

AAEON Technology Inc and Subsidiaries
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon
September 30, 2023 and 2022
(Stock Code: 6579)

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

AAEON Technology Inc. and Subsidiaries
Consolidated Financial Statements
With Independent Auditor's Review Report Thereon September 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

(2023) Tsai-Shen-Bao-Tzi No.23001817

To the Board of Directors and Shareholders of
AAEON Technology Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of AAEON Technology Inc. and its subsidiaries (the "Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022, as well as the consolidated statement of changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. It is the responsibility of the management to prepare and ensure fair presentation of these 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 is to express a conclusion on these consolidated financial statements 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 Note 6(6), the accompanying consolidated financial statements, included certain nonsignificant consolidated subsidiaries and investments accounted for under equity method, were consolidated using non-auditor reviewed financial statements for the corresponding period, which the sum of assets represented by such subsidiaries totaled \$737,547 thousand and \$614,380 thousand as of September 30, 2023 and 2022, and accounted for 5.07% and 5.51% of consolidated total assets, respectively; they also represented \$177,244 thousand and \$134,690 thousand of total liabilities, which accounted for 7.08% and 6.14% of consolidated total liabilities, respectively, and total comprehensive income (loss) amounting to \$8,481 thousand, (\$4,058) thousand, \$290 thousand, and \$1,916 thousand, constituting 2.14%, (0.96%), 0.03% and 0.21% of consolidated total comprehensive income (loss) for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022,

respectively. As for investments accounted for using the equity method, the balance as of September 30, 2023 was \$36,099 thousands, which accounted for 0.25% 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 (\$1,327) thousand and (\$3,436) thousand, constituting (0.33%), (0.30%), for the three-month periods ended September 30, 2023 and for the nine-month periods ended September 30, 2023, respectively.

Qualified conclusion

Based on our reviews and the reports of other independent auditors (please refer to other matter), except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain non-significant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022 and its consolidated cash flows for the nine months ended September 30, 2023 and 2022, in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, Interim Financial Reporting that came into effect as endorsed by the Financial Supervisory Commission.

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 \$4,109,957 thousand and \$4,007,443 thousand as of September 30, 2023 and 2022, which accounted for 28.27% and 35.92% of consolidated total assets on the respective dates; total comprehensive income recognized from the above companies amounted to \$86,805 thousand, \$137,886 thousand, \$263,993 thousand and \$250,493 thousand, constituting 21.85%, 32.76%, 22.76% and 28.00% of consolidated comprehensive income for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022, respectively.

PwC Taiwan

Certified Public Accountant

Chang, Shu-Chiung

Lin, Chun-Yao

(Formerly known as) Securities and Futures 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

November 8, 2023

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
September 30, 2023, December 31, 2022 and September 30, 2022
 (The consolidated balance sheets as of September 30, 2023 and 2022, were reviewed, not audited)
 (Expressed in thousands of New Taiwan Dollars)

Assets	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
Current asset								
1100	Cash and cash equivalents	6. (1)	\$ 4,190,267	29	\$ 2,234,203	20	\$ 2,063,387	18
1110	Financial asset at fair value through profit or loss - current	6. (2)	421,176	3	307,675	3	220,488	2
1136	Financial assets measured at amortized cost-current	8	92,308	1	-	-	-	-
1150	Net notes receivable	6. (4)	11,524	-	17,615	-	6,691	-
1170	Net accounts receivable	6. (4)	998,693	7	1,135,029	10	1,070,868	10
1200	Other receivables	7	15,573	-	25,029	-	25,150	-
1220	Current tax assets		13,312	-	16,518	-	9,914	-
130X	Inventories	6. (5)	1,680,448	11	2,088,345	18	2,352,389	21
1410	Prepayments		107,878	1	92,483	1	98,442	1
1479	Other current assets - other	8	3,419	-	2,034	-	1,679	-
11XX	Total current assets		<u>7,534,598</u>	<u>52</u>	<u>5,918,961</u>	<u>52</u>	<u>5,849,008</u>	<u>52</u>
Non-current assets								
1510	Financial asset at fair value through profit or loss - non-current	6. (2)	59,284	-	55,503	1	54,532	1
1517	Financial asset at fair value through other comprehensive income - non-current	6. (3)	57,363	-	27,536	-	23,906	-
1550	Investments accounted for under equity method	6. (6)	4,146,056	29	4,143,549	36	4,007,443	36
1600	Property, plant and equipment	6. (7), 8	1,534,678	11	805,741	7	772,578	7
1755	Right-of-use assets	6. (8)	182,414	1	121,490	1	126,738	1
1760	Net investment property	6. (9)	194,136	1	222,929	2	225,174	2
1780	Intangible assets	6. (10)	716,378	5	13,313	-	11,281	-
1840	Deferred tax assets		96,540	1	74,247	1	64,900	1
1900	Other non-current assets	8	18,306	-	19,717	-	22,121	-
15XX	Total non-current assets		<u>7,005,155</u>	<u>48</u>	<u>5,484,025</u>	<u>48</u>	<u>5,308,673</u>	<u>48</u>
1XXX	Total assets		<u>\$ 14,539,753</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>	<u>\$ 11,157,681</u>	<u>100</u>

(Continued)


 AAEON Technology Inc. and Subsidiaries
 Consolidated Balance Sheets
 September 30, 2023, December 31, 2022 and September 30, 2022
 (The consolidated balance sheets as of September 30, 2023 and 2022, were reviewed, not audited)
 (Expressed in thousands of New Taiwan Dollars)

Liabilities and equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022		
		Amount	%	Amount	%	Amount	%	
Current liability								
2100	Short-term borrowings	6. (11), 8	\$ 27,000	-	\$ -	-	\$ -	-
2130	Contract liability - current	6. (19)	280,635	2	255,211	2	286,039	3
2150	Notes payables		375	-	19	-	-	-
2170	Accounts payables		609,373	4	365,065	3	578,389	5
2180	Accounts payables-related parties	7	141,935	1	70,908	1	201,512	2
2200	Other payables	6. (13), 7	615,998	4	593,533	5	425,744	4
2230	Current tax liabilities		80,594	1	253,864	2	189,624	2
2250	Provisions - current		42,815	-	34,423	-	33,236	-
2280	Lease liability - current		44,419	-	38,406	1	42,980	-
2320	Long-term liabilities-current Portion	6. (12), 8	10,427	-	10,376	-	10,419	-
2399	Other current liabilities - other		53,587	1	37,940	1	41,148	-
21XX	Total current liabilities		<u>1,907,158</u>	<u>13</u>	<u>1,659,745</u>	<u>15</u>	<u>1,809,091</u>	<u>16</u>
Non-current liabilities								
2527	Contract liability - non-current	6. (19)	61,217	-	73,425	1	79,065	1
2540	Long-term borrowings	6. (12), 8	137,139	1	144,910	1	147,453	1
2550	Provisions - non-current		14,870	-	11,317	-	11,778	-
2570	Deferred tax liabilities		262,493	2	57,861	-	56,008	1
2580	Lease liability - non-current		100,118	1	84,768	1	85,893	1
2670	Other non-current liabilities - other		19,095	-	8,062	-	2,836	-
25XX	Total non-current liabilities		<u>594,932</u>	<u>4</u>	<u>380,343</u>	<u>3</u>	<u>383,033</u>	<u>4</u>
2XXX	Total Liabilities		<u>2,502,090</u>	<u>17</u>	<u>2,040,088</u>	<u>18</u>	<u>2,192,124</u>	<u>20</u>
Equity								
Equity attributable to owners of parent								
Share capital								
		6. (16)						
3110	Share capital-common stock		1,601,788	11	1,490,825	13	1,487,375	13
3140	Advance receipts for share capital		630	-	1,430	-	3,450	-
Capital surplus								
		6. (15) (17)						
3200	Capital surplus		6,414,868	45	5,461,370	48	5,410,582	48
Retained earnings								
		6. (18)						
3310	Legal reserve		577,944	4	470,533	4	470,533	4
3320	Special reserve		12,359	-	64,805	1	64,805	1
3350	Unappropriated retained earnings		1,270,334	9	1,165,819	10	869,832	8
Other Equity								
3400	Other equity		88,752	-	(12,359)	-	(19,637)	-
31XX	Total equity attributable to owners of parent		<u>9,966,675</u>	<u>69</u>	<u>8,642,423</u>	<u>76</u>	<u>8,286,940</u>	<u>74</u>
36XX	Non-controlling interests	4. (3)	<u>2,070,988</u>	<u>14</u>	<u>720,475</u>	<u>6</u>	<u>678,617</u>	<u>6</u>
3XXX	Total equity		<u>12,037,663</u>	<u>83</u>	<u>9,362,898</u>	<u>82</u>	<u>8,965,557</u>	<u>80</u>
Significant contingent liabilities and unrecognized contract commitments								
		9						
3X2X	Total liabilities and equity		<u>\$ 14,539,753</u>	<u>100</u>	<u>\$ 11,402,986</u>	<u>100</u>	<u>\$ 11,157,681</u>	<u>100</u>

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

Chairman: Yung-Shun Chuang




Manager: Chien-Hung Lin




Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
Consolidated Income Statement
For the nine-month periods ended September 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars, except earnings per share data)
 (Reviewed, not audited)

Item	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,				
		2023		2022		2023		2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating income	6. (19), 7	\$ 2,063,003	100	\$ 2,059,391	100	\$ 6,047,945	100	\$ 6,096,534	100
5000	Operating cost	6. (5)(23)(24), 7	(1,310,077)	(64)	(1,422,075)	(69)	(3,942,599)	(65)	(4,147,976)	(68)
5900	Operating profit		<u>752,926</u>	<u>36</u>	<u>637,316</u>	<u>31</u>	<u>2,105,346</u>	<u>35</u>	<u>1,948,558</u>	<u>32</u>
	Operating expenses	6. (23)(24), 7								
6100	Selling expense		(189,331)	(9)	(133,921)	(7)	(515,504)	(8)	(415,956)	(7)
6200	General and administrative expenses		(137,009)	(7)	(92,144)	(4)	(356,434)	(6)	(259,102)	(4)
6300	Research and development expenses		(168,230)	(8)	(142,249)	(7)	(477,396)	(8)	(420,741)	(7)
6450	Expected credit impairment (loss) or gain	12. (2)	<u>535</u>	<u>-</u>	<u>(2,572)</u>	<u>-</u>	<u>1,648</u>	<u>-</u>	<u>(7,156)</u>	<u>-</u>
6000	Total operating expense		<u>(494,035)</u>	<u>(24)</u>	<u>(370,886)</u>	<u>(18)</u>	<u>(1,347,686)</u>	<u>(22)</u>	<u>(1,102,955)</u>	<u>(18)</u>
6900	Operating income		<u>258,891</u>	<u>12</u>	<u>266,430</u>	<u>13</u>	<u>757,660</u>	<u>13</u>	<u>845,603</u>	<u>14</u>
	Non-operating income and expenses									
7100	Interest income		20,353	1	1,187	-	40,658	1	3,050	-
7010	Other income	6. (20)	5,989	-	4,456	-	26,503	-	28,639	-
7020	Other gains and losses	6. (21)	82,019	4	72,015	3	287,519	4	(52,515)	(1)
7050	Financial costs	6. (22)	(1,671)	-	(1,602)	-	(4,374)	-	(4,068)	-
7060	Share of the profit of associates and joint ventures accounted for under equity method	6. (6)	<u>69,937</u>	<u>4</u>	<u>119,682</u>	<u>6</u>	<u>179,585</u>	<u>3</u>	<u>239,041</u>	<u>4</u>
7000	Total non-operating income and expenses		<u>176,627</u>	<u>9</u>	<u>195,738</u>	<u>9</u>	<u>529,891</u>	<u>8</u>	<u>214,147</u>	<u>3</u>
7900	Profit (loss) before income tax		<u>435,518</u>	<u>21</u>	<u>462,168</u>	<u>22</u>	<u>1,287,551</u>	<u>21</u>	<u>1,059,750</u>	<u>17</u>
7950	Income tax expenses	6. (25)	<u>(90,181)</u>	<u>(4)</u>	<u>(78,223)</u>	<u>(4)</u>	<u>(239,277)</u>	<u>(4)</u>	<u>(217,178)</u>	<u>(3)</u>
8200	Profit for the period		<u>\$ 345,337</u>	<u>17</u>	<u>\$ 383,945</u>	<u>18</u>	<u>\$ 1,048,274</u>	<u>17</u>	<u>\$ 842,572</u>	<u>14</u>

(Continued)


