit or loss	(a a)		7,111	-		266	-
8399	Income tax relating to the components	6. (25)					4.0.0	
	of other comprehensive income		(9,418)			100	
8360	Total amount to be reclassified to					,	12.0	
0200	profit or loss in subsequent periods		<u>+</u>	44,781		(134)	
8300	Net Other comprehensive income		<u>\$</u>	85,339	5	\$	42,816	2
8500	Total comprehensive income		\$	562,145	31	\$	380,353	19
	Profit attributable to:							
8610	Owners of parent		\$	429,272	24	\$	308,877	16
8620	Non-controlling interests			47,534	2		28,660	1
			\$	476,806	26	\$	337,537	17
	Total comprehensive income (loss)							
	attributable to:							
8710	Owners of parent		\$	498,759	27	\$	350,100	18
8720	Non-controlling interests			63,386	4		30,253	1
			\$	562,145	31	\$	380,353	19
	Basic earnings (loss) per share	6. (26)						
9750	Total basic earnings (loss) per share		\$		3.61	\$		2.87
	Diluted earnings (loss) per share	6. (26)						
9850	Total diluted earnings (loss) per	~ /						
	share		\$		3.58	\$		2.83
			<u> </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 Subsi	diaries
<u>Consolida</u>	ted Statements of Changes	n Equity
For the three-mo	th periods ended March 31	2024 and 2023
(Expressed	in thousands of New Taiwa	n Dollars)
、 I	(Reviewed, not audited)	,

		Equity attributable to owners of the parent											
		Share	Capital	Retained Earnings					Oth				
									Unrealized				
									gains (losses) form				
									financial				
								Financial	assets				
								statements	measured at				
								translation	fair value				
			Advance				Undistributed						
		Common	receipts for	Capital		Special	retained	foreign	comprehensive			Non-controlling	
Earth three months are indeed March 21, 2022	Notes	share capital	share capital	surplus	Legal reserve	reserve	earnings	operations	income	benefit plans	Total	interests	Total
For the three months period ended March 31, 2023													
Balance at January 1, 2023		\$ 1,490,825	\$ 1,430	\$ 5,461,370	\$ 470,533	\$ 64,805	\$1,165,819	(\$ 21,405)	\$ 11,177	(\$ 2,131)	\$ 8,642,423	\$ 720,475	\$ 9,362,898
Profit for the period		<u>\$ 1,190,025</u>	φ 1,150	<u>\$ 5,101,570</u>	φ 170,555	<u> </u>		(<u>\$ 21,105</u>)	φ 11,177	(\$ 2,151)			
		-	-	-	-	-	308,877	-	-	-	308,877	28,660	337,537
Other comprehensive income		-	-	-	-	-	-	27	41,196	-	41,223	1,593	42,816
Total comprehensive income		_	-			-	308,877	27	41,196		350,100	30,253	380,353
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)		-	84	-						84		84
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	42	-	-	-	-	-	-	42	-	42
Share-based Payment	6. (15) (17)	-	-	1,072	-	-	(37)	-	-	-	1,035	460	1,495
Employee stock options exercised	6. (15) (17)	1,430	1,980	18,107	-	-	-	-	-		21,517	-	21,517
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-	-	-
Balance at March 31, 2023		\$ 1,492,255	\$ 3,410	\$ 5,480,675	\$ 470,533	\$ 64,805	\$1,472,291	(\$ 21,378)	\$ 54,741	(\$ 2,131)	\$ 9,015,201	\$ 751,188	\$ 9,766,389
For the three months period ended March 31, 2024			<u> </u>		<u> </u>	<u> </u>		(<u> </u>		` <u> </u>		<u> </u>	
Balance at January 1, 2024			• • • • • • •		• • • • • • • • • •			(*****	• • • • • • •	(#40.040.000		
Profit for the period		\$ 1,602,418	\$ 1,660	\$ 6,421,702	\$ 577,944	<u>\$ 12,359</u>	\$1,331,564	(<u>\$ 20,663</u>)	\$ 85,628	(\$ 2,012)	\$10,010,600	\$ 2,110,795	\$12,121,395
Other comprehensive income		-	-	-	-	-	429,272	-	-	-	429,272	47,534	476,806
								31,313	38,174		69,487	15,852	85,339
Total comprehensive income		-	-	-	-	-	429,272	31,313	38,174	-	498,759	63,386	562,145
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	7,891	-	-					7,891	-	7,891
Share-based Payment	6. (15) (17)	-	-	186	-	-	-	-	-	-	186	199	385
Employee stock options exercised	6. (15) (17)	1,660	3,170	24,489	_	_	_	_	_		29,319		29,319
Balance at March 31, 2024		\$ 1,604,078	\$ 4,830	\$6,454,268	\$ 577,944	\$ 12,359	\$1,760,836	\$ 10,650	\$ 123,802	(\$ 2,012)	\$10,546,755	\$ 2,174,380	\$12,721,135

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



Accounting Supervisor: Jen-Chung Wang





Chairman: Yung-Shun Chuang



AAEON Technology Inc. and Subsidiaries Consolidated Statement of Cash Flows For the three-month periods ented March 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollars) (Reviewed, not audited)

		For th	For the three-month period		ods ended March 31		
	Notes		2024		2023		
Cash flows from operating activities							
Profit before tax		\$	534,387	\$	390,435		
Adjustments							
Adjustments to reconcile profit (loss)							
Depreciation expense	6. (7) (8) (23)		37,683		23,408		
Amortization expenses	6. (10) (23)		21,991		2,881		
Expected credit impairment losses (gains)	12. (2)		2,025	(904)		
Costs of share-based payment awards	6. (15)		385		1,495		
Interest income		(28,704)	(1,180)		
Interest expenses	6. (22)		1,780		1,341		
Net gains from financial assets and liabilities	6. (2) (21)						
at fair value through profit or loss		(237,893)	(89,428)		
Losses on disposal of property, plant and	6. (7) (21)		50.4		1 71 4		
equipment Depreciation expense of investment property	(0)		594		1,714		
(other gains and losses)	6 (9) (21)		1,560		1,797		
Share of profit of associates accounted for	6. (6)		1,000		1,777		
under equity method		(36,327)	(56,550)		
Gain on lease modification	6. (8) (21)	(554)	(24)		
Changes in operating assets and liabilities							
Net changes in operating assets							
Financial assets and liabilities at fair value							
through profit or loss			53		-		
Notes and accounts receivable			69,885		225,661		
Other receivables		(4,929)		7,445		
Inventories			87,313		216,208		
Prepayments		(8,779)	(6,624)		
Net changes in operating liabilities							
Contract liability			27,770		15,511		
Notes and accounts payable (including							
related-parties)			272,889	(13,616)		
Other payables			14,126	(66,447)		
Other current liabilities			4,233		743		
Provisions for liabilities		(3,486)		1,231		
Other non-current liabilities		(2,225)	(113)		
Net cash from operating activities			753,777		654,984		
Interest received			28,704		1,180		
Interest paid		(1,779)	(1,339)		
Income taxes paid		(21,564)	(8,455)		
Net cash flows from operating activities			759,138		646,370		

(Continued)

AAEON Technology Inc, and Subsidiaries Consolidated Statement of Cash Flows For the three-month periods ended Mareh 31, 2024 and 2023 (Expressed in thousands of New Taiwan Dollars) (Reviewed, not audited)

		For th	ne three-month pe	periods ended March 31		
	Notes		2024		2023	
Cash flows from investing activities Disposal of financial assets at fair value through						
profit or loss Acquisition of financial asset at fair value through		\$	5,595	\$	8,520	
profit or loss Acquisition of financial assets measured at		(69,846)		-	
amortized cost		(65,295)		-	
Increase in other current assets		(1,101)	(218)	
Acquisition of investments accounted for under equity method	6. (6)		-	(9,700)	
Acquisition of property, plant and equipment	6. (28)	(2,739)	(38,064)	
Disposal of property, plant and equipment	6. (7)		418		-	
Acquisition of intangible asset	6. (10)	(3,577)	(603)	
Decrease (increase) in other non-current assets		(2,352)		670	
Net cash flows used in investing activities		(138,897)	(39,395)	
Cash flows from financing activities						
Reimbursement in long-term borrowings	6. (29)	(2,604)	(2,585)	
Repayment of lease principal	6. (29)	(15,073)	(11,037)	
Employee share options exercised	6. (15)		29,319		21,517	
Net cash flows from financing activities			11,642		7,895	
Effects due to changes in exchange rate			34,355	(88)	
Increase in cash and cash equivalents			666,238		614,782	
Cash and cash equivalents at the beginning of periods			4,347,976		2,234,203	
Cash and cash equivalents at the end of periods		\$	5,014,214	\$	2,848,985	

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

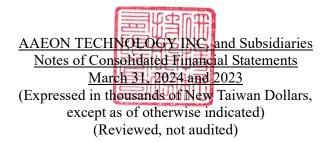
Chairman: Yung-Shun Chuang



Accounting Supervisor: Jen-Chung Wang



Manager: Chien-Hung Lin



I. <u>Company Profile</u>

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 37.59% 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 9, 2024.

- III. New or Revised Standards and Applied Interpretation
 - (I) <u>The impact of adopting standards or interpretations issued, revised or amended by IASB</u> 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 2024 are listed below:

	Effective date
New Standards, Interpretations and Amendments	issued by IASB
Amendments to IFRS 16, "Lease liability in a sale and lease back"	January 1, 2024
Amendments to IAS 1, "Classification of liabilities as current or non- current"	January 1, 2024
Amendments to IAS 1, "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7, "Supplier finance arrangements"	January 1, 2024
	1 ~ 1 ~

The above standards and interpretations have no material impact to the Group's financial condition and financial performance based on the Group's assessment.

(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.:

	Effective date
New Standards, Interpretations and Amendments	issued by IASB
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets	To be determined by
between an investor and its associate or joint venture"	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	January 1, 2023
-comparative information"	
IFRS18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
Except for the following, the above standards and interpretations have	e no significant impact to

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to managementdefined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

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 2023 consolidated financial statements and apply consistently across all reporting periods.

- (I) <u>Statement of compliance</u>
 - 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 2023 consolidated financial report.
- (II) <u>Basis of preparation</u>
 - 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.
 - (3) Defined benefit liabilities recognized at the net amount of pension fund assets less present value of defined benefit obligation.
 - 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 2023 consolidated financial report.