AAEON Technology Inc. and Subsidiaries
Consolidated Income Statement
For the nine-month periods ended September 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars, except earnings per share data)
 (Reviewed, not audited)

Item	Notes	For the nine-month periods ended September 30,				For the nine-month periods ended September 30,				
		2023		2022		2023		2022		
		Amount	%	Amount	%	Amount	%	Amount	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized gains(losses) on financial assets at FVOCI	6. (3)	(\$ 2,237)	-	(\$ 4,575)	-	(\$ 2,237)	-	(\$ 8,475)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method - not to be reclassified to profit or loss in subsequent periods	6. (6)	12,824	-	14,863	1	72,770	1	5,247	-
8310	Total amount not to be reclassified to profit or loss in subsequent periods		10,587	-	10,288	1	70,533	1	(3,228)	-
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		48,228	2	29,160	1	41,215	1	61,364	1
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method - to be reclassified to profit or loss	6. (6)	2,717	-	3,341	-	8,202	-	6,205	-
8399	Income tax relating to the components of other comprehensive income	6. (25)	(9,645)	-	(5,815)	-	(8,243)	-	(12,272)	-
8360	Total amount to be reclassified to profit or loss in subsequent periods		41,300	2	26,686	1	41,174	1	55,297	1
8300	Net Other comprehensive income		\$ 51,887	2	\$ 36,974	2	\$ 111,707	2	\$ 52,069	1
8500	Total comprehensive income		\$ 397,224	19	\$ 420,919	20	\$ 1,159,981	19	\$ 894,641	15
Net income attributable to:										
8610	Shareholders of the parent		\$ 278,932	14	\$ 356,729	17	\$ 908,088	15	\$ 778,695	13
8620	Non-controlling interests		66,405	3	27,216	1	140,186	2	63,877	1
			\$ 345,337	17	\$ 383,945	18	\$ 1,048,274	17	\$ 842,572	14
Total comprehensive income attributable to:										
8710	Shareholders of the parent		\$ 315,025	15	\$ 389,493	18	\$ 1,006,830	17	\$ 823,863	14
8720	Non-controlling interests		82,199	4	31,426	2	153,151	2	70,778	1
			\$ 397,224	19	\$ 420,919	20	\$ 1,159,981	19	\$ 894,641	15
Basic earnings per share										
9750	Total basic earnings per share	6. (26)	\$ 2.35		\$ 3.33		\$ 7.97		\$ 7.27	
Diluted earnings per share										
9850	Total diluted earnings per share	6. (26)	\$ 2.33		\$ 3.28		\$ 7.87		\$ 7.17	

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

Chairman: Yung-Shun Chuang



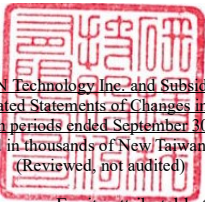
Manager: Chien-Hung Lin

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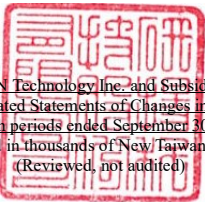
Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the nine-month periods ended September 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	Equity attributable to owners of the parent					Other Equity					Non-controlling interests	Total
		Share Capital	Retained Earnings				Unrealized gains (losses) from financial assets measured at fair value	Remeasurements of defined benefit plans	Total				
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	through other comprehensive income				
For the nine-month period ended September 30, 2022													
Balance at January 1, 2022		\$ 1,484,985	\$ 1,200	\$ 5,433,926	\$ 425,624	\$ 53,278	\$ 534,550	(\$ 65,407)	\$ 2,733	(\$ 2,131)	\$ 7,868,758	\$ 521,770	\$ 8,390,528
Profit for the period		-	-	-	-	-	778,695	-	-	-	778,695	63,877	842,572
Other comprehensive income		-	-	-	-	-	-	50,149	(4,981)	-	45,168	6,901	52,069
Total comprehensive income		-	-	-	-	-	778,695	50,149	(4,981)	-	823,863	70,778	894,641
Appropriations of 2021 earnings	6. (18)												
Legal reserve		-	-	-	44,909	-	(44,909)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	11,527	(11,527)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(386,408)	-	-	-	(386,408)	-	(386,408)
Capital surplus-cash dividend	6. (17) (18)	-	-	(74,309)	-	-	-	-	-	-	(74,309)	-	(74,309)
Differences between share price and book value from acquisition or disposal of subsidiaries	6. (17)	-	-	19,802	-	-	-	-	-	-	19,802	(19,802)	-
Recognition of changes in ownership interest in subsidiary	6. (17)	-	-	1,630	-	-	-	-	-	-	1,630	(1,630)	-
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	(418)	-	-	-	-	-	-	(418)	-	(418)
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	(2,730)	-	-	-	-	-	-	(2,730)	-	(2,730)
Share-based Payment	6. (15) (17)	-	-	7,733	-	-	(569)	-	-	-	7,164	3,252	10,416
Employee stock options exercised	6. (15) (17)	2,390	2,250	24,948	-	-	-	-	-	-	29,588	-	29,588
Changes in non-controlling interests-subsi-dary increase cash capital		-	-	-	-	-	-	-	-	-	-	172,266	172,266
Changes in non-controlling interests-cash dividends	4. (3)	-	-	-	-	-	-	-	-	-	-	(68,017)	(68,017)
Balance at September 30, 2022		\$ 1,487,375	\$ 3,450	\$ 5,410,582	\$ 470,533	\$ 64,805	\$ 869,832	(\$ 15,258)	(\$ 2,248)	(\$ 2,131)	\$ 8,286,940	\$ 678,617	\$ 8,965,557

(Continued)


 AAEON Technology Inc. and Subsidiaries
 Consolidated Statements of Changes in Equity
 For the nine-month periods ended September 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	Equity attributable to owners of the parent											
		Share Capital		Retained Earnings					Other Equity				
		Common share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total
For the nine-month period ended September 30, 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		-	-	-	-	-	908,088	-	-	-	908,088	140,168	1,048,274
Other comprehensive income		-	-	-	-	-	-	31,791	66,952	-	98,743	12,964	111,707
Total comprehensive income		-	-	-	-	-	908,088	31,791	66,952	-	1,006,831	153,150	1,159,981
Appropriations of 2022 earnings	6. (18)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	107,411	-	(107,411)	-	-	-	-	-	-
Special reserve		-	-	-	-	(52,446)	52,446	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(746,127)	-	-	-	(746,127)	-	(746,127)
Issuance of new shares in exchange for other company's shares	6. (16) (17)	105,233	-	848,183	-	-	-	-	-	-	953,416	-	953,416
Change in ownership interest in subsidiaries	6. (17)	-	-	(3,770)	-	-	-	-	-	-	(3,770)	3,770	-
Effect from long-term investment that has not been recognized based on shareholding percentage	6. (6) (17)	-	-	124	-	-	-	-	-	-	124	-	124
Change in associates and joint ventures accounted for under equity method	6. (6) (17)	-	-	67,688	-	-	-	-	-	-	67,688	-	67,688
Share-based Payment	6. (15) (17)	-	-	3,218	-	-	(113)	-	-	-	3,105	1,379	4,484
Employee stock options exercised	6. (15) (17)	5,730	(800)	38,055	-	-	-	-	-	-	42,985	15,158	58,143
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(2,368)	-	2,368	-	-	-	-
Changes in non-controlling interests-subsidary acquisition	6 (27)	-	-	-	-	-	-	-	-	-	-	1,383,476	1,383,476
Changes in non-controlling interests- cash dividends	4. (3)	-	-	-	-	-	-	-	-	-	-	(206,420)	(206,420)
Balance at September 30, 2023		\$ 1,601,788	\$ 630	\$ 6,414,868	\$ 577,944	\$ 12,359	\$ 1,270,334	\$ 10,386	\$ 80,497	(\$ 2,131)	\$ 9,966,675	\$ 2,070,988	\$ 12,037,663

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

Chairman: Yung-Shun Chuang

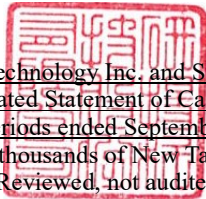


Manager: Chien-Hung Lin




Accounting Supervisor: Jen-Chung Wang




 AAEON Technology Inc. and Subsidiaries
 Consolidated Statement of Cash Flows
 For the nine-month periods ended September 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	For the nine-month periods ended September 30,	
		2023	2022
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,287,551	\$ 1,059,750
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6. (7) (8) (23)	89,961	61,902
Amortization expenses	6. (10) (23)	41,177	12,845
Expected credit impairment losses (gains)	12.(2)	(1,648)	7,156
Costs of share-based payment awards	6. (15)	4,484	18,590
Interest income		(40,658)	(3,050)
Dividends income	6. (20)	(10,191)	(15,858)
Interest expenses	6. (8) (12) (22)	4,374	4,068
Net gains from financial assets and liabilities at fair value through profit or loss	6. (2) (21)	(125,523)	195,571
Losses on disposal of property, plant and equipment	6. (7) (21)	2,365	2,131
Transferred to expenses and losses		2,639	1,656
Depreciation expense of investment property (other gains and losses)	6 (9) (21)	4,706	4,826
Share of profit of associates accounted for under equity method	6. (6)	(179,585)	(239,041)
Lease modification (gain) loss	6. (8) (21)	(18)	(36)
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		-	(3,464)
Notes and accounts receivable		220,801	112,193
Other receivables		10,975	32,542
Inventories		781,523	(834,354)
Prepayments		4,655	(9,027)
Net changes in operating liabilities			
Contract liability		(28,642)	91,532
Notes and accounts payable (including related parties)		198,354	198,990
Other payables		(76,893)	(8,733)
Other current liabilities		13,732	7,636
Provisions for liabilities		(3,450)	9,589
Other non-current liabilities		(1,241)	680
Net cash from operating activities		2,199,448	708,094
Interest received		40,658	3,050
Interest paid		(4,377)	(4,099)
Income taxes paid		(394,523)	(105,291)
Net cash flows from operating activities		<u>1,841,206</u>	<u>601,754</u>

(Continued)


AAEON Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the nine-month periods ended September 30, 2023 and 2022
 (Expressed in thousands of New Taiwan Dollars)
 (Reviewed, not audited)

	Notes	For the nine-month periods ended	
		September 30, 2023	2022
<u>Cash flows from investing activities</u>			
Acquired financial asset at fair value through profit or loss		\$ -	(\$ 320)
Disposal of financial assets and liabilities at fair value through profit or loss		8,241	23,716
Acquisition of intangible asset	6. (10)	(2,614)	(5,548)
Acquired financial asset measured at amortized cost-current		(32,317)	-
Disposal of financial asset measured at amortized cost-current		70,749	-
Acquired financial assets at fair value through other comprehensive income		(57,219)	-
(Increase) decrease in other current assets		1,069	(48)
Acquisition of investments accounted for under equity method	6. (6)	(14,380)	(10,127)
Acquisition of property, plant and equipment	6. (28)	(103,102)	(135,724)
Decrease (increase) in other non-current assets		6,636	(8,084)
Dividends received		375,588	188,067
Acquisition of subsidiary, net of cash received	6. (27)	754,136	-
Net cash flows from investing activities		<u>1,006,787</u>	<u>51,932</u>
<u>Cash flows from financing activities</u>			
Decrease (increase) in short-term borrowings	6. (29)	27,000	(105,000)
Reimbursement in long-term borrowings	6. (29)	(7,720)	(7,915)
Repayment of lease principal	6. (29)	(39,911)	(29,786)
Cash dividends paid	6. (18)	(746,127)	(460,717)
Cash dividends for non-controlling interest	4. (3)	(206,420)	(68,017)
Subsidiary increase cash capital acquired by non-controlling interest		-	172,266
Employee share options exercised	6. (15)	58,143	29,588
Net cash flows from financing activities		<u>(915,035)</u>	<u>(469,581)</u>
Effects due to changes in exchange rate		<u>23,106</u>	<u>37,762</u>
Increase in cash and cash equivalents		1,956,064	221,867
Cash and cash equivalents at the beginning of periods		<u>2,234,203</u>	<u>1,841,520</u>
Cash and cash equivalents at the end of periods		<u>\$ 4,190,267</u>	<u>\$ 2,063,387</u>

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

Chairman: Yung-Shun Chuang




Manager: Chien-Hung Lin



Accounting Supervisor: Jen-Chung Wang




AAEON Technology Inc. and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(Expressed in thousands of New Taiwan Dollars, except as of otherwise indicated)

I. Company Profile

AAEON Technology Co., Ltd. ("the Company") was established in the Republic of China. The main businesses of the company and its subsidiaries ("the Group") include the manufacturing, processing and imports and 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 37.74% 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 on November 8, 2023.