2. The subsidiaries included in the consolidated financial statements:

			0) Whership (%	(o)	
Investor	Subsidiary name	Business	2024/3/31	2023/12/31	2023/3/31	Notes
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%	
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	48.51%	48.51%	48.88%	Note 2
AAEON	AAEON TECHNOLOGY SINGAPORE PTE. LTD. (ASG)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
AAEON	JETWAY INFORMATION CO., LTD. (JETWAY)	Manufacturing and selling of industrial motherboard and computer peripherals	35.27%	35.27%	-	Note 2 and Note 3
ATCL	AAEON TECHNOLOGY (SUZHOU) INC. (ACI)	Production and sales of IPC and interface card	100%	100%	100%	Note 1

			()wnership (%	ó)	
Investor	Subsidiary name	Business	2024/3/31	2023/12/31	2023/3/31	Notes
ANI	AAEON TECHNOLOGY GMBH(AGI)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
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	(HELPER INC. (IHELPER)	R&D and sales of medical robots	46%	46 %	46%	Note 1 and Note 2
JETWAY	JETWAY COMPUTER CORP. (JETWAYUS)	Selling and repairing of computer peripheral equipment	100%	100%	-	Note 3
JETWAY	JETWAY COMPUTER B.V. (JETWAYNL)	Selling and repairing of computer peripheral equipment	100%	100%	-	Note 3 and Note 4
JETWAY	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED (JETWAYFE)	Investing of computer peripheral business	100%	100%	-	Note 3 and Note 4
JETWAY	(JLTWATTE) TOP NOVEL ENTERPRISE CORP. (TOPNOVEL)	Investing of computer peripheral business	100%	100%	-	Note 3
IETWAYFE	SCORETIME INVESTMENT LIMITED (SCORETIME)	Investing of Computer peripheral business	100%	100%	-	Note 3 and Note 4

			(
Investor	Subsidiary name	Business	2024/3/31	2023/12/31	2023/3/31	Notes
TOPNOVEL	CANDID	Investing of	100%	100%	-	Note 3
	INTERNATIONAL	computer				
	CORP.	peripheral				
	(CANDID)	business				
CANDID	FUJIAN CANDID	Manufacturing	100%	100%	-	Note 3
	INTERNATIONAL	and selling of				
	CO., LTD.	computer and				
	(FUJIAN)	peripheral				
		equipment				

- Note 1: Since it does not meet the definition of a significant subsidiary, its financial statements as of March 31, 2024, and March 31, 2023, have not been reviewed by an auditor.
- Note 2: 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.
- Note 3: The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY on April 28, 2023. Consequently, AAEON acquired a total of 35.27% of the shares of JETWAY including 0.19% equity interest held by the Company before the combination, and became the single largest shareholder of JETWAY. Considering the participation of other shareholders and the voting records of major resolutions during JETWAY's past shareholders' meetings, which indicated that the Group has substantial capability to lead relative activities, JETWAY was included in the Group's consolidated financial statements from that date (the acquisition date). In June, 2023, JETWAY held director elections, and the Company has granted more than half of a company's directors.
- Note 4: Since it does not meet the definition of a significant subsidiary, its financial statements as of March 31, 2024, have not been reviewed by an auditor.
- 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, 2024, December 31, 2023 and March 31, 2023 were \$2,174,380, \$2,110,795 and \$751,188, respectively. The Group's subsidiaries with significant non-controlling interests are as follows:

		Non-controlling interests			 Non-controlling interests		
	Main	2024/3/31			2023/1	2/31	
Subsidiary	business			Ownership		Ownership	
Name	location		Amount	interest	 Amount	interest	
ONYX	Taiwan	\$	809,536	51.49%	\$ 778,295	51.49%	
JETWAY	Taiwan	\$	1,356,650	64.73%	\$ 1,323,547	64.73%	

		Non-controlling interests		
	Main	2023/3/31		3/31
Subsidiary	business			Ownership
Name	location		Amount	interest
ONYX	Taiwan	\$	742,188	51.12%

Summarized financial information of subsidiaries:

Balance sheet

			ON	YX		
	2	2024/3/31	2023	/12/31	-	2023/3/31
Current asset	\$	935,834	\$	870,965	\$	936,848
Non-current assets		1,275,638		1,117,243		1,078,740
Current liability	(403,958) (305,151) (307,444)
Non-current liabilities	Ì	227,072) (222,511) (247,148)
Total Net Assets	\$	1,580,442	\$	1,520,546	\$	1,460,996
			JETV	VAY		
		2024/3/31			2023/1	2/31
Current asset	\$		1,409,904	\$		1,325,707

Current asset	\$	1,409,904 \$	1,325,707
Non-current assets		1,210,168	1,231,257
Current liability	(324,853) (313,690)
Non-current liabilities	(199,100) (198,413)
Total Net Assets	\$	2,096,119 \$	2,044,861

Statement of comprehensive income

		ONY	X				
		For the three-month periods ended March 31,					
		2024		2023			
Income	\$	275,340	\$	327,942			
Profit before tax	\$	56,999	\$	60,174			
Income tax expense	(6,951)	(4,082)			
Net income	-	50,048		56,092			
Other comprehensive income (ne amount after tax)	et	9,463		3,117			
Total comprehensive income	\$	59,511	\$	59,209			
Total comprehensive income attributable to non-controlling interests	\$	31,043	\$	30,293			

	JETWAY		
	For the three-month periods ende		
	March 31, 2024		
Income	\$	315,672	
Profit before tax		46,987	
Income tax expense	(12,692)	
Net income		34,295	
Other comprehensive income (net amount after tax)		16,963	
Total comprehensive income	\$	51,258	
Total comprehensive income attributable to non-controlling interests	\$	33,103	

Cash flow statement

		ON	YX			
		For the three-month periods ended March 31,				
		2024		2023		
Net cash inflow from operating activities	\$	124,892	\$	58,221		
Net cash flows used in investing activities	(66,976)	(28,035)		
Net cash inflows (outflow) from financing activities	(3,190)	(5,066)		
Effects of exchange rate changes on cash and cash equivalents		4,597	(419)		
Increase in current cash and cash equivalents		59,323		24,701		
Cash and cash equivalents at the beginning of periods		366,767		328,886		
Cash and cash equivalents at the end of periods	\$	426,090	\$	353,587		

	ee-month periods Iarch 31, 2024
\$	
ψ	99,144
(67,729)
(2,102)
	17,461
	46,774
	865,919
\$	912,693
	\$

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 2023 consolidated financial report.

VI. Significant Accounting Items

(I) Cash and cash equivalents

		2024/3/31	2023/12/31	 2023/3/31
Cash on hand and petty cash	\$	4,719 \$	4,392	\$ 1,130
Check deposit and demand deposit		2,982,002	2,397,774	2,488,932
Time deposit	_	2,027,493	1,945,810	358,923
Total	\$	5,014,214 \$	4,347,976	\$ 2,848,985

- 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.
- 3. Time deposits with original maturities exceeding three months of the Group's have been reclassified under 'Financial assets measured at amortized cost'.
- (II) <u>Net loss (gains) from financial assets and liabilities</u>

Item	2	024/3/31		2023/12/31		2023/3/31
Current:						
Financial assets mandatorily						
measured at fair value through						
profit or loss						
Listed and OTC stocks	\$	85,178	\$	91,428	\$	91,428
Emerging stocks		3,000		3,000		3,000
Unlisted and non-OTC stocks		-		73,744		73,744
Beneficiary securities		25,000		25,000		25,000
Convertible bond		104,900		104,900		104,900
		218,078		298,072		298,072
Valuation adjustment		430,306		125,212		87,744
Subtotal	\$	648,384	\$	423,284	\$	385,816
Non-current:						
Financial assets mandatorily						
measured at fair value through						
profit or loss						
Unlisted and non-OTC stocks	\$	132,814	\$	59,070	\$	59,070
Hybrid instrument	+	10,832	+	10,832	*	10,832
<i>y</i>		143,646		69,902		69,902
Valuation adjustment	(73,871)	(7,271)	(11,632)
Subtotal	\$	69,775	<u>\$</u>	62,631	<u>\$</u>	58,270
1. The hybrid instrument is a	+	· · · · · ·	ins	· · · · · ·		

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, 2024, December 31, 2023 and March 31, 2023.

		For the three-month per	iods ende	d March 31,
		2024		2023
Financial assets mandatorily measured at fair value through profit or loss				
Equity instrument	\$	235,108	\$	80,361
Beneficiary securities		88		75
Convertible bond		2,900		9,200
Derivatives		53		-
Hybrid instrument	(256)	(208)
Total	\$	237,893	\$	89,428

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

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

Item		2024/3/31		2023/12/31		2023/3/31
Non-current:						
Equity instrument						
Listed and OTC stocks	\$	80,415	\$	71,769	\$	-
Unlisted and non-OTC stocks		100,534		39,334		39,334
Valuation adjustment	(39,319)	(42,347)((36,953)
Total	\$	141,630	\$	68,756	\$	2,381

1. The Group has elected to classify strategic investments as financial assets measured at fair value through other comprehensive income. The fair value of the investments amounted to \$141,630, \$68,756 and \$2,381 on March 31, 2024, December 31, 2023, and March 31, 2023 separately.

2. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month pe	eriods ende	ed March 31,
	 2024		2023
Financial asset at fair value through other comprehensive income			
Recognized in other comprehensive income (loss)	\$ 3,028	\$	-
Transfer to retained earnings from derecognition of financial assets	\$ -	(\$	4,845)

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

(IV) Notes and accounts receivables

	2024/3/31		2023/12/31			2023/3/31		
Notes receivable	\$	17,588	\$	13,400	\$	20,957		
Accounts receivable	\$	865,357	\$	939,430	\$	927,653		
Less: Loss allowance	(22,259)(< <u> </u>	19,864)	(20,804)		
	\$	843,098	\$	919,566	\$	906,849		
1. The ageing analysis of	of notes a	and accounts rece	ivab	le is as follows:		<u>_</u>		
Notes receivable		2024/3/31		2023/12/31		2023/3/31		
Not past due	\$	17,588	3 \$	13,400	\$	20,927		
Accounts receivable		2024/3/31		2023/12/31		2023/3/31		
Not past due	\$	732,705	\$	763,274	\$	740,704		
Within 30 days		92,697		115,098		131,943		
31-60 days		10,924		43,877		24,952		
61-90 days		10,668		106		1,190		
91-180 days		1,840		2,199		15,728		
Over 181 days		16,523		14,876		13,136		
	\$	865,357	\$	939,430	\$	927,653		

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

- 2. The Group does not hold any collateral over the accounts and notes receivables.
- 3. Balances of accounts and notes receivable as of March 31, 2024, December 31, 2023 and March 31, 2023 had arisen entirely from customers' contracts. Balance receivable on customers' contracts and allowance for losses as of January 1, 2023 were \$1,156,626 and \$21,597, respectively.
- 4. Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of notes receivables as of March 31, 2024, December 31, 2023 and March 31, 2023 were \$17,588, \$13,400 and \$20,927, respectively, and the maximum exposure to the credit risk of accounts receivable as of March 31, 2024, December 31, 2023 and March 31, 2023 were \$843,098, \$919,566 and \$906,849, respectively.
- 5. Please refer to Note 12 (2) for credit risk information of notes and accounts receivable.
- (V) Inventories

			2024/3/31	
	 Cost		Valuation allowance	 Carrying amount
Raw material	\$ 771,147	(\$	121,116)	\$ 650,031
Work in progress	468,210	(26,437)	441,773
Finished good	292,599	(55,578)	237,021
Merchandise Inventories	94,050	(22,929)	71,121
Inventories in transit	 3,846		-	 3,846
Total	\$ 1,629,852	(\$	226,060)	\$ 1,403,792

			2023/12/31	
	 Cost		Valuation allowance	 Carrying amount
Raw material	\$ 831,349	(\$	120,623)	\$ 710,726
Work in progress	472,702	(23,411)	449,291
Finished good	333,185	(44,587)	288,598
Merchandise Inventories	 64,595	(22,105)	 42,490
Total	\$ 1,701,831	(\$	210,726)	\$ 1,491,105
			2023/3/31	
	 Cost		Valuation allowance	 Carrying amount
Raw material	\$ 979,414	(\$	80,427)	\$ 898,987
Work in progress	527,294	(21,442)	505,852
Finished good	473,916	(31,627)	442,289
Merchandise Inventories	 26,940	(1,931)	 25,009
Total	\$ 2,007,564	(\$	135,427)	\$ 1,872,137

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

	For t	he three-month pe	eriods en	ded March 31,
		2024		2023
Cost of inventories sold	\$	1,176,308	\$	1,316,695
Inventories obsolescence and devaluation loss		12,956	(11,082)
Losses on disposal of inventories		80		63
Others		259		618
	\$	1,189,603	\$	1,306,294

(VI) Investments accounted for under equity method

	 2024	2023
At January 1	\$ 4,138,921	\$ 4,143,549
Increase in investments accounted for under equity method	-	34,855
Share of investment income accounted for under equity method	36,327	56,550
Changes in capital surplus and retained earnings	7,891	126
Changes in other equity	44,641	43,216
At March 31	\$ 4,227,780	\$ 4,278,296