III. New or Revised Standards and Applied Interpretation

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

Standards or interpretations issued, revised or amended by IASB which are endorsed by FSC at 2023 are listed below:

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, "International tax reform - pillar two model rules"	May 23, 2023

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

(II) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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

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

(III) International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC

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

<u>Newly issued revised or amended standards and interpretations</u>	<u>Effective date issued by IASB</u>
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 -comparative information”	January 1, 2023
Amendments to IAS 21, “Lack of exchangeability”	January 1, 2025

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

IV. Summary of Significant Accounting Policies

The following is a description of significant accounting policies in regards to statement of compliance, basis of preparation, basis of consolidation and addition. Unless otherwise stated, all other accounting policies shall remain unchanged from Note 4. of the 2022 consolidated financial statements and apply consistently across all reporting periods.

(I) Compliance Statement

1. These consolidated financial statements of the Group have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 - "Interim Financial Reporting" as endorsed by the FSC.
2. This consolidated financial report shall be read in conjunction with the 2022 consolidated financial report.

(II) Basis of preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets and financial liabilities (including derivatives instruments) at fair value through profit or loss.
 - (2) Financial assets 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 2022 consolidated financial report.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary name	Business	Ownership (%)			Notes
			2023/9/30	2022/12/31	2022/9/30	
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	48.52%	48.88%	48.88%	Note 2 and 3
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%	-	-	Note 4
ATCL	AAEON TECHNOLOGY (SUZHOU) INC.(ACI)	Production and sales of IPC and interface card	100%	100%	100%	Note 1
ANI	AAEON TECHNOLOGY GMBH(AGI)	Sales of IPC and PC peripherals	100%	100%	100%	Note 1
ONYX	ONYX HEALTHCARE EUROPE B.V.(ONI)	Marketing support and maintenance of medical PC and peripherals	100%	100%	100%	Note 1

Investor	Subsidiary name	Business	Ownership (%)			Notes
			2023/9/30	2022/12/31	2022/9/30	
ONYX	ONYX HEALTHCARE USA, INC.(OHU)	Sales of medical PC and peripherals	100%	100%	100%	
ONYX	ONYX HEALTHCARE (SHANGHAI) LTD. (OCI)	Sales of medical PC and peripherals	100%	100%	100%	Note 1
ONYX	IHELPER INC. (IHELPER)	R&D and sales of medical robots	46.00%	46.00%	46.00%	Notes 1 and 3
JETWAY	JETWAY COMPUTER CORP.(USA) (JETWAYUS)	Selling and repairing of computer peripheral equipment	100%	-	-	Note 4
JETWAY	JETWAY COMPUTER B.V. (Netherlands) (JETWAYNL)	Selling and repairing of computer peripheral equipment	100%	-	-	Note 4 and 5
JETWAY	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED (JETWAYFE)	Investing of computer peripheral business	100%	-	-	Note 4 and 5
JETWAY	TOP NOVEL ENTERPRISE CORP. (TOPNOVEL)	Investing of computer peripheral business	100%	-	-	Note 4
JETWAYFE	SCORETIME INVESTMENT LIMITED (SCORETIME)	Investing of computer peripheral business	100%	-	-	Note 4 and 5
TOPNOVEL	CANDID INTERNATIONAL CORP. (CANDID)	Investing of computer peripheral business	100%	-	-	Note 4
CANDID	FUJIAN CANDID INTERNATIONAL CO., LTD. (FUJIAN)	Manufacturing and selling of computer and peripheral equipment	100%	-	-	Note 4

Note 1: Given that the entities did not meet the definitions of material subsidiary, their financial reports as of September 30, 2023 and 2022, were not reviewed by auditors.

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

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

Note 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 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 5: Given that the entities did not meet the definitions of material subsidiary, their financial reports as of September 30, 2023 were not reviewed by auditors.

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different end of financial reporting period: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's total non-controlling interests as of September 30, 2023, December 31, 2022 and September 30, 2022, amounted to \$2,070,988, \$720,475 and \$678,617, respectively. The Group's subsidiaries with significant non-controlling interests are as follows:

Subsidiary Name	Main business location	Non-controlling interests 2023/9/30		Non-controlling interests 2022/12/31	
		Amount	Ownership interest	Amount	Ownership interest
ONYX	Taiwan	\$ 750,109	51.48%	\$ 711,430	51.12%
JETWAY	Taiwan	\$ 1,311,918	64.73%		

Subsidiary Name	Main business location	Non-controlling interests 2022/9/30	
		Amount	Ownership interest
ONYX	Taiwan	\$ 670,574	51.12%

Summarized financial information of subsidiaries:

Balance sheet

	ONYX		
	2023/9/30	2022/12/31	2022/9/30
Current asset	\$ 968,397	\$ 939,028	\$ 930,395
Non-current assets	1,168,131	1,027,880	1,000,085
Current liability	(438,861)	(318,887)	(354,505)
Non-current liabilities	(231,427)	(247,132)	(256,114)
Total Net Assets	<u>\$ 1,466,240</u>	<u>\$ 1,400,889</u>	<u>\$ 1,319,861</u>

	JETWAY
	2023/9/30
Current asset	\$ 1,322,593
Non-current assets	1,235,934
Current liability	(333,814)
Non-current liabilities	(197,818)
Total Net Assets	<u>\$ 2,026,895</u>

Statement of comprehensive income

	ONYX	
	For the three-month periods ended September 30,	
	2023	2022
Income	\$ 372,247	\$ 336,350
Profit before tax	\$ 79,336	\$ 62,269
Income tax expense	(14,114)	(8,724)
Net income	65,222	53,545
Other comprehensive income (net amount after tax)	7,052	8,232
Total comprehensive income	<u>\$ 72,274</u>	<u>\$ 61,777</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ 37,195</u>	<u>\$ 31,615</u>

	ONYX	
	For the nine-month periods ended September 30,	
	2023	2022
Income	\$ 1,058,063	\$ 1,113,022
Profit before tax	\$ 219,733	\$ 152,041
Income tax expense	(30,895)	(25,313)
Net income	188,838	126,728
Other comprehensive income (net amount after tax)	12,941	13,548
Total comprehensive income	<u>\$ 201,779</u>	<u>\$ 140,276</u>
Total comprehensive income attributable to non-controlling interest	<u>\$ 103,460</u>	<u>\$ 71,606</u>
Dividends of non-controlling interest	<u>\$ 85,087</u>	<u>\$ 68,017</u>

	JETWAY	
	For the three-month periods ended September 30, 2023	From April 28 to September 30, 2023
Income	\$ 385,433	\$ 606,923
Profit before tax	\$ 68,137	\$ 91,756
Income tax expense	(17,371)	(24,628)
Net income	50,766	67,128
Other comprehensive income (net amount after tax)	18,801	9,776
Total comprehensive income	\$ 69,567	\$ 76,904
Total comprehensive income attributable to non-controlling interest	\$ 45,027	\$ 49,776
Dividends paid to non-controlling interest	\$ -	\$ 121,333

Cash flow statement

	ONYX	
	For the nine-month periods ended September 30,	
	2023	2022
Net cash inflow (outflow) from operating activities	\$ 299,198	\$ 180,005
Net cash flows used in investing activities	(168,444)	(20,144)
Net cash inflow (outflow) from financing activities	(124,835)	11,430
Effects of exchange rate changes on cash and cash equivalents	5,386	9,325
Increase (decrease) in current cash and cash equivalents	11,305	180,616
Cash and cash equivalents at the beginning of periods	328,886	182,893
Cash and cash equivalents at the end of periods	\$ 340,191	\$ 363,509

	JETWAY	
	From April 28 to September 30, 2023	
Net cash inflow (outflow) from operating activities	\$ 174,026	
Net cash flows used in investing activities	75,163	
Net cash outflow from financing activities	(191,236)	
Effects of exchange rate changes on cash and cash equivalents	2,126	
Increase (decrease) in current cash and cash equivalents	60,079	
Cash and cash equivalents at the beginning of periods	758,967	
Cash and cash equivalents at the end of periods	\$ 819,046	

(IV) Financial assets measured at amortized costs

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(V) Intangible assets

1. Intangible assets mainly consist of computer software costs are amortized on a straight-line basis over their estimated useful lives of 1 to 10 years.
2. Customer relationship, patent and expertise arise in a business combination, recognized at fair value on the date of acquisition, the basis of fair value accounting is based on the appraisal report with straight-line method basis over their useful lives over 6 to 7 years.
3. Goodwill arise in a business combination accounted for by applying the acquisition method.

(VI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized in expenses in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized in pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

- A. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash follow using interest rates of government bonds or interest rates of return of highquality investments that have terms to maturity approximating to the terms of the related pension liability.
- B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.
- C. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized in expenses and as liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(VII) Government grants

Government grants are recognized at fair value when it is reasonably assured that the Group will comply with the conditions attached to the grants and that the grants will be received. If the nature of the government grant is to compensate the Group for property, plant, and equipment-related grants, it is recognized as a non-current liability and recognized as current income on a straight-line basis over the estimated useful life of the related assets.

(VIII) Income tax

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

(IX) Business combinations

1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
2. If the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as goodwill, if the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as profit.

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 2022 consolidated financial report.

VI. Details of significant accounts

(I) Cash and cash equivalents

	2023/9/30	2022/12/31	2022/9/30
Cash on hand and petty cash	\$ 5,985	\$ 1,003	\$ 1,587
Check deposit and demand deposit	2,130,252	1,828,790	1,494,583
Time deposit	2,054,030	404,410	567,217
Total	<u>\$ 4,190,267</u>	<u>\$ 2,234,203</u>	<u>\$ 2,063,387</u>

1. Due to good credit quality of the Group's principal financial institutions and the Group's relationships with multiple financial institutions, the exposure to a diversified set of risks would lower the probability of a default.
2. Please refer to Note 8 for the Group's collateral provision in the form of cash and cash equivalent guarantees.
3. Time deposits with original maturities exceeding three months of the Group's have been reclassified under 'Financial assets measured at amortized cost'

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

Item	2023/9/30	2022/12/31	2022/9/30
Current:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 91,428	\$ 98,777	\$ 135,729
Emerging stocks	3,000	3,000	3,000
Unlisted and non-OTC stocks	73,744	73,744	73,744
Beneficiary certificates	25,000	25,000	25,000
Convertible bond	104,900	104,900	-
	<u>298,072</u>	<u>305,421</u>	<u>237,473</u>
Valuation adjustment	123,104	2,254	(16,985)
Subtotal	<u>\$ 421,176</u>	<u>\$ 307,675</u>	<u>\$ 220,488</u>
Non-current:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted and non-OTC stocks	\$ 59,070	\$ 59,070	\$ 59,070
Hybrid instrument	10,832	10,832	10,832
	<u>69,902</u>	<u>69,902</u>	<u>69,902</u>
Valuation adjustment	(10,618)	(14,399)	(15,370)
Subtotal	<u>\$ 59,284</u>	<u>\$ 55,503</u>	<u>\$ 54,532</u>

- 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 September 30, 2023, December 31, 2022 and September 30, 2022.
- Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 35,339)	(\$ 14,944)
Beneficiary certificates	81	23
Convertible bond	16,800	-
Derivatives	178	-
Hybrid instrument	72	97
Total	<u>(\$ 18,208)</u>	<u>(\$ 14,804)</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 98,112	(\$ 194,841)
Beneficiary certificates	236	81
Convertible bond	28,100	-
Derivatives	(279)	-
Hybrid instrument	(646)	(811)
Total	<u>\$ 125,523</u>	<u>(\$ 195,571)</u>

- The Group has no financial assets at fair value through profit or loss pledged to others.

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

<u>Item</u>	<u>2023/9/30</u>	<u>2022/12/31</u>	<u>2022/9/30</u>
Non-current:			
Equity instrument			
Listed and OTC stocks	\$ 57,219	\$ -	\$ -
Unlisted and non-OTC stocks	39,334	69,334	69,334
Valuation adjustment	(39,190)	(41,798)	(45,428)
Total	<u>\$ 57,363</u>	<u>\$ 27,536</u>	<u>\$ 23,906</u>

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 \$57,363, \$27,536 and \$23,906 on September 30, 2023, December 31, 2022, and September 30, 2022 separately.
2. Amounts recognized in profit of loss in relation to financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial asset at fair value through other comprehensive income		
Recognized in other comprehensive income (loss)	(\$ 2,237)	(\$ 4,575)
Transfer to retained earnings from derecognition of financial assets	\$ -	\$ -

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial asset at fair value through other comprehensive income		
Recognized in other comprehensive income (loss)	(\$ 2,237)	(\$ 8,475)
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 to others.