	2024	4/3	/31	202	23/1	2/31
Investee	Ownership (%)		Book value	Ownership (%)		Book value
LITEMAX ELECTRONICS INC.	11.90	\$	119,150	11.91	\$	114,718
IBASE TECHNOLOGY INC.	26.72		3,425,990	26.82		3,359,992
WINMATE INC.	12.85		649,455	13.08		629,526
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	11.27		33,185	11.27		34,685
		\$	4,227,780		\$	4,138,921

	20	23/3	/31
Investee	Ownership (%)		Book value
LITEMAX ELECTRONICS INC.	11.97	\$	121,581
IBASE TECHNOLOGY INC.	28.61		3,498,086
WINMATE INC.INC. PROTECTLIFE	13.42		624,560
INTERNATIONAL BIOMEDICAL INC.	11.54		34,069
		\$	4,278,296

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

Balance sheet

		IB	ASE	E TECHNOLOGY INC.				
		2024/3/31		2023/12/31	2023/3/31			
Current asset	\$	5,545,743	\$	6,386,855	\$	5,682,283		
Non-current assets		7,305,863		7,183,821		6,927,001		
Current liability	(2,437,638)	(2,686,379)	(1,720,537)		
Non-current liabilities	(1,372,794)	(2,255,564)	(3,101,025)		
Net assets fair value of trade marks, other intangible and tangible assets adjustment		1,164,951		1,269,201		1,802,604		
Adjusted net assets	\$	10,206,125	\$	9,897,934	\$	9,590,326		
Share of net assets of the affiliate Goodwill	\$	2,447,572 978,418	\$	2,381,574 978,418	\$	2,519,668 978,418		
				,		· · · · · ·		
Book value of affiliates	\$	3,425,990	\$	3,359,992	\$	3,498,086		

Statement of comprehensive income

		IBASE TECH	HNOLOGY INC.						
	For the three-month periods ended March 31								
		2024	2023						
Income	\$	986,318	\$	1,617,116					
Net income of continuing operations		183,963	\$	233,714					
Other comprehensive income (net amount after tax)		157,667		140,178					
Total comprehensive income		341,630		373,892					
Fair value adjustment		38,134		37,906					
Adjusted total comprehensive income	\$	379,764	\$	411,798					

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

	For the three-month periods ended March 31,						
		2024	2023				
Net income of continuing operations	\$	20,402	\$	18,438			
Other comprehensive income (net amount after tax)		2,468		3,499			
Total comprehensive income	\$	22,870	\$	21,937			

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

	 2024/3/31	2	023/12/31	2023/3/31		
LITEMAX ELECTRONICS INC.	\$ 252,257	\$	237,713	\$	267,804	
IBASE TECHNOLOGY INC.	4,445,436		4,270,794		4,561,864	
WINMATE INC.	 1,485,380	_	1,254,890		1,055,132	
	\$ 6,183,073	\$	5,763,397	\$	5,884,800	

- 4. 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.
- 5. 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.
- 6. The Group originally holds 6.3% equity stake of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. After participating in its cash capital increase on February 9, 2023, the Group's ownership percentage increased to 11.54%. Although it holds less than 20%, when considering the group's shares together with those held by another related party, FU LI INVESTMENT INC. (a subsidiary with its chairman serving as a director of ONYX), the ownership percentage reached 20%. And the chairman of the subsidiary, who holds a significant influence, serves as a director of PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. Therefore, starting from February 9, 2023, the equity method is applied for the evaluation of the investment. Additionally, the Group's participated in its cash capital increase on July 21, 2023, the ownership percentage increased to 11.27%.

- 7. On June 11, 2018, the company entered into a share swap agreement with IBASE TECHNOLOGY INC. To facilitate this transaction, the company increased its capital by issuing 41,698 thousand common shares as consideration for acquiring 52,922 thousand shares of IBASE TECHNOLOGY INC. The share swap was effective as of September 29, 2018. Following the swap, the group acquired a 30% stake in IBASE TECHNOLOGY INC. As of March 31, 2024, the group holds a 26.72% stake, making it the largest single shareholder in the company. However, considering the participation levels of other shareholders in previous IBASE TECHNOLOGY INC. shareholders' meetings and the voting records on major proposals, it is clear that the group does not have the actual ability to direct relevant activities. Therefore, it is concluded that the group holds significant influence over the company, but does not have control.
- 8. The Group holds 11.90% of the voting power of LITEMAX ELECTRONICS INC., as the single largest shareholder. Considering that the remaining 88.10% 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.

	•		• •			2024					
	Land		Buildings		Machinery and equipment		Other equipment		Construction in progress and equipment under installation		Total
January 1 Cost	\$ 714,2	61 \$	977,482	\$	239,666	\$	283,009	\$	343	\$	2,214,761
Accumulated depreciation and impairment		- (310,886)) (177,379)	(206,812)		-	(695,077)
impairment	\$ 714,2	61 5	666,596	\$	62,287	\$	76,197	\$	343	\$	1,519,684
January 1 Additions Disposal Reclassification Depreciation expense	\$ 714,2	261 S - - - - (5 666,596 275 - 7,449)	\$ ()(62,287 2,026 397) 525 4,451)		76,197 3,546 615) 1,918 8,769)	\$ (343 343 686)	\$ ((1,519,684 6,190 1,012) 1,757 20,669)
Net exchange differences	3,2	.58	6,640		138		376		-		10,412
March 31	<u>\$ 717,5</u>	<u>19</u>	666,062	\$	60,128	\$	72,653	\$	-	\$	1,516,362
March 31 Cost Accumulated	\$ 717,5	519 \$		\$	239,615	\$	277,627	\$	-	\$	2,223,839
depreciation and impairment		- (323,016)) (179,487)	(204,974)		-	(707,477)
*	\$ 717,5	19	666,062	\$	60,128	\$	72,653	\$	-	\$	1,516,362

(VII) Property, Plant and Equipment

					2	2023					
	Land Buildings			Machinery Other and equipment equipment			Construction in progress and equipment under nt installation			Total	
January 1 Cost Accumulated	\$ 490,453	\$	319,367	\$	98,346	\$	197,458	\$	8,370	\$	1,113,994
depreciation and impairment	-	(111,140)	(47,422)	(149,691)		-	(308,253)
mpunnent	\$ 490,453	\$	208,227	\$	50,924	\$	47,767	\$	8,370	\$	805,741
January 1 Additions Disposal Reclassification Depreciation expense Net exchange differences March 31	\$ 490,453 - -	\$	208,227 397 - 2,639 2,178)	\$ (50,924 244 83) - 2,896)		47,767 14,715 1,631) 2,752 6,604)	\$ (8,370 18,886 5,391)	\$ (805,741 34,242 1,714)
	(655 <u>\$ 489,798</u>) (638) 208,447	\$	5 48,194	\$	67 57,066	\$	- 21,865	(1,221) 825,370
March 31 Cost Accumulated depreciation and	\$ 489,798	\$	323,467 115,020)	\$	96,985 48,791)	\$	208,529 151,463)	\$	21,865	\$	1,140,644 315,274)
depreciation and impairment	\$ 489,798	<u>\$</u>	208,447	<u>\$</u>	48,191)	<u>\$</u>	57,066	\$	21,865	<u>\$</u>	825,370

1. The above property, plant and equipment are assets for self-use requirement.

2. The Group has not capitalized any borrowing costs on property, plant, and equipment.

3. Please refer to Note 8 for the property, plant and equipment as collaterals for loans.

- (VIII) <u>Lease transactions lessee</u>
 - 1. The Group leases various assets including land use right, buildings, transportation equipment and other equipment. The rental contracts of land use right are 43 years, remaining are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, the lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
 - 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:

	2	024/3/31	 2023/12/31		2023/3/31		
	Carr	ying amount	 Carrying amount	Carrying amount			
Building	\$	183,876	\$ 136,523	\$	101,577		
Transportation equipment		9,962	7,482		9,105		
Land use right		41,520	41,367		-		
Other equipment		1,137	1,244		1,565		
	\$	236,495	\$ 186,616	\$	112,247		

	 For the three-month periods ended March 31,						
	 2024		2023				
	Depreciation expense		Depreciation expense				
Building	\$ 15,242	\$	10,217				
Transportation equipment	1,385		1,406				
Land use right	280		-				
Other equipment	 107		107				
	\$ 17,014	\$	11,730				

4. For the three months ended March 31,2024 and 2023, the additions to right-of use assets were \$65,002 and \$4,160, respectively.

5. The profit and loss related to the lease contract are as follows:

	For the three-month periods ended March 31,							
		2024	2023					
Items affecting profit or loss								
Interest expenses on lease liabilities	\$	1,079	\$	682				
Expenses on short-term lease contracts		4,089		4,684				
Expenses on leases of low-value assets		30		60				
Lease modification profit		554		24				

6. For the three-month periods ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$20,271 and \$16,463, respectively.

(IX) Investment property

	2024									
		Land		Buildings		Total				
January 1 Cost Accumulated	\$	128,073	\$	146,443	\$	274,516				
depreciation and impairment		-	(82,724)	(82,724)				
	\$	128,073	\$	63,719	\$	191,792				
January 1 Depreciation expense	\$	128,073	\$ (63,719 1,560)	\$ (191,792 1,560)				
Net exchange differents		-		713		713				
March 31	\$	128,073	\$	62,872	\$	190,945				
March 31	_									
Cost Accumulated	\$	128,073	\$	148,672	\$	276,745				
depreciation and impairment		-	(85,800)	(85,800)				
mpanment	\$	128,073	\$	62,872	\$	190,945				
				2023						
Iomuomi 1		Land		Buildings		Total				
January 1 Cost Accumulated	\$	128,073	\$	192,206	\$	320,279				
depreciation and impairment		-	(97,350)	(97,350)				
1	\$	128,073	\$	94,856	\$	222,929				
January 1 Depreciation expense	\$	128,073	\$	94,856 1,797)	\$	222,929 1,797)				
Net exchange			(237	(237				
differents	¢	100.072	¢		¢					
March 31	\$	128,073	\$	93,296	\$	221,369				
March 31 Cost Accumulated	\$	128,073	\$	192,838	\$	320,911				
depreciation and impairment		-	(99,542)	(99,542)				
paninom	\$	128,073	\$	93,296	\$	221,369				

1. Rent income and related direct operating cost & expense of the investment property:

	For the three-month periods ended March 31,						
Rent income		2024	2023				
	\$	2,494	\$		3,835		
Related direct operating cost & expense	\$	1,560	\$		1,797		

2. The fair value of investment property for the year ended March 31, 2024, December 31, 2023 and March 31, 2023 was \$363,792, \$348,631 and \$449,041 which base on the evaluation results of nearby transaction prices.