(IV) Notes and accounts receivables

	<u>2023/9/30</u>	<u>2022/12/31</u>	<u>2022/9/30</u>
Notes receivable	\$ 11,524	\$ 17,615	\$ 6,691
Accounts receivable	\$ 1,019,218	\$ 1,156,626	\$ 1,097,273
Less: Loss allowance	(20,525)	(21,597)	(26,405)
	<u>\$ 998,693</u>	<u>\$ 1,135,029</u>	<u>\$ 1,070,868</u>

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

Notes receivable	2023/9/30	2022/12/31	2022/9/30
Not past due	\$ 11,524	\$ 17,615	\$ 6,691

Accounts receivable	2023/9/30	2022/12/31	2022/9/30
Not past due	\$ 793,803	\$ 886,337	\$ 889,980
Within 30 days	144,029	202,075	146,159
31-60 days	37,827	38,215	43,082
61-90 days	16,586	13,849	1,150
91-180 days	12,108	2,973	1,054
Over 181 days	14,865	13,177	15,848
	\$ 1,019,218	\$ 1,156,626	\$ 1,097,273

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

- The Group does not hold any financial assets as security for accounts and notes receivables.
- Balances of accounts and notes receivable as of September 30, 2023, December 31, 2022 and September 30, 2022 had arisen entirely from customers' contracts. Balance receivable on customers' contracts and allowance for losses as of January 1, 2022 were \$1,216,157 and \$18,403, respectively.
- Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of notes receivables as of September 30, 2023, December 31, 2022 and September 30, 2021 were \$11,524, \$17,615 and \$6,691, respectively, and the maximum exposure to the credit risk of accounts receivable as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$998,693, \$1,135,029 and \$1,070,868, respectively.
- Please refer to Note 12 (2) for credit risk information of notes and accounts receivable.

(V) Inventories

	2023/9/30		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 947,485	(\$ 121,833)	\$ 825,652
Work in progress	507,736	(29,603)	478,133
Finished good	355,588	(44,901)	310,687
Merchandise Inventories	86,165	(21,060)	65,105
Inventories in transit	871	-	871
Total	\$ 1,897,845	(\$ 217,397)	\$ 1,680,448
	2022/12/31		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,104,134	(\$ 92,359)	\$ 1,011,775
Work in progress	705,935	(23,097)	682,838
Finished good	397,401	(29,049)	368,352
Merchandise Inventories	27,351	(1,971)	25,380
Total	\$ 2,234,821	(\$ 146,476)	\$ 2,088,345

	2022/9/30		
	Cost	Valuation allowance	Carrying amount
Raw material	\$ 1,431,151	(\$ 86,883)	\$ 1,344,268
Work in progress	614,966	(20,130)	594,836
Finished good	402,978	(35,187)	367,791
Merchandise Inventories	45,556	(2,209)	43,347
Inventories in transit	2,417	-	2,147
Total	\$ 2,496,798	(\$ 144,409)	\$ 2,352,389

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

	For the three-month periods ended September 30,	
	2023	2022
Cost of Inventories sold	\$ 1,299,231	\$ 1,379,197
Inventories obsolescence and devaluation loss	9,260	24,640
Losses on disposal of inventories	39	21
Other operating costs	-	17,847
Others	1,547	370
	\$ 1,310,077	\$ 1,422,075

	For the nine-month periods ended September 30,	
	2023	2022
Cost of Inventories sold	\$ 3,935,002	\$ 4,072,600
Inventories obsolescence and devaluation loss (reversal gain)	5,820	55,466
Losses on disposal of inventories	114	1,074
Other operating costs	-	17,847
Others	1,663	989
	\$ 3,942,599	\$ 4,147,976

(VI) Investments accounted for under equity method

	2023	2022
At January 1	\$ 4,143,549	\$ 3,922,180
Increase in Investments accounted for under equity method	14,380	10,127
Reclassification	25,155	-
Share of investment income accounted for using the equity method	179,585	239,041
Distribution of investment income accounted for using the equity method	(365,397)	(172,209)
Changes in capital surplus	67,812	(3,148)
Changes in other equity	80,972	11,452
At September 30	\$ 4,146,056	\$ 4,007,443

Investee	2023/9/30		2022/12/31	
	Ownership (%)	Book value	Ownership (%)	Book value
LITEMAX ELECTRONICS INC.	11.92	\$ 108,467	11.97	\$ 116,696
IBASE TECHNOLOGY INC.	26.83	3,377,804	28.61	3,420,216
WINMATE INC.	13.10	623,686	13.99	606,637
PROTECTLIFE INTERNATIONAL BIOMEDICAL INC.	11.27	36,099	-	-
		<u>\$ 4,146,056</u>		<u>\$ 4,143,549</u>

Investee	2022/9/30	
	Ownership (%)	Book value
LITEMAX ELECTRONICS INC.	11.97	\$ 109,324
IBASE TECHNOLOGY INC.	28.88	3,314,993
WINMATE INC.	14.01	583,126
		<u>\$ 4,007,443</u>

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

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

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

Balance sheet

	IBASE TECHNOLOGY INC.		
	2023/9/30	2022/12/31	2022/9/30
Current asset	\$ 6,895,274	\$ 5,616,501	\$ 5,836,233
Non-current assets	7,050,095	6,795,424	5,736,675
Current liability	(1,982,037)	(2,078,957)	(2,946,533)
Non-current liabilities	(3,284,139)	(2,924,708)	(1,784,766)
Net assets fair value of trade marks, other intangible and tangible assets adjustment	1,353,603	1,887,254	2,020,124
Adjusted Net Assets	<u>\$ 10,032,796</u>	<u>\$ 9,295,514</u>	<u>\$ 8,861,733</u>
Share of net assets of the affiliate	\$ 2,399,386	\$ 2,441,798	\$ 2,336,575
Goodwill	978,418	978,418	978,418
Book value of associates	<u>\$ 3,377,804</u>	<u>\$ 3,420,216</u>	<u>\$ 3,314,993</u>

Statement of comprehensive income

	IBASE TECHNOLOGY INC.	
	For the three-month periods ended September 30,	
	2023	2022
Income	\$ 1,499,773	\$ 1,878,394
Net income of continuing operations	270,291	436,071
Other comprehensive income (net amount after tax)	37,074	38,642
Total comprehensive income	307,365	474,713
Fair value adjustment	(38,134)	(38,134)
Adjusted total comprehensive income	<u>\$ 269,231</u>	<u>\$ 436,579</u>
Dividends received from associates	<u>\$ 295,539</u>	<u>\$ -</u>

	IBASE TECHNOLOGY INC.	
	For the nine-month periods ended September 30,	
	2023	2022
Income	\$ 4,655,537	\$ 4,831,514
Net income of continuing operations	703,401	855,933
Other comprehensive income (net amount after tax)	253,072	10,791
Total comprehensive income	956,473	866,724
Fair value adjustment	(114,174)	(114,401)
Adjusted total comprehensive income	<u>\$ 842,299</u>	<u>\$ 752,323</u>
Dividends received from associates	<u>\$ 295,539</u>	<u>\$ 115,370</u>

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

	For the three-month periods ended September 30,	
	2023	2022
Net income of continuing operations	\$ 24,628	\$ 24,455
Other comprehensive income (net amount after tax)	6,169	8,635
Total comprehensive income	\$ 30,797	\$ 33,090

	For the nine-month periods ended September 30,	
	2023	2022
Net income of continuing operations	\$ 64,661	\$ 62,415
Other comprehensive income (net amount after tax)	10,456	12,812
Total comprehensive income	\$ 75,117	\$ 75,227

4. The fair value of the Group's associates which have quoted market price is as follows:

	2023/9/30	2022/12/31	2022/9/30
LITEMAX ELECTRONICS INC.	\$ 233,200	\$ 189,067	\$ 179,037
IBASE TECHNOLOGY INC.	5,027,576	4,090,859	3,529,888
WINMATE INC.	1,178,060	850,252	788,563
	\$ 6,438,836	\$ 5,130,178	\$ 4,497,488

5. Although the Group holds less than 20% of the voting power of Litemax Electronics Inc., it has significant influence to Litemax and has adopted the equity method for evaluation as its shareholding percentage is the highest, and has also been serving as a director of Litemax.
6. Although the Group holds less than 20% of the voting power of Winmate Inc., it has adopted the equity method for evaluation as its subsidiary Onyx has served as a director of Winmate Inc.
7. The Group 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%.
8. The Group holds 26.83% of the voting power of IBASE TECHNOLOGY INC., as the single largest shareholder. Considering the participation of other shareholders in the

previous shareholders' meeting and the voting rights of major proposals, the Group has no actual ability to direct relevant activities. Therefore, the Group has no control over the company and only has a significant influence.

9. The Group holds 11.92% of the voting power of LITEMAX ELECTRONICS INC., as the single largest shareholder. Considering that the remaining 88.08% of LITEMAX's equity is concentrated in investors from other parties, the number of votes for the minority voting rights holders to act together has surpassed that of the Group, Therefore, the Group has no control over the company and only has significant influence on LITEMAX.

(VII) Property, Plant and Equipment

	2023					
	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under installation	Total
January 1						
Cost	\$ 490,453	\$ 319,367	\$ 98,346	\$ 197,458	\$ 8,370	\$ 1,113,994
Accumulated depreciation and impairment	-	(111,140)	(47,422)	(149,691)	-	(308,253)
	<u>\$ 490,453</u>	<u>\$ 208,227</u>	<u>\$ 50,924</u>	<u>\$ 47,767</u>	<u>\$ 8,370</u>	<u>\$ 805,741</u>
January 1	\$ 490,453	\$ 208,227	\$ 50,924	\$ 47,767	\$ 8,370	\$ 805,741
Additions	37,523	13,846	9,561	24,360	14,256	99,546
Disposal	-	(2)	(95)	(2,268)	-	(2,365)
Reclassification	-	29,865	8,479	6,053	(17,971)	26,426
Depreciation expense	-	(15,873)	(11,004)	(21,248)	-	(48,125)
Effects due to changes in consolidated entities	186,298	438,154	8,592	13,288	-	646,332
Net exchange differences	3,924	2,960	(64)	303	-	(7,123)
September 30	<u>\$ 718,198</u>	<u>\$ 677,177</u>	<u>\$ 66,393</u>	<u>\$ 68,255</u>	<u>\$ 4,655</u>	<u>\$ 1,534,678</u>
September 30						
Cost	\$ 718,198	\$ 985,616	\$ 242,297	\$ 268,447	\$ 4,655	\$ 2,219,213
Accumulated depreciation and impairment	-	(308,439)	(175,904)	(200,192)	-	(684,535)
	<u>\$ 718,198</u>	<u>\$ 677,177</u>	<u>\$ 66,393</u>	<u>\$ 68,255</u>	<u>\$ 4,655</u>	<u>\$ 1,534,678</u>

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment under installation	Total
January 1						
Cost	\$ 511,982	\$ 310,595	\$ 69,224	\$ 200,338	\$ 1,307	\$ 1,093,446
Accumulated depreciation and impairment	-	(101,534)	(45,528)	(146,063)	-	(293,125)
	<u>\$ 511,982</u>	<u>\$ 209,061</u>	<u>\$ 23,696</u>	<u>\$ 54,275</u>	<u>\$ 1,307</u>	<u>\$ 800,321</u>
January 1	\$ 511,982	\$ 209,061	\$ 23,696	\$ 54,275	\$ 1,307	\$ 800,321
Additions (Note 1)	-	-	619	8,500	125,214	134,333
Disposal	-	-	-	(2,131)	-	(2,131)
Reclassification (Note 2)	(29,152)	(271)	89	2,468	(123,618)	(150,484)
Depreciation expense	-	(6,390)	(5,791)	(18,902)	-	(31,083)
Net exchange differences	10,239	11,045	33	305	-	21,622
September 30	<u>\$ 493,069</u>	<u>\$ 213,445</u>	<u>\$ 18,646</u>	<u>\$ 44,515</u>	<u>\$ 2,903</u>	<u>\$ 772,578</u>
September 30						
Cost	\$ 493,069	\$ 323,796	\$ 64,027	\$ 191,473	\$ 2,903	\$ 1,075,268
Accumulated depreciation and impairment	-	(110,351)	(45,381)	(146,958)	-	(302,690)
	<u>\$ 493,069</u>	<u>\$ 213,445</u>	<u>\$ 18,646</u>	<u>\$ 44,515</u>	<u>\$ 2,903</u>	<u>\$ 772,578</u>

Note 1: The Group has purchased real estate from related-parties in September, 2022, please refer to Note 7 (3) 7.

Note 2: Mainly reclassified from property, plant and equipment to investment property.

1. The above property, plant and equipment are assets for self-use requirement.
2. There was no capitalization of borrowing costs related to the above-mentioned properties, plants and equipment.
3. Please refer to Note 8 for the property, plant and equipment as collaterals for loans.

(VIII) Leasing arrangements - lessee

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:

	<u>2023/9/30</u>	<u>2022/12/31</u>	<u>2022/9/30</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Building	\$ 131,797	\$ 113,403	\$ 117,544
Transportation equipment	7,158	6,415	7,415
Land use right	42,108	-	-
Other equipment	1,351	1,672	1,779
	<u>\$ 182,414</u>	<u>\$ 121,490</u>	<u>\$ 126,738</u>

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Building	\$ 14,484	\$ 10,211
Transportation equipment	1,422	1,335
Land use right	280	-
Other equipment	107	107
	<u>\$ 16,293</u>	<u>\$ 11,653</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Building	\$ 36,794	\$ 26,065
Transportation equipment	4,255	4,433
Land use right	466	-
Other equipment	321	321
	<u>\$ 41,836</u>	<u>\$ 30,819</u>

4. For the nine-month periods ended September 30, 2023 and 2022 to the acquisitions of right-of use assets were \$35,633 and \$77,849, respectively.
5. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 831	\$ 761
Expenses on short-term lease contracts	3,741	4,235
Expenses on leases of low-value assets	17	16
Gain on lease modification	(6)	-

	For the nine-month periods ended	
	September 30,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expenses on lease liabilities	\$ 2,175	\$ 1,966
Expenses on short-term lease contracts	13,267	14,790
Expenses on leases of low-value assets	98	29
Gain on lease modification	18	36

6. For the nine-month periods ended September 30, 2023 and 2022, the Group's total cash outflow for leases was \$55,451 and \$46,471, respectively.

(IX) Investment property

	2023		
	Land	Buildings	Total
January 1			
Cost	\$ 128,073	\$ 192,206	\$ 320,279
Accumulated depreciation and impairment	-	(97,350)	(97,350)
	<u>\$ 128,073</u>	<u>\$ 94,856</u>	<u>\$ 222,929</u>
January 1	\$ 128,073	\$ 94,856	\$ 222,929
Reclassification (Note 1)	-	(24,145)	(24,145)
Depreciation expense	-	(4,706)	(4,706)
Net exchange differentials	-	58	58
September 30	<u>\$ 128,073</u>	<u>\$ 66,063</u>	<u>\$ 194,136</u>
September 30			
Cost	\$ 128,073	\$ 148,803	\$ 276,876
Accumulated depreciation and impairment	-	(82,740)	(82,740)
	<u>\$ 128,073</u>	<u>\$ 66,063</u>	<u>\$ 194,136</u>

	2022		
	Land	Buildings	Total
January 1			
Cost	\$ -	\$ 169,788	\$ 169,788
Accumulated depreciation and impairment	-	(90,030)	(90,030)
	<u>\$ -</u>	<u>\$ 79,758</u>	<u>\$ 79,758</u>
January 1			
Reclassification (Note 2)	128,036	20,792	148,828
Depreciation expense	-	(4,826)	(4,826)
Net exchange differences	-	1,414	1,414
September 30	<u>\$ 128,036</u>	<u>\$ 97,138</u>	<u>\$ 225,174</u>
September 30			
Cost	\$ 128,036	\$ 193,804	\$ 321,840
Accumulated depreciation and impairment	-	(96,666)	(96,666)
	<u>\$ 128,036</u>	<u>\$ 97,138</u>	<u>\$ 225,174</u>

Note 1: Mainly reclassified from investment property to property, plant and equipment.

Note 2: Mainly reclassified from property, plant and equipment to investment property.

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

For the three-month periods ended September 30,

	2023	2022
Rent income	\$ 3,569	\$ 3,332
Related direct operating cost & expense	\$ 1,560	\$ 1,610

For the nine-month periods ended September 30,

	2023	2022
Rent income	\$ 9,877	\$ 9,391
Related direct operating cost & expense	\$ 4,706	\$ 4,826

2. The fair value of investment property for the year ended September 30, 2023, December 31, 2022 and September 30, 2022 was \$347,428, \$484,540 and \$443,729 which base on the evaluation results of nearby transaction prices.

(X) Intangible assets

	<u>Patent and Expertise</u>	<u>Computer Software</u>	<u>Goodwill</u>	<u>Customer Relationship</u>	<u>Total</u>
January 1, 2023					
Cost	\$ 385	\$ 66,511	\$ -	\$ -	\$ 66,896
Accumulated amortization and impairment	(59)	(53,524)	-	-	(53,583)
	<u>\$ 326</u>	<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,313</u>
January 1, 2023	\$ 326	\$ 12,987	\$ -	\$ -	\$ 13,313
Additions- from acquisitions	-	2,614	-	-	2,614
Additions- due to changes in consolidated entities	70,306	721	204,390	465,859	741,276
Amortization	(4,908)	(8,197)	-	(27,730)	(40,835)
Net exchange differences	15	(5)	-	-	10
September 30, 2023	<u>\$ 65,739</u>	<u>\$ 8,120</u>	<u>\$ 204,390</u>	<u>\$ 438,129</u>	<u>\$ 716,378</u>
September 30, 2023					
Cost	\$ 70,691	\$ 69,846	\$ 204,390	\$ 465,859	\$ 810,786
Accumulated amortization and impairment	(4,952)	(61,726)	-	(27,730)	(94,408)
	<u>\$ 65,739</u>	<u>\$ 8,120</u>	<u>\$ 204,390</u>	<u>\$ 438,129</u>	<u>\$ 716,378</u>
	<u>Patent and Expertise</u>	<u>Computer Software</u>	<u>Goodwill</u>	<u>Customer Relationship</u>	<u>Total</u>
January 1, 2022					
Cost	\$ 329	\$ 55,645	\$ -	\$ -	\$ 55,974
Accumulated amortization and impairment	(91)	(38,157)	-	-	(38,248)
	<u>\$ 238</u>	<u>\$ 17,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,726</u>
January 1, 2022	\$ 238	\$ 17,488	\$ -	\$ -	\$ 17,726
Additions- from acquisitions	56	5,492	-	-	5,548
Amortization	-	(12,036)	-	-	(12,036)
Net exchange differences	43	-	-	-	43
September 30, 2022	<u>\$ 337</u>	<u>\$ 10,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,281</u>
September 30, 2022					
Cost	\$ 385	\$ 61,137	\$ -	\$ -	\$ 61,522
Accumulated amortization and impairment	(48)	(50,193)	-	-	(50,241)
	<u>\$ 337</u>	<u>\$ 10,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,281</u>

1. Please refer to the Note 6 (27) for business combinations.
2. As of September 30, 2023, 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 September 30, 2023 was 16.31%.

There's no impairment loss of goodwill recognized from the above assessment mentioned in the nine-month periods ended September 30, 2023.

3. The details of Amortization as below:

	For the three-month periods ended September 30,	
	2023	2022
Operating cost	\$ 85	\$ 486
Selling expense	149	226
General and administrative expenses	20,755	1,108
Research and development expenses	1,546	2,390
	<u>\$ 22,535</u>	<u>\$ 4,210</u>

	For the nine-month periods ended September 30,	
	2023	2022
Operating cost	\$ 166	\$ 1,458
Selling expense	421	633
General and administrative expenses	35,337	3,366
Research and development expenses	4,911	6,579
	<u>\$ 40,835</u>	<u>\$ 12,036</u>

(XI) Short-term borrowings

Type of borrowing	2023/9/30	Interest rate range	Collateral
Borrowings from banks			
Guaranteed borrowings	<u>\$ 27,000</u>	0.50%	Refer to Note 8

1. There's no short-term borrowing in the year ended of December 31, 2022 and September 30, 2022.
2. The interest recognized in profit or loss for the three-month period ended of September 30, 2023 and 2022, the nine months ended September 30, 2023 and 2022 were \$108, \$0, \$108 and \$364, respectively.

(XII) Long-term borrowings

<u>Type of borrowing</u>	<u>Period and Repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>2023/9/30</u>
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.85%	Land, Buildings	\$ 147,566
Less: Current portions of long-term loans				(10,427)
				<u>\$ 137,139</u>

<u>Type of borrowing</u>	<u>Period and Repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>2022/12/31</u>
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.73%	Land, Buildings	\$ 155,286
Less: Current portions of long-term loans				(10,376)
				<u>\$ 144,910</u>

<u>Type of borrowing</u>	<u>Period and Repayment method</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>2022/9/30</u>
Borrowings from banks				
Guaranteed borrowings	2021.5.28-2036.5.28 Monthly amortization of principal and interest	1.600%	Land, Buildings	\$ 157,872
Less: Current portions of long-term loans				(10,419)
				<u>\$ 147,453</u>

1. The interest recognized in profit or loss for the three-month period ended of September 30, 2023 and 2022, the nine months ended September 30, 2023 and 2022 were \$732, \$557, \$2,091 and \$1,454, respectively.
2. Please refer to Note 8 for the guarantee status of long-term borrowings.

(XIII) Other Payables

	<u>2023/9/30</u>	<u>2022/12/31</u>	<u>2022/9/30</u>
Accrued payroll, employee's compensation and bonuses	\$ 391,687	\$ 375,968	\$ 263,788
Accrued technical service fee (Note)	42,051	37,859	38,127
Accrued commission fee	79,352	65,546	49,058
Others	102,908	114,160	74,771
	<u>\$ 615,998</u>	<u>\$ 593,533</u>	<u>\$ 425,744</u>

Note: Please refer to Note 7 (3) 6.

(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) The pension costs under the defined benefit pension plans of the Group was \$143 from April 28, 2023 to the end of September 30, 2023.
 - (3) Expected contribution to the defined benefit pension plans of the Group from April 28, 2023 to the end of December 31, 2023 is \$18.
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, OCI and FUJIAN CANDID 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, OCI and FUJIAN CANDID 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 JETWAY (USA) 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 \$13,717, \$10,349, \$36,991, and \$29,848 for the three months periods ended September 30, 2023 and 2022, and for the nine months periods ended September 30, 2023 and 2022, respectively.

(XV) Share-based Payment

1. The Company

- (1) The Company had the following share-based payment agreement active for the nine months periods ended September 30, 2023 and 2022:

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

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

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

	<u>For the nine-months periods ended September 30, 2023</u>	
	<u>No. of units (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>
Options outstanding at beginning of period	1,877	\$ 63.1
Options exercised	(493)	62.8
Options outstanding at the end of period	1,384	60.7
Options exercisable at the end of period	743	

	<u>For the nine-months periods ended September 30, 2022</u>	
	<u>No. of units (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>
Options outstanding at beginning of period	2,556	\$ 65.7
Options exercised	(464)	63.8
Options outstanding at the end of period	2,092	63.1
Options exercisable at the end of period	754	

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

<u>Arrangement type</u>	<u>Authorized issue date</u>	<u>Maturity date</u>	<u>2023/9/30</u>	
			<u>No. of units (shares in thousands)</u>	<u>Exercise price (in dollars)</u>
Plan of employee stock options	2019.11.26	2024.11.25	1,384	\$ 60.7

Arrangement type	Authorized issue date	Maturity date	2022/12/31	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	1,877	\$ 63.1

Arrangement type	Authorized issue date	Maturity date	2022/9/30	
			Number of shares (in thousands)	Exercise price (in dollars)
Plan of employee stock options	2019.11.26	2024.11.25	2,092	\$ 63.1

- (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	2019.11.26	3,000	\$ 72.3	\$ 72.3	26.88%	3.875 years	0.58%	\$ 15.7445

- (5) Expenses of share-based payment transaction:

	For the three-months periods ended September 30,	
	2023	2022
Equity settlement	\$ 597	\$ 1,274
	For the nine-months periods ended September 30,	
	2023	2022
Equity settlement	\$ 1,792	\$ 3,826

2. Subsidiary- ONYX HEALTHCARE INC. (ONYX)

- (1) ONYX had the following share-based payment agreement active for the nine-month period ended September 30, 2023 and 2022:

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

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

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

		For the nine-month periods ended September 30, 2023	
		No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period		872	\$ 114.7
Adjustment of employee stock options		52	-
Options exercised	(245	111.0
Options expired	(44	-
Options outstanding at the end of period		635	110.5
Options exercisable at the end of period		415	

		For the nine-month periods ended September 30, 2022	
		No. of units (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of period		1,000	\$ 121.5
Options expired	(52	-
Options outstanding at the end of period		948	114.7
Options exercisable at the end of period		474	

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

				2023/9/30	
Arrangement type	Authorized issue date	Maturity date	No. of units (shares in thousands)	Exercise price (in dollars)	
Plan of employee stock options	2020.08.06	2025.08.06	635	\$	110.5
				2022/12/31	
Arrangement type	Authorized issue date	Maturity date	No. of units (shares in thousands)	Exercise price (in dollars)	
Plan of employee stock options	2020.08.06	2025.08.06	872	\$	114.7
				2022/12/31	
Arrangement type	Authorized issue date	Maturity date	No. of units (shares in thousands)	Exercise price (in dollars)	
Plan of employee stock options	2020.08.06	2025.08.06	948	\$	114.7

(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 three-months periods ended September 30,	
	2023	2022
Equity settlement	\$ 897	\$ 2,197

	For the nine-months periods ended September 30,	
	2023	2022
Increase cash capital reserved for employees	\$ -	\$ 8,174
Equity settlement	2,692	6,590
	\$ 2,692	\$ 14,764

(XVI) Share capital

1. As of September 30, 2023, 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 \$1,602,418 (including capital collected in advance \$630), divided into 160,241 thousand shares, each at par value of NT\$10 per share. Proceeds have been fully collected for the issued shares.