(X)<u>Intangible assets</u>

						2024				
	Pa	tent and		Computer			C	Customer		
	E	xpertise		Software	Goodwill		Re	lationship	Total	
January 1 Cost Accumulated	\$	70,691	\$	75,780	\$	204,390	\$	465,859	\$	816,720
amortization and impairment	(7,900)) (64,299)		-	(44,368)	(116,567)
	\$	62,791	\$	11,481	\$	204,390	\$	421,491	\$	700,153
January 1 Additions- from acquisitions	\$	62,791	\$	11,481	\$	204,390	\$	421,491	\$	700,153
		-		3,577		-		-		3,577
Amortization	(2,934)) (2,369)		-	(16,637)	(21,940)
Net exchange differences		12		5		-		-		17
March 31	\$	59,869	\$	12,694	\$	204,390	\$	404,854	\$	681,807
March 31										
Cost	\$	70,691	\$	79,357	\$	204,390	\$	465,859	\$	820,297
Accumulated amortization and impairment	(10,822)) (66, 663)		-	(61,005)	(138,490)
*	\$	59,869	\$	12,694	\$	204,390	\$	404,854	\$	681,807

					2	2023			
		ent and pertise		Computer Software	Go	odwill	omer onship		Total
January 1 Cost	\$	385	\$	66,511	\$	-	\$ -	\$	66,896
Accumulated amortization and impairment	(59)	(53,524)		-	-	(53,583)
mpunnen	\$	326	\$	12,987	\$	-	\$ -	\$	13,313
January 1	\$	326	\$	12,987	\$	-	\$ -	\$	13,313
Additions- from acquisitions		-		603		-	-		603
Amortization		-	(2,767)		-	-	(2,767)
Net exchange differences	(2)		-		-	-	(2)
March 31	\$	324	\$	10,823	\$	-	\$ -	\$	11,147
March 31									
Cost Accumulated	\$	385	\$	67,114	\$	-	\$ -	\$	67,499
amortization and impairment	(61)	(56,291)		-	-	(56,352)
×	\$	324	\$	10,823	\$	-	\$ -	\$	11,147

As of March 31, 2024, the goodwill generated by JETWAY due to the acquisition of the Group is tentatively recognized at \$204,390, and the impairment test of goodwill is to allocate goodwill to the cash generating units related to JETWAY, and the use value is used as the basis for the recoverable amount, and the use value is estimated based on the cash flow of the five-year financial budget approved by management.

Management determines the budget gross margin based on previous performance and its expectations of market development. The weighted average growth rate used is consistent with the industry report's forecast. The discount rate used is an after-tax rate and reflects the specific risks of the relevant operating sector. The after-tax discount rate used in the main assessment of March 31, 2024 was 17.35%.

There's no impairment loss of goodwill recognized from the above assessment mentioned in the three-month periods ended March 31, 2024.

3. The details of Amortization as below:

For the three-month periods ended March 31,					
	2024		2023		
\$	85	\$	19		
	202		134		
	20,468		809		
	1,185		1,805		
\$	21,940	\$	2,767		
		2024 \$ 85 202 20,468 1,185	2024 \$ 85 \$ 202 20,468 1,185		

(XI)Short-term borrowings

Nature of the borrowing		2024/3/31	Interest rate range	Collateral
Bank borrowings	_			
Credit borrowings	\$	27,000	0.50%	Refer to Note 8
		2022/12/21	T	
Nature of the borrowing		2023/12/31	Interest rate range	Collateral
Bank borrowings				
Credit borrowings	\$	27,000	0.50%	Refer to Note 8

1. The Group had no short-term borrowings as of March 31, 2023.

2. For the three months ended March 31, 2024 and 2023, interest expense recognized through profit or loss was \$38 and \$0.

3.

(XII) Long-term borrowings

Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2024/3/31
Borrowings from banks		<u>inte inige</u>		202 110101
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.975%	Land, Buildings	\$ 142,371
Less: Current portions of lo			(10,455)
				\$ 131,916
Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2023/12/31
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.85%	Land, Buildings	\$ 144,975
Less: Current portions of lo	ong-term loans		(10,476)
				\$ 134,499
Type of borrowing	Period and Repayment method	Interest rate range	Collateral	2023/3/31
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.85%	Land, Buildings	\$ 152,701
Less: Current portions of lo	ong-term loans		(10,331)
				\$ 142,370
1 1 1 1 1 1 1 1 1		a a	1 1 1 1	1 21 2024 1

- 1. The interest recognized in profit or loss for the three months ended March 31,2024 and 2023 were \$663 and \$659, respectively.
- 2. Please refer to Note 8 for the ddetails of long-term borrowings.

(XIII) Other payables

	 2024/3/31	 2023/12/31	 2023/3/31
Accrued payroll, employee's compensation and bonuses	\$ 446,500	\$ 446,691	\$ 332,337
Accrued technical service fee (Note)	38,576	37,691	44,211
Accrued commission fee	86,470	78,349	75,434
Others	118,382	109,619	71,284
	\$ 689,928	\$ 672,350	\$ 523,266

Note: Please refer to Note 7 (3) 6. for the details

(XIV)Pension

1. (1) JETWAY have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(2) From January 1 to March 31, 2024, the Group recognized retirement pension costs of \$0 in accordance with the aforementioned pension plan.

- (3) The Group expects to contribute \$0 to the retirement plan in the fiscal year 2024.
- 2. (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, ONI and JETWAYS shall allocate pensions in accordance with local laws and regulations.

(5) Pension costs recognized by the Group in accordance with the above retirement policy for were \$14,160 and \$11,324 for the three months periods ended March 31, 2024 and 2023 respectively.

(XV) 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, 2024 and 2023:

		Quantity		
		granted	Contract	Vesting
Arrangement type	Grant date	(thousand)	period	conditions
Plan of employee stock	2019.11.26	3,000	5 years	Service of
options			-	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-mont	-	
	_	March 31, 2024		
		Weighted		
		No. of units		average
		(shares in	e	xercise price
	_	thousands)		(in dollars)
Options outstanding at beginning of period		1,218	\$	60.7
Options exercised	(483)		60.7
Options outstanding at the end of period	=	735		60.7
Options exercisable at the end of period	_	735		

		For the three-months periods ended March 31, 2023		
	-	No. of units (shares in thousands)	ex	Weighted average ercise price (in dollars)
Options outstanding at beginning of period		1,877	\$	63.1
Options exercised	(341)		63.1
Options outstanding at the end of period	_	1,536		63.1
Options exercisable at the end of period	_	895		

			202	4/3/31			
	Authorized		Number of shares	F i			
Arrangement type	issue date	Maturity date	(in thousands)	Exercise price (in dollars)			
Plan of employee stock options	2019.11.26	2024.11.25	735				
			2023	3/12/31			
			Number of				
	Authorized		shares	Exercise price			
Arrangement type	issue date	Maturity date	(in thousands)	(in dollars)			
Plan of employee stock options	2019.11.26	2024.11.25	1,218	\$ 60.7			
			202	3/3/31			
			Number of				
	Authorized		shares	Exercise price			
Arrangement type	issue date	Maturity date	(in thousands)	(in dollars)			
Plan of employee stock options	2019.11.26	2024.11.25	1,536	\$ 63.1			
(4) The fair value of	(4) The fair value of employee stock options is measured using the Black-Scholes						

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

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

1 1	U	Quantity			Expected	Expected	Risk-free	Fair value
Arrangement		granted	Stock	Exercise	price	option	interest	per unit
type	Grant date	(thousand)	price	price	Volatility	life	rate	(in dollars)
Plan of	2019.11.26	3,000	\$ 72.3	\$ 72.3	26.88%	3.875	0.58%	\$ 15.7445
employee stock options						years		

(5) Expenses of share-based payment transaction:

(5) Expenses of share-based payment train	saction.				
	For the three-month periods ended March 31,				
	2024	2023			
Equity settlement	\$ -	\$ 597			

2. Subsidiary- ONYX HEALTHCARE INC.

(1) ONYX had the following share-based payment agreement active for the three-month period ended March 31, 2024 and 2023.

		Quantity		
		granted	Contract	Vesting
Arrangement type	Grant date	(thousand)	period	conditions
Plan of employee stock	2020.08.06	1,000	5 years	Service of
options				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-month periods ended March 31						
	No. of units (shares in thousands)		Weighted average exercise price (in dollars)				
Options outstanding at beginning of period	625	\$	110.5				
Options exercised	3)	-				
Options outstanding at the end of period	622	\$	110.5				
Options exercisable at the end of period	405						

For the three-month	periods ended March 31, 2023
	XX7 * 1 / 1

	No. of units (shares in thousands)	 Weighted average exercise price (in dollars)
Options outstanding at beginning of period	872	\$ 114.7
Options exercised	40	-
Options outstanding at the end of period	912	\$ 114.7
Options exercisable at the end of period	456	

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

			2024/3/31				
	Authorized		No. of units (shares in	Ex	ercise price		
Arrangement type	issue date	Maturity date	thousands)	(in dollars)		
Plan of employee stock options	2020.08.06	2025.08.06	622	\$	110.5		

			2023/12/31			
	Authorized		No. of units (shares in	Exercise price		
Arrangement type	issue date	Maturity date	thousands)	(in dollars)		
Plan of employee stock options	2020.08.06	2025.08.06	625	\$ 110.5		

			202		
	Authorized		No. of units (shares in	Exercise pri	ce
Arrangement type	issue date	Maturity date	thousands)	(in dollars)	
Plan of employee stock options	2020.08.06	2025.08.06	912	\$ 11	4.7

(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 th	nree-months	For the three-months			
	periods e	nded March	periods ended March			
	31,	2024	31,	2023		
Equity settlement	\$	385	\$	898		

(XVI) Share capital

1. As of March 31, 2024, 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 \$1,608,908(including capital collected in advance \$4,830), divided into 160,890 thousand shares, each at par value of \$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	2024	2023
January 1	160,407	149,225
Employee stock options exercised	483	341
March 31	160,890	149,566

- 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, 2024, the Company's affiliate IBASE owned 41,698 thousand of The Group's shares.
- 4. The Company has increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY in April, 2023. The project mentioned above has reported to TWSE and took effect, which completed registration in May, 2023.

(XVII) 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.

							202	24					
	Sha	are premium	co ca	fference between onsideration and rrying amount of osidiaries acquired or disposed	F	Recognition of changes in ownership interest in subsidiary	co	Affiliate mpany net ity changes		nployee re option		Others	 Total
January 1	\$	5,697,133	\$	233,002	\$	240,006	\$	229,110	\$	20,042	\$	2,409	\$ 6,421,702
Employee stock options exercised Change in associates and		32,093		-		-		-	(7,604))	-	24,489
joint ventures accounted for under equity method		-		-		-		7,891		-		-	7,891
Share-based Payment		-		-		186		-		-		-	 186
March 31	\$	5,729,226	\$	233,002	\$	240,192	\$	237,001	\$	12,438	\$	2,409	\$ 6,454,268
	Sha	are premium	co ca	fference between onsideration and rrying amount of osidiaries acquired or disposed	۲ 	Recognition of changes in ownership interest in subsidiary	con	Affiliate mpany net ity changes		nployee re option		Others	 Total
January 1	\$	4,804,131	\$	233,002	\$	229,677	\$	164,713	\$	27,438	\$	2,409	\$ 5,461,370
Employee stock options exercised Effect from long-term investment that has		23,476		-		-		-	(5,369))	-	18,107
not been recognized based on shareholding percentage Change in associates and		-		-		-		84		-		-	84
joint ventures accounted for under equity method Share-based		-		-		-		42		-		-	42
Share-based Payment		-		-		438		-		634		-	 1,072
March 31	\$	4,827,607	\$	233,002	\$	230,115	\$	164,839	\$	22,703	\$	2,409	\$ 5,480,675

(XVIII) <u>Retained earnings</u>

1. 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.

- 2. Future dividend distributions shall be made based on considerations including financial, operational, and managerial factors. For the current year's distributable earnings, a portion or all may be allocated as dividends. At least 50% of distributable earnings must be allocated as dividends to shareholders, with the cash dividend not less than 50% of the total dividend amount. The actual amount distributed shall be determined by approval at the shareholders' meeting.
- 3. 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.
- 4. (1) 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.
 - (2) When adopting IFRSs for the first time, the special surplus reserve provided as of March 31, 2021, under the Financial Supervisory Commission's letter numbered 1090150022, shall be reversed proportionally upon subsequent use, disposal, or reclassification of related assets by the company.
- 5. The Company's appropriations of 2023 earnings had been approved by the board of directors on February 29, 2024. The Company's appropriations of 2022 earnings had been approved by the voting result in the shareholders' meeting on May 31, 2023 respectively. Details are summarized below:

	_	2023				2	022	
			Di	vidend per share				lend per nare
		Amount	nount (in NT dollars) A			Amount	(in NT dollar	
Provision (reversal) of Special reserve	\$	-			(\$	52,446)	
Legal reserve		96,684				107,411		
Cash dividends	_	1,042,651	\$	6.50		746,127	\$	5.00
	\$	1,139,335			\$	801,092		

On February 29, 2024, the company's Board of Directors proposed to appropriate \$80,204 from the capital surplus, which was generated from the issuance of shares above par value, to increase the capital by issuing 8,020 thousand new shares with a par value of NT\$10 per share.

The result of appropriations of 2022 which was the same as the proposal submitted by the Board of Directors.

The result of appropriations of 2023 which has not yet been approved by the resolutions of the shareholders' meeting.

(XIX) Operating income

		For the three-month periods ended March 31,						
		2024	2023					
Revenue from with Customers	Contracts	\$ 1,802,503	\$ 1,928,838					

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, 2024	 IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 1,528,530	\$ 273,973	\$ 1,802,503
Time of income recognition Income recognized at a point in time	1,527,856	267,776	1,795,632
Revenue recognized over time	674	6,197	6,871
Total	\$ 1,528,530	\$ 273,973	\$ 1,802,503
For the three-month periods ended March 31, 2023	 IPC	 Medical PC	 Total
Revenue from Contracts with Customers	\$ 1,601,400	\$ 327,438	\$ 1,928,838
Time of income recognition Income recognized at a point in time	 1,600,898	322,191	 1,923,089
Revenue recognized over time	502	5,247	5,749
Total	\$ 1,601,400	\$ 327,438	\$ 1,928,838

2. Contract liability

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

	2024/3/31		2023/12/31		2023/3/31		2023/1/1
Contract Liability - Current:							
Advances from customers	\$ 242,604	\$	216,338	\$	259,165	\$	244,311
Warranty contract	8,999		9,226		10,604		10,900
Contract Liability - Non-current:							
Advances from customers	47,434		44,848		58,077		54,939
Warranty contract	12,983		13,838		16,301	_	18,486
Total	\$ 312,020	\$	284,250	\$	344,147	\$	328,636

	(2) Recognized income of co		or the three-month per	iods ended	March 31
	-	1	2024		2023
	- Beginning balance of contra	ct liabilit		e	
	Advances from customers	5	76,758	\$	89,606
	Warranty contract		2,574		2,869
	Total	5	79,332	\$	92,475
(XX)	Other income				
	-	F	or the three-month per	iods ended	
	Rental income	5	2024 4,547	¢	2023
	=	>	4,347	D	5,178
(XXI)	Other gains and losses				
			For the three-month	n periods er	ded March 31,
		_	2024		2023
	Net income from financial asse and liabilities at fair value throu profit or loss		237,892	\$	89,428
	Gain (loss) on foreign currency exchange		128,190	(14,280)
	Losses on disposal of property, plant and equipment	(594)(1,714)
	Depreciation on investment property, buildings.	(1,560) (1,797)
	Gain (loss) on lease modification	on	554		24
	Government subsidy Other income		3,488		201
	other meome	\$	8,041 376,012	\$	20,299 92,161
		φ	570,012	φ 	72,101
(XXII)) <u>Financial costs</u>				
			For the three-month	periods end	
	Internet ann an	¢	2024	<u>.</u>	2023
	Interest expenses Leased liabilities interest expen	\$	/0 1,07	01 \$ 19	659 682
	Leased natimites interest expen		1,07	<u> </u>	002

(2) Recognized income of contract liabilities at January 1

\$

1,780 \$

1,341

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

	For the three-month periods ended March 31,											
	2024						2023					
	Ope	rating cost	Opera	ting expense		Total	Oper	rating cost	Op	erating expense		Total
Expenses from employee benefits	\$	91,552	\$	336,401	\$	427,953	\$	78,946	\$	266,269	\$	345,215
Depreciation expense		14,470		23,213		37,683		10,155		13,253		23,408
Amortization expenses		88		21,903		21,991		25		2,856		2,881

(XXIV) Expenses from employee benefits

	For the three-month periods ended March 31,							
		2024		2023				
Salaries expenses	\$	378,236	\$	305,353				
Labor and national health insurance expenses		29,785		23,834				
Pension expenses		14,160		11,324				
Other employment expenses		5,772		4,704				
-	\$	427,953	\$	345,215				

- 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, 2024 and 2023, based on the percentage stipulated in the Articles of Incorporation, employee compensation were estimated at \$29,856 and \$25,549, respectively, while the remuneration of directors were estimated at \$3,618 and \$1,623, respectively, which are recognized as salary expenses.

Amounts for the period January 1 to March 31, 2024, were estimated based on profitability at the time and the percentages stipulated in Articles of Incorporation.

Amounts of 2023 employee and director remuneration resolved by the board of directors were consistent with the amounts recognized in the 2023 financial report, which were \$97,518 and \$7,200, 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.

(XXV) Income tax

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

	For the	e three-month pe	eriods ended March 31, 2023		
		2024			
Current income tax:					
Income tax from current income	\$	38,480	\$	50,254	
Total current income tax		38,480		50,254	
Deferred tax					
Origination and reversal of temporary differences		19,101		2,644	
Income tax expense	\$	57,581	\$	52,898	
	1	• •			

(2) Income tax relative to other comprehensive income: E . . 41. . 41.

	1	periods ended March 31,		
	2024	2023		
Differences in translation of foreign operations	\$ 9,418	(\$ 100)		

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

	Certification
The Company, AAEONI, ONYX, IHELPER INC.	2022
JETWAY	2021

(XXVI) Earnings per share

	For the three-month periods ended March 31, 2024					
	After-ta	ax amount	Weighted average Outstanding shares (in thousand)	sha	es per are ollars)	
Basic (diluted) losses per share						
Current net income attributable to						
common shareholders of parent						
company	<u>\$</u>	429,272	118,936	\$	3.61	
Diluted earnings per share						
Dilutive effect of potential						
common shares						
Employee stock options			458			
Employee compensation			568			
Current net income attributable to						
common shareholders of parent						
company plus effect of potential	.			.		
common shares	\$	429,272	119,962	<u>\$</u>	3.58	

	For the three-month periods ended March 31, 2023				
	Weighted average			Losses	s per
			Outstanding shares	sha	re
	After-tax	k amount	(in thousand)	(in dol	lars)
Basic (diluted) losses per share					
Current net income attributable to					
common shareholders of parent					
company	\$	308,877	107,675	\$	2.87
Diluted earnings per share					
Dilutive effect of potential					
common shares					
Employee stock options			415		
Employee compensation			1,084		
Current net income attributable to					
common shareholders of parent					
company plus effect of potential					
common shares	\$	308,877	109,174	\$	2.83
common shares	\$	308,877	109,174	\$	2.83

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.

(XXVII) Business combinations

- 1. On April 28, 2023, the Company increased its capital by issuing 10,523 thousand common shares in exchange for 26,308 thousand common shares held by 11 shareholders of JETWAY. Consequently, AAEON acquired a total of 35.27% of the shares of JETWAY including 0.19% equity interest held by the Company before the combination, and became the single largest shareholder of the company.Considering the participation of other shareholders' meetings, which indicated that the Group has substantial capability to lead relative activities and control over the company, JETWAY was included in the Group's consolidated financial statements from the acquisition date. The Group expects to expand the operating scale of both parties and improve the overall operating performance through the integration of corporate resources.
- 2. The consideration paid for the acquisition of Jetway, the fair value of the assets acquired and liabilities assumed as of the acquisition date, and the information regarding the portion of identifiable net assets attributable to non-controlling interests as of the acquisition date are as follows:

Acquisition consideration		2023/4/28
Equity instrument	\$	953,416
Fair value of equity interest held by the Company before the acquisition date		4,949
Non-controlling interests in the identified net assets of the acquiree		1,383,476
		2,341,841
The fair value of identified assets and liabilities		
Cash		758,967
Financial assets measured at amortized cost-current		130,740
Accounts receivable		76,993
Other receivables		1,490
Current tax assets		51
Inventories		373,626
Prepayments		20,050
Other current assets		2,453
Property, plant and equipment		646,332
Right-of-use assets		67,528
Intangible assets		536,886
Deferred tax assets		31,345
Other non-current assets		10,418
Contract liability - current	(41,858)
Accounts payables and Notes payables	(117,337)
Other payables	(102,917)
Current tax liabilities	(34,942)
Provisions - current	(15,396)
Lease liability	(25,883)
Other current liabilities - other	(1,915)
Deferred tax liabilities	(166,907)
Other non-current liabilities	(12,273)
Total value of indentified net assets		2,137,451
Goodwill	\$	204,390

- 3. The fair value totaling \$953,416 of 10,523 thousand shares of the Company's ordinary shares issued as part of the consideration paid for JETWAY was based on the published share price on April 28, 2023.
- 4. The Group had 0.19% equity interest in JETWAY before the combination, and recognized a gain on disposal of investments of \$118 as a result of remeasuring at fair value.

(XXVIII)Supplemental cash flow information

Partial cash payments for investing activities:

	For the three-month periods ended March 31,				
		2024	_	2023	
Acquisition of property, plant and equipment	\$	6,190	\$	34,242	
Add: Opening balance of payable on equipment		2,817		4,322	
Less: Ending balance of payable on equipment	(6,268)	(500)	
Cash paid during the period	\$	2,739	\$	38,064	

(XXIX) Changes in liabilities arising from financing activities

	2024							
			L	ong-term				
				orrowings				
	C1.			ncluding		T		
		ort-term rrowings		current portion)		Lease liability		Total
January 1	\$	27,000	\$	144,975	\$	148,437	\$	320,412
Changes in cash flow from financing		-	(2,604)	(15,073)	(17,677)
Effect on changes in exchange rate		-		-		1,506		1,506
Changes in others without cash flow		-		-		64,448		64,448
March 31	\$	27,000	\$	142,371	\$	199,318	\$	368,689

	2023						
			ong-term				
			orrowings				
		(i	ncluding				
	Short-term		current		Lease		
	borrowings	_1	portion)		liability		Total
January 1	\$-	\$	155,286	\$	123,174	\$	278,460
Changes in cash flow from financing	-	(2,585)	(11,037)	(13,622)
Effect on changes in exchange rate	-		-		395		395
Changes in others without cash flow			-		2,082		2,082
March 31	\$	\$	152,701	\$	114,614	\$	267,315

VII. Related party transaction

(I) <u>Parent and ultimate controlling party</u>

AAEON is controlled by ASUSTEK COMPUTER INC. (incorporated in R.O.C.), the ultimate parent of the Company with 37.59% ownership (including indirect shareholdings) of the Company.