	2023	2022
January 1	149,225	148,618
Employee stock options exercised	493	464
Issuance of new shares in exchange for other company's shares	10,523	-
September 30	160,241	149,082

2. On April 30, 2019, the Company passed the issuance of employee stock options (ESOs) by resolution of the board of directors, which was 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 September 30, 2023, the Company's associates - IBASE owned 41,698 thousand of the Company'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.

	2023						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,804,131	\$ 233,002	\$ 229,677	\$ 164,713	\$ 27,438	\$ 2,409	\$ 5,461,370
Recognition of changes in ownership interest in subsidiary	-	-	(3,770)	-	-	-	(3,770)
Employee stock options exercised	33,789	-	12,028	(7,762)	-	-	38,055
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	124	-	-	124
Change in associates and joint ventures accounted for under equity method	-	-	-	67,688	-	-	67,688
Issuance of new shares in exchange for other company's shares	848,183	-	-	-	-	-	848,183
Share-based Payment	-	-	1,315	-	1,903	-	3,218
September 30	\$ 5,686,103	\$ 233,002	\$ 239,250	\$ 232,525	\$ 21,579	\$ 2,409	\$ 6,414,868

	2022						
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Recognition of changes in ownership interest in subsidiary	Affiliate company net equity changes	Employee Share option	Others	Total
January 1	\$ 4,837,089	\$ 213,200	\$ 223,636	\$ 127,296	\$ 30,524	\$ 2,181	\$ 5,433,926
Cash dividends	(74,309)	-	-	-	-	-	(74,309)
Differences between share price and book value from acquisition or disposal of subsidiaries	-	19,802	-	-	-	-	19,802
Changes in ownership interest in subsidiaries	-	-	1,630	-	-	-	1,630
Employee stock options exercised	32,254	-	-	(7,306)	-	-	24,948
Effect from long-term investment that has not been recognized based on shareholding percentage	-	-	-	(418)	-	-	(418)
Change in associates and joint ventures accounted for under equity method	-	-	-	(2,730)	-	-	(2,730)
Share-based Payment	-	-	3,338	-	4,395	-	7,733
September 30	\$ 4,795,034	\$ 233,002	\$ 228,604	\$ 124,148	\$ 27,613	\$ 2,181	\$ 5,410,582

(XVIII) Retained earnings

- Under the Company's Article of Incorporation, the profit in a fiscal year, shall first be utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings at the beginning of the period shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.
- In the future, the Company may have the surplus profit distributable as dividends in part or in whole considering the financial, business and operational factors. The ratio of share dividend shall exceed 5% of distributable earnings. Surplus distribution can be in the form of cash or stock dividends. For the measurement of future capital requirements and capital structure, cash dividend shall not be less than 10% of the total amount of dividends in the future, and the actual distribution amount shall be adopted by resolution of the shareholders' meeting.
- Unless losses have been covered or where legal reserve is distributed by the issuance of new shares or by cash in proportion to the shareholders' existing shareholding, the Company shall not make distributions out of legal reserve, of which only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.
- (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) The amounts previously set aside by the Company as special reserve on initial application of IFRSs, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
5. The Company's appropriations of 2022 and 2021 earnings had been approved by the resolutions of the board of directors of the Company on May 31,2023 and May 27, 2022 respectively. Details are summarized below:

	2022		2021	
	Amount	Dividend per share (in NT dollars)	Amount	Dividend per share (in NT dollars)
Provision (reversal) of Special reserve	(\$ 52,446)		\$ 11,527	
Legal reserve	107,411		44,909	
Cash dividends	746,127	\$ 5.00	386,408	\$ 2.60
	<u>\$ 801,092</u>		<u>\$ 442,844</u>	

Cash dividends distributed to common shareholders from the capital surplus would be \$74,309 (\$0.5 per share) which approved by the resolutions of the board of directors of the Company on May 27, 2022.

The result of appropriations of 2022 and 2021 which were the same as the proposal submitted by the Board of Directors.

(XIX) Operating income

	For the three-month periods ended September 30,	
	2023	2022
Revenue from Contracts with Customers	\$ 2,063,003	\$ 2,059,391
	For the nine-month periods ended September 30,	
	2023	2022
Revenue from Contracts with Customers	\$ 6,047,945	\$ 6,096,534

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 September 30, 2023	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 1,690,801	\$ 372,202	\$ 2,063,003
Timing of revenue recognition			
At a point time	\$ 1,690,306	\$ 368,824	\$ 2,059,130
Over time	495	3,378	3,873
Total	\$ 1,690,801	\$ 372,202	\$ 2,063,003

For the nine-month periods ended September 30, 2023	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 4,991,738	\$ 1,056,207	\$ 6,047,945
Timing of revenue recognition			
At a point time	\$ 4,990,301	\$ 1,039,775	\$ 6,030,076
Over time	1,437	16,432	17,869
Total	\$ 4,991,738	\$ 1,056,207	\$ 6,047,945

For the three-month periods ended September 30, 2022	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 1,723,183	\$ 336,208	\$ 2,059,391
Timing of revenue recognition			
At a point time	\$ 1,722,540	\$ 324,456	\$ 2,046,996
Over time	643	11,752	12,395
Total	\$ 1,723,183	\$ 336,208	\$ 2,059,391

For the nine-month periods ended September 30, 2022	IPC	Medical PC	Total
Revenue from Contracts with Customers	\$ 4,997,438	\$ 1,099,096	\$ 6,096,534
Timing of revenue recognition			
At a point time	\$ 4,995,227	\$ 1,067,210	\$ 6,062,437
Over time	2,211	31,886	34,097
Total	\$ 4,997,438	\$ 1,099,096	\$ 6,096,534

2. Contract liability

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

	2023/9/30	2022/12/31	2022/9/30	2022/1/1
Contract Liability - Current:				
Advances from customers	\$ 270,960	\$ 244,311	\$ 274,674	\$ 212,285
Warranty contract	9,675	10,900	11,365	13,946
Contract Liability - Non-current:				
Advances from customers	46,917	54,939	59,849	26,024
Warranty contract	14,300	18,486	19,216	21,317
Total	\$ 341,852	\$ 328,636	\$ 365,104	\$ 273,572

(2) Recognized income of contract liabilities at January 1

		For the three-month periods ended September 30,	
		2023	2022
Beginning balance of contract liabilities	Recognized income		
Advances from customers	\$	34,080	\$ 21,153
Warranty contract		2,719	3,392
Total	\$	36,799	\$ 24,545
		For the nine-month periods ended September 30,	
		2023	2022
Beginning balance of contract liabilities	Recognized income		
Advances from customers	\$	166,133	\$ 104,019
Warranty contract		8,244	10,846
Total	\$	174,377	\$ 114,865

(XX) Other income

		For the three-month periods ended September 30,	
		2023	2022
Rental income	\$	5,629	\$ 4,072
Dividend income		360	384
	\$	5,989	\$ 4,456
		For the nine-month periods ended September 30,	
		2023	2022
Rental income	\$	16,312	\$ 12,781
Dividends income		10,191	15,858
	\$	26,503	\$ 28,639

(XXI) Other gains and losses

		For the three-month periods ended September 30,	
		2023	2022
Net losses on financial assets and liabilities at fair value through profit or loss	(\$	18,208)	(\$ 14,804)
Gain on foreign currency exchange		90,043	70,758
Losses on disposal of property, plant and equipment	(11)	15
Depreciation on investment property, buildings.	(1,560)	(1,610)
Losses on lease modification	(6)	-
Government subsidy		1,215	194
Other income		10,546	17,462
	\$	82,019	\$ 72,015

	For the nine-month periods ended September 30,	
	2023	2022
Net Gain(losses) on financial assets and liabilities at fair value through profit or loss	\$ 125,523	(\$ 195,571)
Gain on foreign currency exchange	131,623	119,755
Losses on disposal of property, plant and equipment	(2,365)	(2,131)
Depreciation on investment property, buildings.	(4,706)	(4,826)
Gain on lease modification	18	36
Government subsidy	1,746	333
Other income	35,680	29,889
	<u>\$ 287,519</u>	<u>(\$ 52,515)</u>

(XXII) Financial costs

	For the three-month periods ended September 30,	
	2023	2022
Interest expenses	\$ 840	\$ 841
Leased liabilities interest expenses	831	761
	<u>\$ 1,671</u>	<u>\$ 1,602</u>
	For the nine-month periods ended September 30,	
	2023	2022
Interest expenses	\$ 2,199	\$ 2,102
Leased liabilities interest expenses	2,175	1,966
	<u>\$ 4,374</u>	<u>\$ 4,068</u>

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

	For the three-month periods ended September 30,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses	\$ 95,531	\$ 325,366	\$ 420,897	\$ 80,548	\$ 261,641	\$ 342,189
Depreciation expense	14,903	20,999	35,902	8,918	12,856	21,774
Amortization expenses	90	22,559	22,649	499	4,050	4,549

	For the nine-month periods ended September 30,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits expenses	\$ 264,015	\$ 905,306	\$ 1,169,321	\$ 226,032	\$ 765,746	\$ 991,778
Depreciation expense	37,376	52,585	89,961	26,987	34,915	61,902
Amortization expenses	183	40,994	41,177	1,500	11,345	12,845

(XXIV) Employee benefit expenses

	For the three-month periods ended September 30,	
	2023	2022
	Salaries and wages	\$ 372,605
Labor and health insurance fees	29,890	20,991
Pension costs	13,803	10,349
Other personnel expenses	4,599	3,655
	<u>\$ 420,897</u>	<u>\$ 342,189</u>

	For the nine-month periods ended September 30,	
	2023	2022
	Salaries and wages	\$ 1,040,180
Labor and health insurance fees	78,461	66,374
Pension costs	37,134	29,848
Other personnel expenses	13,546	11,112
	<u>\$ 1,169,321</u>	<u>\$ 991,778</u>

1. According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 5% and remuneration of directors and supervisors at rates of no higher than 1%, of the remaining profit after deducting accumulated losses.
2. For the three months periods ended September 30, 2023 and 2022, and for the nine months periods ended September 30, 2023 and 2022, based on the percentage stipulated in the Articles of Incorporation, employee compensation were estimated at \$29,483, \$42,567, \$83,138 and \$79,261, respectively, while the remuneration of directors were estimated at \$1,573, \$2,862, \$4,775 and \$6,171, respectively, which are recognized as salaries and wages.

Amounts for the period January 1 to September 30, 2023, were estimated based on profitability at the time and the percentages stipulated in Articles of Incorporation.