(II) <u>Related parties</u>

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.
IBASE (SHANGHAI) TECHNOLOGY 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
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	Associate - Investee accounted for under the equity method by the Company's subsidiary (Note)
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	Other related party - the Company's Chairman as
CORP.	EVERFOCUS ELECTRONICS CORP's Chairman
YAN XIN INVESTMENT Co.,	Other related party - the Company's Chairman as YAN XIN
Ltd.	INVESTMENT Co., Ltd.'s Chairman
AAEON EDUCATION FOUNDATION	Other related party - the Company's Chairman as a director
WT MICROELECTRONICS	Other related party - Investee accounted for under the equity
CO.	method by the Company's Fellow subsidiary
TECHMOSA INTERNATIONAL INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MORRIHAN INTERNATIONAL CORP.	Other related party - Investee accounted for under the equity
NUVISION TECHNOLOGY,	method by the Company's Fellow subsidiary Other related party - Investee accounted for under the equity
INC.	method by the Company's Fellow subsidiary
MAXTEK TECHNOLOGY	Other related party - Investee accounted for under the equity
CO., LTD.	method by the Company's Fellow subsidiary
SPARK TECHNOLOGIES	Other related party - the Company's Chairman is first degree
INC.	relative of SPARK TECHNOLOGIES INC.'s Chairman
LYDS THCH.	Other related party - the Company's Chairman is first degree relative of LYDS TECH's Chairman
JUI HAI INVESTMENT Co.,	Other related party - the Company's Chairman is first degree
Ltd.	relative of JUI HAI INVESTMENT Co., Ltd.'s Chairman
ASUS GLOBAL PTE. LTD	Fellow subsidiary – same as ultimate parent entity
MEDUS TECHNOLOGY INC.	Fellow subsidiary – same as ultimate parent entity

Note: PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. is the affiliate company of the Group form February 2023.

(III) Significant transactions with related parties

1. Operating income

	For the three-month periods ended March 31,					
		2024		2023		
Goods sold						
Ultimate parent entity	\$	-	\$	3,590		
Affiliate company		3,737		2,724		
Other related party		10,107		1,502		
	\$	13,844	\$	7,816		

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,					
	2024		2023			
Goods purchased						
Ultimate parent entity	\$	171,981 \$	211,803			
Affiliate company		15,274	10,517			
Fellow subsidiary		2,795	-			
Other related party		29,218	44,098			
	\$	219,268 \$	266,418			

The Group's purchases are in accordance with its general terms and conditions (market prices), with payment period of 30 days EOM or 60-90 days EOM.

3. Operating expenses

	For the three-month periods ended March 31,					
		2024	2023			
Ultimate parent entity	\$	19,087 \$	21,637			
Affiliate company		197	99			
Fellow subsidiary		35	-			
Other related party		4,693	2,042			
	\$	24,012 \$	23,778			

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

(2) The above operating expenses include the amount donated by the Company to other related parties. The donation amount for the three-month periods ended March 31, 2024 and 2023 were \$4,000 and \$2,000, respectively, aimed at promoting technology education and humanistic development, fulfilling corporate social responsibility, and enhancing the corporate image in public welfare.

4. Receivable from related parties

Accounts receivable:	 2024/3/31	 2023/12/31	 2023/3/31
Ultimate parent entity	\$ -	\$ 90	\$ 3,639
Affiliate company	866	803	2,890
Other related party	75	35,787	687
	\$ 941	\$ 36,680	\$ 7,216
Other accounts receivable:	2024/3/31	2023/12/31	2023/3/31
Affiliate company	\$ 318	\$ 319	\$ 436
Other related party	 12	 -	 197
	\$ 330	\$ 319	\$ 633

Mainly comprised system service receivable.

5. Payables from related parties

		2024/3/31	 2023/12/31	 2023/3/31
Ultimate parent entity	\$	132,027	\$ 52,099	\$ 33,979
Affiliate company		9,507	4,683	5,818
Fellow subsidiary		227	-	-
Other related party		25,627	13,159	17,977
	\$	167,388	\$ 69,941	\$ 57,774
6. Other payables				
	. <u> </u>	2024/3/31	 2023/12/31	 2023/3/31
Ultimate parent entity	\$	38,576	\$ 37,691	\$ 44,211
Affiliate company		4	19	80
Fellow subsidiary		1,963	-	-
Other related party		267	128	473
	\$	40,810	\$ 37,838	\$ 44,764

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

7. Assets transaction

(1) Acquision of Property, plant and equipment

	For the t	For the three-month periods ended March 31,				
		2024	2023			
Other related party	\$	- \$	184			

(2) Acquision of intangible assets

	For the	For the three-month periods ended March 31,					
		2024	2023				
Fellow subsidiary	\$	1,851 \$		_			

(IV) Key management remuneration

	For the three-month periods ended March 31						
		2024		2023			
Wages and other short-term employee benefits	\$	26,276	\$	31,246			
Post-employment benefits		527		338			
Share-based payment		188		500			
	\$	26,991	\$	32,084			

VIII. Assets pledged as collaterals

The Company's pledged assets are summarized below:

Asset	 2024/3/31	 2023/12/31	 2023/3/31	Guarantee purpose
Property, Plant and Equipment	\$ 697,455	\$ 691,968	\$ 480,501	Loans and the line of credit
Restricted time deposit (including other current assets)	32,960	31,626	914	Collateral provided for foreign exchange forward contract
Guarantee deposits (including Other current and non-current assets)	15,787	 14,512	 11,962	Office, warehouse deposit and project guarantee deposit.
	\$ 746,202	\$ 738,106	\$ 493,377	

- IX. Material Contingent Liabilities and Unrecognized Contractual Commitments
 - (I) <u>Contingencies</u>

None.

(II) <u>Commitments</u>

As of March 31, 2024, 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 19, 2024, the Board of Directors approved the issuance of employee stock warrants and the issuance plan. A total of 3,000 units will be issued, with each unit entitling the holder to subscribe for 1,000 shares. The total number of new common shares to be issued upon the exercise of the stock warrants is 3,000 thousand shares. The subscription price per share will be determined in accordance with the plan. As of May 9, 2024, this proposal has not yet been approved by the shareholders' meeting.

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

	 2024/3/31	2023/12/31	2023/3/31
Financial asset			
At fair value through profit or loss - Financial asset Mandatory at fair value throughout profit or loss –			
financial asset At fair value through other comprehensive income - financial asset	\$ 718,159 \$	485,915 \$	444,086
Designated equity instrument investments Financial assets measured at amortized cost / loans and receivables	141,630	68,756	2,381
Cash and cash equivalents Financial assets measured at	5,014,214	4,347,976	2,848,985
amortized cost	128,960	62,331	-
Notes receivable	17,588	13,400	20,927
Accounts receivable	843,098	919,566	906,849
Other Receivables	22,306	17,377	18,521
Restricted time deposit (including other current assets) Guarantee deposits (including	-	-	914
other non-current assets)	 15,787	14,512	11,962
	\$ 6,901,742 \$	5,929,833 \$	4,254,625

	 2024/3/31	2023/12/31	2023/3/31
<u>Financial liability</u> Financial liabilities measured at amortized cost			
Short-term borrowings	\$ 27,000 \$	27,000	\$ -
Notes payable Accounts payablee (including	1,629	2	-
related parties)	793,928	522,666	422,376
Other payables Long-term borrowings	689,928	672,350	523,266
(including current portion)	 142,371	144,975	152,701
	\$ 1,654,856 \$	1,366,993	\$ 1,098,343
Lease liabilities (including current and non-current)	\$ 199,318 \$	148,437	\$ 114,614

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. Accordingly, the Group uses foreign currency

forward contracts to mitigate the impact of exchange rate fluctuations on the costs of purchasing inventories.

C. Since the Group's businesses involve 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:

			2024/3/31	
	-	Foreign currency		Carrying
	_	(in thousands)	Exchange rate	amount (NTD)
(Foreign currency: functional currency)				
Financial asset				
Monetary items				
USD:NTD	\$	112,990	32.00	\$ 3,615,680
EUR:NTD		1,290	34.46	44,453
USD:CNY		71	7.26	2,272
USD:SGD		401	1.35	12,832
Financial liability				
Monetary items				
USD:NTD	\$	18,408	32.00	\$ 589,056
EUR:NTD		15	34.46	517
USD:CNY		980	7.26	31,360
USD:SGD		371	1.35	11,872
			2023/12/31	
		Foreign currency (in thousands)	2023/12/31 Exchange rate	Carrying amount (NTD)
(Foreign currency:				
functional currency)				
· · ·				
functional currency) <u>Financial asset</u> <u>Monetary items</u>			Exchange rate	amount (NTD)
functional currency) Financial asset	\$			amount (NTD)
functional currency) <u>Financial asset</u> <u>Monetary items</u>	\$	(in thousands)	Exchange rate	amount (NTD)
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD	\$	(in thousands)	Exchange rate 30.71	amount (NTD) \$ 3,345,087
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD	\$	(in thousands) 108,925 1,048	Exchange rate 30.71 33.98	amount (NTD) \$ 3,345,087 35,611
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD USD:CNY	\$	(in thousands) 108,925 1,048 169	Exchange rate 30.71 33.98 7.10	amount (NTD) \$ 3,345,087 35,611 5,190
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD USD:CNY USD:SGD	\$	(in thousands) 108,925 1,048 169	Exchange rate 30.71 33.98 7.10	amount (NTD) \$ 3,345,087 35,611 5,190
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD USD:CNY USD:SGD <u>Financial liability</u>	\$	(in thousands) 108,925 1,048 169	Exchange rate 30.71 33.98 7.10	amount (NTD) \$ 3,345,087 35,611 5,190 18,027
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD USD:CNY USD:SGD <u>Financial liability</u> <u>Monetary items</u>		(in thousands) 108,925 1,048 169 587	Exchange rate 30.71 33.98 7.10 1.32	amount (NTD) \$ 3,345,087 35,611 5,190 18,027
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD USD:CNY USD:SGD <u>Financial liability</u> <u>Monetary items</u> USD:NTD		(in thousands) 108,925 1,048 169 587 11,799	Exchange rate 30.71 33.98 7.10 1.32 30.71	amount (NTD) \$ 3,345,087 35,611 5,190 18,027 \$ 362,347
functional currency) <u>Financial asset</u> <u>Monetary items</u> USD:NTD EUR:NTD USD:CNY USD:SGD <u>Financial liability</u> <u>Monetary items</u> USD:NTD EUR:NTD		(in thousands) 108,925 1,048 169 587 11,799 7	Exchange rate 30.71 33.98 7.10 1.32 30.71 33.98	amount (NTD) \$ 3,345,087 35,611 5,190 18,027 \$ 362,347 238

		2023/3/31									
	_	Foreign currency			Carrying						
	_	(in thousands)	Exchange rate		amount (NTD)						
(Foreign currency: functional currency)											
Financial asset											
Monetary items											
USD:NTD	\$	86,701	30.45	\$	2,640,045						
EUR:NTD		646	33.15		21,415						
USD:CNY		7	6.87		213						
USD:SGD		360	1.33		10,962						
Financial liability											
Monetary items											
USD:NTD	\$	11,109	30.45	\$	338,269						
USD:CNY		2,137	6.87		65,072						
USD:SGD		456	1.33		13,885						

- D. 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, 2024 and 2023, were \$128,190 and (\$14,280), respectively.
- E. The Group's foreign currency risk analysis due to significant foreign exchange rate fluctuations is as follows:

For the three-month periods ended March 31, 2024											
		Sensitivity analysis	S								
Extent of change		Effect on income	Effect on other comprehensive income								
1%	\$	36,157 \$	-								
1%		445	-								
1%		23									
1%		128	-								
1%	\$	5,891 \$	-								
1%		5									
1%		314	-								
1%		119	-								
	Extent of change 1% 1% 1% 1% 1% 1%	Extent of change	Sensitivity analysis Extent of change Effect on income 1% \$ 36,157 \$ 1% \$ 445 1% \$ 23 1% \$ 128 1% \$ 5,891 \$ 1% \$ 314								

-	For the three-month periods ended March 31, 2023 Sensitivity analysis													
		Effect on other												
	Extent of		comprehensive											
_	change		Effect on income	income										
(Foreign currency:														
functional currency)														
Financial asset														
Monetary items														
USD:NTD	1%	\$	26,400 \$	-										
EUR:NTD	1%		214	-										
USD:CNY	1%		2	-										
USD:SGD	1%		110	-										
Financial liability														
Monetary items														
USD:NTD	1%	\$	3,383 \$	-										
USD:CNY	1%		651	-										
USD:SGD	1%		139	-										

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, 2024 and 2023, would rise or fall by \$5,588 and \$2,908, respectively, for equity instruments measured at fair value through profit or loss, whereas other comprehensive income for the three months periods ended March 31, 2023, would rise or fall by \$1,416 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, 2024 and 2023, The Group's floating rate borrowings were mainly denominated in NTD.
- 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, 2024 and 2023 will decrease or increase by \$85 and \$76, respectively, 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, 2024, December 31, 2023 and March 31, 2023, the Group had no recourse on claims that had been written off.
- G. (1) The expected loss rate for customers with outstanding credit is estimated at 0.2%. The total accounts receivable and loss provisions for these customers were as follows: \$128,628 and \$258 as of March 31, 2024; \$169,182 and \$337 as of December 31, 2023; and \$312,288 and \$367 as of March 31, 2023.
 - (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, 2024, December 31, 2023 and March 31, 2023 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
2024/3/31											
Expected loss rate	0	.02%~1.58%		0.03%~8.42%	0.03%~15.63%	0%~45.15%		50%~100%		100%	
Total book value	\$	643,653	\$	73,948	\$ 10,668	\$ 6,890	\$	1,694	\$	16,523	\$ 753,376
Loss allowance	\$	1,442	\$	717	\$ 612	\$ 1,013	\$	1,694	\$	16,523	\$ 22,001

	_	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
2023/12/31											
Expected loss rate		0%~1.58%		0%~8.42%		0%~15.63%	0%~45.15%	3.47%~50.00%		100%	
Total book value	\$	616, 185	\$	82,064	\$	31, 538	\$ 106	\$ -	\$	17,075	\$ 746,968
Loss allowance	\$	1,005	\$	781	\$	665	\$ 1	\$ -	\$	17, 075	\$ 19,527

	_	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
2023/3/31										
Expected loss rate		0%~1.30%		0%~7.71%	0.07%~14.48%	3.33%~44.38%		4.94%~50.00%	100%	
Total book value	\$	522,873	\$	53,693	\$ 24,264	\$ 1,190	\$	13,881	\$ 13,175	\$ 629,076
Loss allowance	\$	987	\$	895	\$ 1,187	\$ 110	\$	4,083	\$ 13,175	\$ 20,437

- (3) Expected loss rate for related parties of the outstanding credit group is estimated at 0.2%. The total book values of the accounts receivable-related parties as of March 31, 2024, December 31, 2023 and March 31, 2023 were \$941, \$36,680 and \$7,216, 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)									
	 2024		2023							
January 1	\$ 19,864	\$		21,597						
Write off of impairment loss	2,025	(904)						
Forex effect	370			111						
March 31	\$ 22,259	\$		20,804						

From the loss recognized for the three months periods ended March 31, 2024 and 2023, the impairment losses for accounts receivable arising from customer contracts were \$2,025 and (\$904), respectively.

- I. The financial assets held by the group, measured at amortized cost, consist of bank deposits with original maturities exceeding 3 months and restricted bank deposits. There are no significant abnormalities in credit risk ratings, and no significant expected credit losses are anticipated.
- (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 \$1,390,055, \$1,537,284 and \$679,938 as of March 31, 2024, December 31, 2023 and March 31, 2023, 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.

<u>Non-derivative financial</u> liabilities:				
2024/3/31	Within 1 year	1-2 years	2-3 years	Over 3 years
Short-term borrowings (including accrued interest)	\$ 27,041	\$ -	\$ -	\$ -
Notes payable	1,629	-	-	-
Accounts payable (including related parties)	793,928	-	-	-
Other payables Long-term borrowings	689,928	-	-	-
(including current portion and accrued interest)	13,174	13, 174	13, 174	120,777
Lease liabilities	70,028	57,511	42,886	43,004
Non-derivative financial				
liabilities:	TT 7'.1 ' 1	1.0	2.2	0 2
2023/12/31 Short-term borrowings	Within 1 year			
(including accrued interest)	\$ 27,074	\$ -	\$ -	\$ -
Notes payable	2	-	-	-
Accounts payable	522,666	-	-	-
(including related parties) Other payables	672,350	_	-	_
Long-term borrowings	0,2,000			
(including current portion	13,076	13,076	13,076	123,163
and accrued interest) Lease liabilities	47,517	38,734	29,721	43,974
Non-derivative financial				
liabilities:				
2023/3/31	Within 1 year	1-2 years	2-3 years	Over 3 years
Accounts payable (including related parties)	\$ 422,376	\$ -	\$ -	\$
Other payables	523,266	-	-	-
Long-term borrowings	12.076	12.076	12 076	122 070
(including current portion and accrued interest)	13,076	13,076	13,076	132,970
Lease liabilities	40,461	17,797	15,941	50,506
Provisions	35,815	11,156	-	-
The Group's cash flows are	not expected to	occur signific	antly earlier	than the

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:

2024/3/31	1st Level	2nd Level	3rd Level	Total
Asset				
At fair value on a recurring basis				
Net loss (gains) from financial				
assets and liabilities				
Equity securities	\$ 492,073	\$ 5,439	\$ 61,397 \$	558,819
Beneficiary securities	27,062	-	-	27,062
Convertible bond	123,900	-	-	123,900
Hybrid instrument	-	-	8,378	8,378
Financial asset at fair value				
through other comprehensive				
income				
Equity securities	 80,430	 -	 61,200	141,630
Total	\$ 723,465	\$ 5,439	\$ 130,975 \$	859,789
through other comprehensive income Equity securities	\$ /	\$ 5,439	\$ 	

2023/12/31	_	1st Level	_	2nd Level	3rd Level	_	Total
Asset							
At fair value on a recurring basis							
Net loss (gains) from financial							
assets and liabilities							
Equity securities	\$	269,262	\$	4,959 \$	55,086	\$	329,307
Beneficiary securities		26,974		-	-		26,974
Convertible bond		121,000		-	-		121,000
Hybrid instrument		-		-	8,634		8,634
Financial asset at fair value							
through other comprehensive							
income							
Equity securities		68,756		-	-		68,756
Total	\$	485,992	\$	4,959 \$	63,720	\$	554,671
2023/3/31	_	1st Level	_	2nd Level	3rd Level	_	Total
Asset							
At fair value on a recurring basis							
Net loss (gains) from financial							
assets and liabilities							
Equity securities	\$	234,961	\$	5,439 \$	50,380	\$	290,780
Beneficiary securities		26,727		-	-		26,727
Convertible bond		117,600		-	-		117,600
Hybrid instrument		-		-	8,979		8,979
Financial asset at fair value							
through other comprehensive							
income							
Equity securities		-		_	2,381		2,381
Total	\$	379,288	\$	5,439 \$	61,740	\$	446,467
Equity securities		379,288			<i>,</i>		446,467

(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:

	Shares of listed		Convertible
	companies	Open-end funds	corporate bonds
	Closing market		Weighted
Quoted market price	prices	Net value	average price per hundred units

- 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, 2024 and 2023.
- 5. The following table shows changes in 3rd level inputs for the three months periods ended March 31, 2024 and 2023:

	 2024		2023
	Equity instrument		Equity instrument
January 1	\$ 63,720	\$	84,128
Acquisitions	61,200		-
Transfer out 3rd Level	-	(25,155)
Recognition in profit (loss) (Note)	 6,055		2,767
March 31	\$ 130,975	\$	61,740
Changes in unrealized gains or losses on assets and liabilities owned at the end of the period (Note)	\$ 6,055	\$_	2,767

Note: Recorded as other gains (losses).

- 6. As February 9 of the year 2023, PROTECTLIFE INTERNATIONAL BIOMEDICAL INC. was reclassified as an investment accounted for using the equity method. For further details, please refer to Note 6(6). There had been no inward or outward transfer of level 3 input for the three months periods ended March 31, 2024.
- 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:

		4/3/31 r value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
Equity instruments: Unlisted and non-OTC stocks	\$	40,949	Net asset value approach	N/A	N/A	The higher the value of net assets, the higher the fair value of the stocks
Unlisted and non-OTC stocks		1,088	Comparable Listed and OTC company's analysis	Price to book ratio multiple, discount for lack of marketability	N/A	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value.
Unlisted and non-OTC stocks		80,560	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Hybrid instrument: Shares of unlisted companies		48,125	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option	(39,747)	Options pricing model	Price volatility	N/A	The higher the price volatility, the higher the fair value of the stocks
	202	3/12/31	Valuation	Significant and unobservable	Range (weighted	Delotionshin hetween
		0,12,01	valuation	unobservable	(weighted	Relationship between
	Fai	r value	technique	input	average)	input and fair value
Equity instruments: Unlisted and non-OTC stocks	<u>Fai</u>				· •	The higher the value of net assets, the higher the fair value of the
Unlisted and	_	r value	technique Net asset value	input	average)	input and fair value The higher the value of net assets, the higher the fair value of the stocks The higher the multiple, the higher the fair value; The higher the discount for lack of marketability,
Unlisted and non-OTC stocks Unlisted and	_	<u>r value</u> 34,637	technique Net asset value approach Comparable Listed and OTC company's	N/A N/A Price to book ratio multiple, discount for lack of	average) N/A	input and fair value The higher the value of net assets, the higher the fair value of the stocks The higher the multiple, the higher the fair value; The higher the discount for
Unlisted and non-OTC stocks Unlisted and non-OTC stocks Unlisted and	_	r value 34,637 1,089	technique Net asset value approach Comparable Listed and OTC company's analysis Discounted Cash Flow	IN/A N/A Price to book ratio multiple, discount for lack of marketability	average) N/A N/A	input and fair value The higher the value of net assets, the higher the fair value of the stocks The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value.
Unlisted and non-OTC stocks Unlisted and non-OTC stocks Unlisted and non-OTC stocks	_	r value 34,637 1,089	technique Net asset value approach Comparable Listed and OTC company's analysis Discounted Cash Flow	IN/A N/A Price to book ratio multiple, discount for lack of marketability	average) N/A N/A	input and fair value The higher the value of net assets, the higher the fair value of the stocks The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value.