Employees' compensation and directors' remuneration for 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2022 financial statements., which were \$118,958 and \$8,712, respectively. Employees' compensation 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 three-month periods ended September 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	\$ 78,838	\$ 72,782
Surtax on undistributed Retained Earnings	(214)	-
Adjustments in respect of prior period	127	-
Total current income tax	<u>78,751</u>	<u>72,782</u>
Deferred tax		
Origination and reversal of temporary differences	11,430	5,441
Income tax expense	<u>\$ 90,181</u>	<u>\$ 78,223</u>
	For the nine-month periods ended September 30,	
	2023	2022
Current income tax:		
Income tax from current income	\$ 185,769	\$ 218,233
Surtax on undistributed Retained Earnings	18,979	915
Adjustments in respect of prior period	(4,118)	866
Total current income tax	<u>200,630</u>	<u>220,014</u>
Deferred tax		
Origination and reversal of temporary differences	38,647	(2,836)
Income tax expense	<u>\$ 239,277</u>	<u>\$ 217,178</u>

(2) Income tax relative to other comprehensive income:

	For the three-month periods ended September 30,	
	2023	2022
Differences in translation of foreign operations	\$ 9,645	\$ 5,815
	For the nine-month periods ended September 30,	
	2023	2022
Differences in translation of foreign operations	<u>\$ 8,243</u>	<u>\$ 12,272</u>

2. Income tax returns of the Company and domestic subsidiaries have been assessed and approved by the Tax Authority as follows:

	<u>Certification</u>
AAEONI, ONYX, IHELPER INC.	2021
The Company, JETWAY	2020

(XXVI) Earnings per share

	<u>For the three-month periods ended September 30, 2023</u>		
	<u>Amount after-tax</u>	<u>Weighted average outstanding shares (in thousand)</u>	<u>Losses per share (in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of parent company	<u>\$ 278,932</u>	118,519	<u>\$ 2.35</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employee stock options		830	
Employees' bonuses		<u>535</u>	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 278,932</u>	<u>119,884</u>	<u>\$ 2.33</u>
	<u>For the three-month periods ended September 30, 2022</u>		
	<u>Amount after-tax</u>	<u>Weighted average outstanding shares (in thousand)</u>	<u>Losses per share (in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of parent company	<u>\$ 356,729</u>	107,223	<u>\$ 3.33</u>
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employee stock options		473	
Employees' bonuses		<u>1,068</u>	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 356,729</u>	<u>108,764</u>	<u>\$ 3.28</u>

	For the nine-month periods ended September 30, 2023		
	Amount after-tax	Weighted average outstanding shares (in thousand)	Losses per share (in dollars)
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of parent company	\$ 908,088	113,870	\$ 7.97
<u>Diluted earnings per share</u>			
Dilutive effect of potential ordinary shares			
Employee stock options		650	
Employees' bonuses		808	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 908,088	115,328	\$ 7.87

	For the nine-month periods ended September 30, 2022		
	Amount after-tax	Weighted average outstanding shares (in thousand)	Losses per share (in dollars)
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of parent company	\$ 778,695	107,053	\$ 7.27
<u>Diluted earnings per share</u>			
Dilutive effect of potential common shares			
Employee stock options		377	
Employees' bonuses		1,220	
Profit attributable to ordinary shareholders of parent company plus assumed conversion of all dilutive potential ordinary shares	\$ 778,695	108,650	\$ 7.17

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 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 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. On the acquisition date, the consideration paid for JETWAY, the fair value of identified assets and liabilities, non-controlling interests in the identified net assets of the acquiree.

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
	<u>2,341,841</u>
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	<u>2,137,451</u>
Goodwill	<u>\$ 204,390</u>

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.
5. From the April 28, 2023 to the end of September, 2023, JETWAY had contributed the revenue and profit before income tax were \$606,923 and \$91,756 separately. If the acquisition date from the beginning of the year, the consolidated revenue and profit before income tax of the Group would be \$6,433,984 and \$1,324,470.

(XXVIII) Supplemental cash flow information

Investing activities with partial cash payments:

	For the nine-month periods ended September 30,	
	2023	2022
Acquisition of property, plant and equipment	\$ 99,546	\$ 134,333
Add : Opening balance of payable on equipment	4,322	2,760
Less : Ending balance of payable on equipment	(766)	(1,369)
Cash paid during the period	<u>\$ 103,102</u>	<u>\$ 135,724</u>

(XIX) Changes in liabilities arising from financing activities

	2023			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ -	\$ 155,286	\$ 123,174	\$ 278,460
Changes in cash flow from financing	27,000	(7,720)	(39,911)	(20,631)
Effect on changes in exchange rate	-	-	2,139	2,139
Effects due to changes in consolidated entities	-	-	25,883	25,883
Changes in others without cash flow	-	-	33,252	33,252
September 30	<u>\$ 27,000</u>	<u>\$ 147,566</u>	<u>\$ 144,537</u>	<u>\$ 319,103</u>

	2022			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liability	Total
January 1	\$ 105,000	\$ 165,787	\$ 82,942	\$ 353,729
Changes in cash flow from financing	(105,000)	(7,915)	(29,786)	(142,701)
Effect on changes in exchange rate	-	-	223	223
Changes in others without cash flow	-	-	75,494	75,494
September 30	<u>\$ -</u>	<u>\$ 157,872</u>	<u>\$ 128,873</u>	<u>\$ 286,745</u>

VII. Related party transaction

(I) Parent and ultimate controlling party

The Company is controlled by ASUSTEK COMPUTER INC. (incorporated in R.O.C.), the ultimate parent of the Company with 37.74% ownership (including indirect shareholdings) of the Company.

(II) Names of related parties and relationship

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
FU-YANG INVESTMENT INC.	Other related party - the Company's Chairman is spouse of FU-YANG INVESTMENT INC.'s Chairman
EVERFOCUS ELECTRONICS CORP.	Other related party - the Company's Chairman as EVERFOCUS ELECTRONICS CORP's Chairman
AAEON EDUCATION FOUNDATION	Other related party - the Company's Chairman as a director

Name of related party	Relation
WT MICROELECTRONICS CO.	Other related party - Investee accounted for under the equity 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 method by the Company's Fellow subsidiary
NUVISION TECHNOLOGY, INC.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
MAXTEK TECHNOLOGY CO., LTD.	Other related party - Investee accounted for under the equity method by the Company's Fellow subsidiary
SPARK TECHNOLOGIES INC.	Other related party - the Company's Chairman is spouse of SPARK TECHNOLOGIES INC.'s Chairman
LYDS TECH.	Other related party - the Company's Chairman is spouse of LYDS TECHNOLOGIES INC.'s Chairman
MEDALLIANCE INC.	Other related party - the Company's Chairman is first degree relative of MEDALLIANCE INC.'s Chairman
JUI HAI INVESTMENT Co., Ltd.	Other related party - the Company's Chairman is spouse of JUI HAI INVESTMENT Co., Ltd.'s Chairman
ASUS COMPUTER INTERNATIONAL	Fellow subsidiary — same as ultimate parent entity
ASKEY COMPUTER CORP.	Fellow subsidiary — same as ultimate parent entity
ASUS GLOBAL PTE. LTD	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 and balances with related parties

1. Operating income

	For the three-month periods ended September 30,	
	2023	2022
Sales of goods		
Ultimate parent entity	\$ -	\$ 4,997
Associates	700	809
Other related party	2,647	2,940
	\$ 3,347	\$ 8,746
	For the nine-month periods ended September 30,	
	2023	2022
Sales of goods		
Ultimate parent entity	\$ 11,051	\$ 5,803
Associates	4,066	1,495
Fellow subsidiary	-	7
Other related party	5,912	7,115
	\$ 21,029	\$ 14,420

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 collection periods of the Group to related parties are month-end 60 days or open account 30 days, the collection terms were approximately the same as those with third parties.

2. Purchases

	For the three-month periods ended September 30,	
	2023	2022
Goods purchased		
Ultimate parent entity	\$ 165,730	\$ 336,163
Associates	10,494	5,543
Fellow subsidiary	12,387	8
Other related party	23,090	46,549
	<u>\$ 211,701</u>	<u>\$ 388,263</u>
	For the nine-month periods ended September 30,	
	2023	2022
Goods purchased		
Ultimate parent entity	\$ 502,001	\$ 1,046,474
Associates	31,303	17,269
Fellow subsidiary	15,063	159
Other related party	103,533	139,936
Total	<u>\$ 651,900</u>	<u>\$ 1,203,838</u>

The payment term of related parties to the Group are in accordance with its general terms and conditions (market prices), month-end 30 days or next month-end 30-60 days.

3. Operating expenses

	For the three-month periods ended September 30,	
	2023	2022
Ultimate parent entity	\$ 18,348	\$ 20,553
Associates	1,985	1,105
Fellow subsidiary	-	1
Other related party	4,308	4,044
	<u>\$ 24,641</u>	<u>\$ 25,703</u>
	For the nine-month periods ended September 30,	
	2023	2022
Ultimate parent entity	\$ 59,638	\$ 67,728
Associates	2,429	1,448
Fellow subsidiary	-	1
Other related party	7,388	5,368
	<u>\$ 69,455</u>	<u>\$ 74,545</u>

- (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 September 30, 2023 and the nine-month periods ended September 30, 2023 and 2022 were \$0, \$2,000, \$3,000 and \$3,000, respectively, aimed at promoting technology education and humanistic development, fulfilling corporate social responsibility, and enhancing the corporate image in public welfare.

4. Other accounts receivable

	2023/9/30	2022/12/31	2022/9/30
Associates	\$ 322	\$ 389	\$ 434
Mainly comprises system service fees receivable.			

5. Payables from related parties

	2023/9/30	2022/12/31	2022/9/30
Ultimate parent entity	\$ 114,876	\$ 53,140	\$ 168,253
Associates	6,541	286	4,248
Fellow subsidiary	399	-	-
Other related party	20,119	17,482	29,011
	<u>\$ 141,935</u>	<u>\$ 70,908</u>	<u>\$ 201,512</u>

6. Other payables

	2023/9/30	2022/12/31	2022/9/30
Ultimate parent entity	\$ 42,051	\$ 37,859	\$ 38,127
Associates	42	4	56
Other related party	690	1,325	11
	<u>\$ 42,783</u>	<u>\$ 39,188</u>	<u>\$ 38,194</u>

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

7. Assets transaction

Acquisition of investment property

	For the nine-month periods ended September 30,	
	2023	2022
Associates		
-LITEMAX ELECTRONICS INC.	\$ -	\$ 119,405

The group made a acquisition of investment property from related party in September, 2022, amounted \$120,432 (tax included), which had paid in full.

(IV) Key management remuneration

	For the three-month periods ended September 30,	
	2023	2022
Wages and other short-term employee benefits	\$ 41,387	\$ 33,133
Post-employment benefits	588	362
Share-based payment	631	1,035
	<u>\$ 42,606</u>	<u>\$ 34,530</u>
	For the nine-month periods ended September 30,	
	2023	2022
Wages and other short-term employee benefits	\$ 84,248	\$ 68,193
Post-employment benefits	1,332	1,093
Share-based payment	1,699	5,751
	<u>\$ 87,279</u>	<u>\$ 75,037</u>

VIII. Pledged Assets

The Company's pledged assets are summarized below:

Pledged assets	Book value			Guarantee purpose
	2023/9/30	2022/12/31	2022/9/30	
Property, Plant and Equipment	\$ 702,697	\$ 482,633	\$ 489,821	Loans and credit limits
Restricted time deposit (including other current assets)	33,238	921	953	Foreign exchange forward transactions,
Guarantee deposits (including Other current and non-current assets)	14,195	12,337	11,685	Office, warehouse deposit and project guarantee deposit.
	<u>\$ 750,130</u>	<u>\$ 495,891</u>	<u>\$ 502,459</u>	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingencies

None.

(II) Commitments

As of September 30, 2023, 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

None.