	2023/3/31 Fair value		Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between
Equity instruments: Unlisted and	\$	29,931	Net asset	N/A	N/A	The higher the value of
non-OTC stocks			value approach			net assets, the higher the fair value of the stocks
Unlisted and non-OTC stocks		1,089	Comparable Listed and OTC company's analysis	Price to book ratio multiple, discount for lack of marketability	N/A	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value.
Unlisted and non-OTC stocks		21,741	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Hybrid instrument:						
Shares of unlisted companies		56,260	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option	(47,281)	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 discount for lack of marketability is, the lower fair value is; the higher weighted average cost of capital and discounts for lack of control are, the lower the fair value is; the higher long-term revenue growth rate and long-term operating profit before income tax are, the higher the fair value is.
- 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).
- J. Intercompany relationships and significant intercompany transactions: Please refer to Schedule 4.
- (2) <u>Information on investees</u>

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: None.
- (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) <u>Measurement of segment information</u>

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, 2024												
	AAEON		AOH		JETWAY								
	 Group		Group Group			Elimination Total							
Revenue from external customers	\$ 1,215,844	\$	273,973	\$	312,686	\$	-	\$	1,802,503				
Revenue from internal segments	 26,778		1,367		2,986	(31,131)		-				
Segment revenue	\$ 1,242,622	\$	275,340	\$	315,672	(\$	31,131)	\$	1,802,503				
Segment profit or loss	\$ 430,401	\$	56,999	\$	46,987	\$	-	\$	534,387				
Segment profit or loss:													
Depreciation and													
amortization	\$ 25,341	\$	5,955	\$	29,938	\$	-	\$	61,234				
Segment assets	\$ 12,285,361	\$	2,211,472	\$	2,620,072	(<u></u>	1,725,314)	\$	15,391,591				

	For the	1, 2023					
	 AAEON	AOH					
	 Group	 Group	Eli	mination	Total		
Revenue from external customers	\$ 1,601,400	\$ 327,438	\$	-	\$	1,928,838	
Revenue from internal segments	 28,915	 504	(29,419)		-	
Segment revenue	\$ 1,630,315	\$ 327,942	(\$	29,419)	\$	1,928,838	
Segment profit or loss	\$ 330,261	\$ 60,174	\$	-	\$	390,435	
Segment profit or loss: Depreciation and							
amortization	\$ 21,856	\$ 6,230	\$		\$	28,086	
Segment assets	\$ 10,465,732	\$ 2,015,588	(<u></u>	717,319)	\$	11,764,001	
	 1 1	 · <u> </u>	`	/	_		

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

(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, 2024

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

	Marketable securities type and name				2024/3/31				
Holding company	Туре	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	\$ 27,062	-	\$ 27,062	None
"	Stock	MACHVISION, INC.	Other related party - the Company's Chairman as a director	n	1,180,198	484,471	2.03	484,471	"
"	"	Allied Biotech Co.	"	"	300,000	5,439	0.31	5,439	"
"	"	LILEE SYSTEMS Ltd.	None	Financial assets at fair value through profit or loss - non-current	468,750	-	-	-	"
"	"	TELEION WIRELESS, INC.	"	"	149,700	-	-	-	"
"	"	InSynerger Technology Co., Ltd.	"	"	1,710,000	19,360	15.05	19,360	"
"	"	V-Net AAEON Corporation Ltd.	"	"	29	8,378	14.50	8,378	Note 3
AAEON INVESTMENT, CO., LTD.	Convertible Bond	IBASE TECHNOLOGY INC.	Associate - Investee accounted for under the equity method	Financial assets at fair value through profit or loss - current	-	123,900	-	123,900	None
"	Stock	Sunengine Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	156,903	1,088	2.34	1,088	"
ONYX HEALTHCARE INC	"	TOP UNION ELECTRONICS CORP.	None	Financial assets at fair value through profit or loss - current	223,918	7,602	0.16	7,602	"
"	"	INNO FUND III	"	Financial assets at fair value through profit or loss - non-current	3,000,000	40,949	13.04	40,949	
"	"	MELTEN CONNECTED HEALTHCARE INC.	"	Financial asset at fair value through other comprehensive income - non-current	4,193,548	-	6.61	-	
"	"	TOP UNION ELECTRONICS CORP.	"		2,369,082	80,430	1.71	80,430	"
"	"	CREATIVE LIFE SCIENCE CO., LTD.	"	"	900,000	61,200	4.25	61,200	"

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.

Schedule 1

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

Transaction

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

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

Reasons for difference between the related party transaction terms and the arm's length terms of transaction (Note) Accounts and notes receivable (payable)

Pu	rchasing (sales) company	Related Party	Nature of Relationship	Purchase (sales)		Amount	to	ercentage of tal purchase (sales) (%)	Duration of	Price		Duration of credit		Balance	Percentage of total accounts and notes receivable (payable) (%)	Remarks
AA	EON Technology Inc.	ASUSTEK COMPUTER INC	Parent	Purchases	\$	171,981		29.39	30 days after month-end	\$	-	-	(\$ 132,027)	(27.80)	
	"	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	(Sales)	(344,645)	(35.14)	60 days after invoice date		-	-		204,551	38.01	
	"	AAEON ELECTRONICS, INC.	"	"	(141,472)	(14.43)	"		-	-		65,173	12.11	
IN	JETWAY NFORMATION CO., LTD.	JETWAY COMPUTER CORP.	"	"	(103,950)	(32,93)	30-60 days after month-end		-	-		78,339	85,84	

Note: The reasons for difference between the related party transaction terms and the arm's 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, 2024

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

		Nature of	En	ding balance	_	0	verdue		Amounts I	Received in	Allowance fo	or
Company Name	Related Party	Relationship		(Note 1)	Turnover (%)	Amount	Action taken		Subseque	ent Period	doubtful accou	int
AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$	204,551	6.34 \$; -	-	-	\$	79,061	\$	-

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

Schedule 3 Page 1

Schedule 3

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, 2024

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

				Intercompany transaction						
Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Financial Statement Account	A	mount	Terms	As a percentage of consolidated revenues or total assets (Note 3)		
0	AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	1	Net sales	\$	344,645	60 days after invoice date	19.12%		
"	"	AAEON ELECTRONICS, INC.	1	Net sales		141,472	"	7.85%		
"	"	AAEON TECHNOLOGY (EUROPE) B.V.	1	Accounts receivable		204,551	"	1.33%		
3	JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	3	Net sales		103,950	30-60 days after month-end	5.77%		

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 subsidiaries 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.

Schedule 4

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, 2024

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

				Original Investment		Balance as of March 31,2024				Profits or losses on investment	
Name of investor	Name of investee	Location	Main businesses and products	2024/3/31	2023/12/31	Shares	Percentage	Carrying Amount	Investee profit or loss for the period (Note 2)	recognized for the period (Note 2)	Remarks
AAEON Technology Inc.	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 156,800	\$ 150,455	490,000	100.00	\$ 352,888	(\$ 3,126)	(\$ 3,125)	<u>Kemarks</u>
"	AAEON TECHNOLOGY , CO., LTD.	British Virgin Islands	Investment of IPC and interface card	281,827	270,422	8,807,097	100.00	177,963	(9,456)	(10,368)	
n	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,446	3,398	-	100.00	96,318	(4,836)	(4,836)	
n	AAEON TECHNOLOGY SINGAPORE PTE, LTD,	Singapore	Sales of IPC and PC peripherals	13,838	13,586	465,840	100.00	64,073	(3,567)	(3,567)	
n	AAEON INVESTMENT, CO., LTD.	Taiwan	Investment of IPC and PC peripherals	150,000	150,000	15,000,000	100.00	144,389	2,896	2,896	
u	ONYX HEALTHCARE INC.	"	Design, manufacture and sales of medical PC	172,368	172,368	16,257,179	48.51	751,512	50,808	24,650	
"	LITEMAX ELECTRONICS INC.	"	Sales of PC peripherals	70,218	70,218	5,015,050	11.90	119,150	42,673	4,500	
u	IBASE TECHNOLOGY INC.	'n	Manufacturing and sales of industrial motherboards	3,498,501	3,498,501	52,921,856	26.72	3,425,990	198,703	15,925	
T	JETWAY INFORMATION CO., LTD.	u	Manufacturing and selling of industrial motherboard and computer peripherals	958,247	958,247	26,450,000	35.27	943,212	51,611	12,058	

Schedule 5

Schedule 5 Page 1

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, 2024

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

				Original Investment		Balanc	Balance as of March 31,2024			Profits or losses on investment		
Name of investor	Name of investee	Location	Main businesses and products	2024/3/31	2023/12/31	Shares	Percentage(%)	Carrying Amount	Investee profit or loss for the period (Note 2)	recognized for the period (Note 2)	Remarks	
AAEON TECHNOLOGY (EUROPE) B.V.	AAEON TECHNOLOGY GMBH	Germany	Sales of IPC and PC peripherals	\$ 1,034	\$ 1,019	-	100.00	\$ 23,918	\$ 644	-	Note1	
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	USA	Sales of medical PC and peripherals	64,000	61,410	200,000	100.00	94,016	(5,878)	-	"	
n	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical PC and peripherals	3,446	3,398	100,000	100.00	21,243	397	-	u	
"	IHELPER INC.	Taiwan	R&D and sales of medical robots	16,560	16,560	1,656,000	46.00	6,979	(9)	-	"	
"	WINMATE INC.	u	Bid quotations, distributions and sales of LCD application equipment and modules	568,585	568,585	10,244,000	12.85	649,455	133,843	-	"	
"	ProtectLife International Biomedical INC.	"	Manufacturing and Wholesale of Medical Devices and Consumables	44,380	44,380	2,188,000	11.27	33,185	(10,858)	-	"	
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	USA	Selling and repairing of computer peripheral	121,600	116,679	380	100.00	160,892	5,978	-	'n	
n	JETWAY COMPUTER B.V.	Netherlands	equipment Selling and repairing of computer peripheral equipment	676	676	40	100.00	27,609	3,217	-	"	

Schedule 5

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, 2024

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

				Original Ir	vestment	Balano	ce as of March 3	1,2024		Profits or losses on investment	
Name of investor JETWAY INFORMATION CO., LTD.	Name of investee JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	Location British Virgin Islands	Main businesses and products Investing of computer peripheral business	<u>2024/3/31</u> \$ 98,708	<u>2023/12/31</u> \$ 94,714	Shares 3,084,634	Percentage (%) 100.00	Carrying Amount \$ 120,666	Investee profit or loss for the period (Note 2) \$ -	recognized for the period (Note 2)	Remarks Note1
"	TOP NOVEL ENTERPRISE CORP.	Seychelles	Investing of computer peripheral business	566,416	543,494	17,700,500	100.00	441,723	6,278	-	n
JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	SCORETIME INVESTMENT LIMITED	British Virgin Islands	Investing of computer peripheral business	97,108	93,178	3,034,634	100.00	119,714	-	-	n
TOP NOVEL ENTERPRISE CORP.	CANDID INTERNATION AL CORP.	u	Investing of computer peripheral business	545,600	523,520	17,050,000	100.00	437,959	6,125	-	n

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, 2024, while others are converted to NTD under the exchange rate at end period of the financial report.

Schedule 5

AAEON Technology Inc. and Subsidiaries INFORMATION ON INVESTMENT IN MAINLAND CHINA FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

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

Accumulated Accumulated Accumulated Investee Inward Outflow of Outflow of profit or The Company's Carrying Remittance of Investment Methods of Investment from Investment from loss for Share of Amount as of direct or Earnings as of Flows Profits / Main businesses investment Taiwan as of Taiwan as of the March 31. indirect holding March 31. Name of investee Paid-in capital 2024 and products (Note 1) January 1, 2024 Outflow Inflow March 31, 2024 period Losses 2024 Remarks percentage (\$ 9,543) \$ AAEON Production and \$ 278,089 2 \$ 278,089 \$ - \$ -\$ 278,089 (\$ 9,543) 100% \$ 184,483 Note2(2)C -TECHNOLOGY sales of IPC and (SUZHOU) INC. interface card Note2(2)C ONYX Sales of medical 70,400 1 70,400 70,400 674) 100% 674) 2.745 HEALTHCARE PC and peripherals (SHANGHAI) LTD Note2(2)B FUJIAN CANDID Manufacturing 544,000 2 544,000 544,000 6,059 100% 6,059 436,315 INTERNATIONAL and selling of CO., LTD. computer and peripheral equipment Amount Accumulated approved by Investment in Investment Mainland China as Commission, Upper Limit of March 31, 2024 Company Name MOEA on Investment \$ 7,632,681 AAEON Technology \$ 278.089 \$ 278,089 Inc. Onyx Technology 70,400 70,400 948,265 Inc. JETWAY 544,000 544,000 911.050 INFORMATION CO., LTD.

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 and CANDID INTERTIONAL CORP. 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. Another basis

Schedule 6

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, 2024, 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, 2024

Schedule 7

	Shares						
Name of major shareholder	Total Shares Owned	Ownership (%)					
ASUSTEK COMPUTER INC.	43,756,000	27.196					
IBASE TECHNOLOGY INC.	41,698,468	25.917					
Yung-Shun Chuang	19,664,000	12.222					
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.195					
HUA-MIN INVESTMENT CO., LTD.	8,359,000	5.195					

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