XII. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instrument

1. Type of financial instrument

	<u>2023/9/30</u>	<u>2022/12/31</u>	<u>2022/9/30</u>
<u>Financial asset</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 480,460	\$ 363,178	\$ 275,020
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	57,363	27,536	23,906
Financial assets at amortized cost/ loans and receivables			
Cash and cash equivalents	4,190,267	2,234,203	2,063,387
Financial assets measured at amortized cost-current	92,308	-	-
Notes receivable	11,524	17,615	6,691
Accounts receivable	998,693	1,135,029	1,070,868
Other receivables	15,573	25,059	25,150
Restricted time deposit (including other current assets)	-	921	953
Refundable deposits (including other current and non-current assets)	14,195	12,337	11,685
	<u>\$ 5,860,383</u>	<u>\$ 3,815,878</u>	<u>\$ 3,477,660</u>
<u>Financial liability</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ 27,000	\$ -	\$ -
Notes payable	375	19	-
Accounts payable (including related parties)	751,308	435,973	779,901
Other payables	615,998	593,533	425,744
Long-term borrowings (including current portion)	147,566	155,286	157,872
	<u>\$ 1,542,247</u>	<u>\$ 1,184,811</u>	<u>\$ 1,363,517</u>
Lease liabilities (including current and non-current)	\$ 144,537	\$ 123,174	\$ 128,873

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 management has set up the policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the company's treasury. Exchange rate risk is measured through highly probable forecast transactions that involves expenditures denominated in USD and RMB. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of costs of purchasing inventories.
- C. Since the Group's businesses involves certain non-functional currencies (NTD is the functional currency of the Company and other certain subsidiaries' functional currency is USD, SGD, and CNY), it may be affected by exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

					2023/9/30			
					Foreign currency (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)								
<u>Financial asset</u>								
<u>Monetary items</u>								
	USD:NTD	\$	101,639		32.27	\$	3,279,891	
	EUR:NTD		995		33.91		33,740	
	USD:CNY		85		4.41		2,743	
	USD:SGD		24		23.53		774	
<u>Financial liability</u>								
<u>Monetary items</u>								
	USD:NTD	\$	17,428		32.27	\$	562,402	
	USD:CNY		755		4.41		24,364	
	USD:SGD		11		23.53		355	

					2022/12/31			
					Foreign currency (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)								
<u>Financial asset</u>								
<u>Monetary items</u>								
	USD:NTD	\$	71,406		30.71	\$	2,192,878	
	EUR:NTD		502		32.72		16,425	
	USD:CNY		280		6.97		8,599	
	USD:SGD		292		1.34		8,967	
<u>Financial liability</u>								
<u>Monetary items</u>								
	USD:NTD	\$	11,005		30.71	\$	337,964	
	USD:CNY		2,440		6.97		74,932	
	USD:SGD		673		1.34		20,668	

		2022/9/30		
		Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	\$	55,731	31.75	\$ 1,769,459
EUR:NTD		382	31.26	11,941
USD:CNY		178	7.10	5,652
USD:SGD		172	1.43	5,461
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	\$	17,285	31.75	\$ 548,799
USD:CNY		1,391	7.10	44,164
USD:SGD		682	1.43	21,654

- 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 September 30, 2023 and 2022, and the nine months periods ended September 30, 2023 and 2022, amounted to \$90,043, \$70,758, \$131,623 and \$119,755, respectively.
- E. The Group's foreign currency risk analysis due to significant foreign exchange rate fluctuations is as follows:

		For the nine-month periods ended September 30, 2023		
		Sensitivity analysis		
		Extent of change	Effect on income	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	32,799	\$ -
EUR:NTD	1%		337	-
USD:CNY	1%		27	-
USD:SGD	1%		8	-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,624	\$ -
USD:CNY	1%		244	-
USD:SGD	1%		4	-

<u>For the nine-month periods ended September 30, 2022</u>				
<u>Sensitivity analysis</u>				
	<u>Extent of</u>			<u>Effect on other</u>
	<u>change</u>		<u>Effect on income</u>	<u>comprehensive</u>
				<u>income</u>
(Foreign currency: functional currency)				
<u>Financial asset</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	17,695	-
EUR:NTD	1%		119	-
USD:CNY	1%		57	-
USD:SGD	1%		55	-
<u>Financial liability</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	5,488	-
USD:CNY	1%		442	-
USD:SGD	1%		217	-

Price risk

- A. The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Group diversifies 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. The value of equity instruments is susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase or decrease of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase or decrease net income for the nine-month periods ended September 30, 2023 and 2022 by \$3,085 and \$2,398, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income could increase or decrease the Group's other comprehensive income for the nine-month periods ended September 30, 2023 and 2022, amounted to \$574 and \$239.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises mainly from long-term and short-term borrowings issued at variable rates, which exposes the Group to cash flow interest rate risk is partially offset by cash and cash equivalents held at variable rates. During the nine months periods ended September 30, 2023 and 2022, the Group's borrowings at variable rate 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 nine months period ended September 30, 2023 and 2022 will decrease or increase by \$262 and \$237 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had no recourse on claims that had been written off.
- G. (1) Expected loss rate for customers of the outstanding credit group is estimated at 0.2%. Total accounts receivable and loss provisions for this group of customers were reported at: \$199,985 and \$400 as of September 30, 2023, \$429,553 and \$440 as of December 31, 2022, and \$435,793 and \$306 as of September 30, 2022, respectively.
- (2) The Group considers the world economic outlook and future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of September 30, 2023, December 31, 2022 and September 30, 2022 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
<u>2023/9/30</u>							
Expected loss rate	0%~1.30%	0%~7.71%	0.03%~14.48%	0.03%~44.38%	0.03%~100%	100%	
Total book value	\$ 661,989	\$ 103,977	\$ 33,978	\$ 13,703	\$ 691	\$ 15,789	\$ 830,127
Loss allowance	\$ 1,182	\$ 760	\$ 1,318	\$ 858	\$ 218	\$ 15,789	\$ 20,125
	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
<u>2022/12/31</u>							
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	\$ 578,651	\$ 97,508	\$ 36,204	\$ 13,849	\$ 2,769	\$ 13,197	\$ 742,178
Loss allowance	\$ 1,250	\$ 1,961	\$ 1,992	\$ 1,889	\$ 868	\$ 13,197	\$ 21,157
	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
<u>2022/9/30</u>							
Expected loss rate	0%~1.62%	0%~5.75%	0%~21.18%	0%~43.44%	1.54%~52.04%	100%	
Total book value	\$ 511,807	\$ 92,980	\$ 37,869	\$ 1,150	\$ 720	\$ 16,166	\$ 660,692
Loss allowance	\$ 3,184	\$ 1,835	\$ 4,497	\$ 284	\$ 133	\$ 16,166	\$ 26,099

- (3) The total book values of the accounts receivable-related parties as of September 30, 2023, December 31, 2022 and September 30, 2022 were \$630, \$2,510 and \$7,479, 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)	
	2023	2022
January 1	\$ 21,597	\$ 18,403
Write off (reversal) of impairment loss	(1,648)	7,156
Amounts written off due to unrecoverability.	(195)	-
Net exchange differences	268	846
Effects due to changes in consolidated entities	503	-
September 30	<u>\$ 20,525</u>	<u>\$ 26,405</u>

From the loss recognized for the nine months periods ended September 30, 2023 and 2022, the impairment reversal losses for accounts receivable arising from customer contracts were (\$1,648) and \$7,156, respectively.

- I. The Group's financial assets at amortized cost are time deposits with an original due date of more than three months and various corporate bonds, and there is no significant abnormality in credit risk assessment.
- (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 \$1,540,509, \$680,094 and \$682,317 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- C. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, whereas derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

Non-derivative financial liabilities:

2023/9/30	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
Short-term borrowings (including accrued interest)	\$ 27,109	\$ -	\$ -	\$ -
Notes payable	375	-	-	-
Accounts payable (including related parties)	751,308	-	-	-
Other payables	615,998	-	-	-
Long-term borrowings (including current portion and accrued interest)	13,076	13,076	13,076	126,432
Lease liabilities	46,901	34,354	25,207	51,602

Non-derivative financial liabilities:

2022/12/31	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
Notes payable	\$ 19	\$ -	\$ -	\$ -
Accounts payable (including related parties)	435,973	-	-	-
Other payables	593,533	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,973	12,973	12,973	135,140
Lease liabilities	41,044	24,321	15,318	52,972

Non-derivative financial liabilities:

2022/9/30	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>
Accounts payable (including related parties)	\$ 779,901	\$ -	\$ -	\$ -
Other payables	425,744	-	-	-
Long-term borrowings (including current portion and accrued interest)	12,868	12,868	38,605	111,536
Lease liabilities	52,321	30,244	70,161	-

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 identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates with quoted market prices is included in Level 1.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The OTC stocks and the fair value of derivative financial instruments invested by the Group is included in Level 2.
- Level 3: Inputs for the asset or liability that are not based on observable market data. This includes equity instruments of non-active markets invested by the Group.

2. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, restricted deposit (classified in the balance sheet as other current asset), refundable deposits, (classified in the balance sheet as other current and non-current asset), short-term borrowings, notes payable, accounts payable (including related parties), long-term borrowings (including current portion), other payables and lease liabilities are reasonable approximate to the fair values.

3. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(1) The related information of the nature of the assets and liabilities is as follows:

2023/9/30	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 251,413	\$ 5,286	\$ 51,832	\$ 308,531
Beneficiary certificates	26,888	-	-	26,888
Convertible bond	136,500	-	-	136,500
Hybrid instruments	-	-	8,541	8,541
Financial asset at fair value through other comprehensive income				
Equity securities	54,982	-	2,381	57,363
Total	<u>\$ 469,783</u>	<u>\$ 5,286</u>	<u>\$ 62,754</u>	<u>\$ 537,823</u>

2022/12/31	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 167,325	\$ 4,209	\$ 47,405	\$ 218,939
Beneficiary certificates	26,652	-	-	26,652
Convertible bond	108,400	-	-	108,400
Hybrid instrument	-	-	9,187	9,187
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	27,536	27,536
Total	<u>\$ 302,377</u>	<u>\$ 4,209</u>	<u>\$ 84,128</u>	<u>\$ 390,714</u>

2022/9/30	<u>1st Level</u>	<u>2nd Level</u>	<u>3rd Level</u>	<u>Total</u>
Asset				
<u>Recurring fair value measurements</u>				
Net loss (gains) from financial assets and liabilities				
Equity securities	\$ 188,653	\$ 4,155	\$ 46,981	\$ 239,789
Beneficiary securities	26,591	-	-	26,591
Hybrid instrument	-	-	8,640	8,640
Financial asset at fair value through other comprehensive income				
Equity securities	-	-	23,906	23,906
Total	<u>\$ 215,244</u>	<u>\$ 4,155</u>	<u>\$ 79,257</u>	<u>\$ 298,926</u>

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

<u>Listed and OTC stocks</u>	<u>Open-end funds</u>	<u>Convertible bonds</u>
Market quoted price	Closing prices	Weighted average price per hundred units
	Net asset value	

- B. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- 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. Forward exchange 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. For the nine-month periods ended September 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
5. Movements on Level 3 for the nine-month periods ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 84,128	\$ 98,687
Transfer out 3rd Level	(25,155)	-
Recognized in profit (loss) (Note 1)	3,781	(10,685)
Recognition in other comprehensive profit (loss) (Note 2)	-	(8,475)
September 30	<u>\$ 62,754</u>	<u>\$ 79,527</u>

Changes in unrealized gains or losses on assets and liabilities owned at the end of the period (Note 1)	<u>\$ 3,781</u>	<u>(\$ 10,685)</u>
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Note 1: Recorded as othe gains (losses).

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

6. 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 nine months periods ended September 30, 2022.
7. The financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The financial segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	2023/9/30 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 31,383	Net asset value approach	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Unlisted and non-OTC stocks	1,089	Comparable Listed and OTC company's analysis	Price to book ratio multiple, discount for lack of marketability	Not applicable	The higher the multiple, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value. Note 2
Unlisted and non-OTC stocks	21,741	Discounted Cash Flow Approach	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>					
Unlisted and non-OTC stocks	39,529	Discounted Cash Flow method	Note 1	Not applicable	Note 2
Embedded option	(30,988)	Options pricing model	Price volatility	Not applicable	The higher the net assets value, the higher the fair value
	2022/12/31 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 26,956	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	1,089	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. Note 2
Unlisted and non-OTC stocks	46,896	Discounted Cash Flow Approach	Note 1	N/A	Note 2
<u>Hybrid instrument:</u>					
Shares of unlisted companies	65,729	Discounted Cash Flow Approach	Note 1	N/A	Note 2
Embedded option	(56,542)	Options pricing model	Stock price volatility	Not applicable	The higher the stock price volatility, the higher the fair value

	2022/9/30 Fair value	Valuation technique	Significant and unobservable input	Range (weighted average)	Relationship between input and fair value
<u>Equity instruments:</u>					
Unlisted and non-OTC stocks	\$ 27,621	Net asset value approach	Not applicable	Not applicable	The higher the net assets value, the higher the fair value
Unlisted and non-OTC stocks	43,266	Discounted Cash Flow method	Note 1	Not applicable	Note 2
<u>Hybrid instrument:</u>					
Unlisted and non-OTC stocks	57,452	Discounted Cash Flow method	Note 1	Not applicable	Note 2
Embedded option	(48,812)	Options pricing model	Price volatility	Not applicable	The higher the net assets value, the higher the fair value

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: Please refer to schedule 2
- 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 3
- H. Receivables from related parties amounting to at least \$100 million or 20% of the

paid-in capital: Please refer to schedule 4

- 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 5.

(2) Information on investees

Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please refer to Schedule 6.

(3) Information on investments in China

- A. Information on investment in mainland China: Please refer to Schedule 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to Schedule 5.

(4) Information of major shareholders

Name and information of shareholders with more than 5% shareholding interest: Please refer to Schedule 8.

XIV. Segment information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement of segment information

The Group uses the revenue and operating profit as the measurement for operating segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment information

Segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	<u>For the nine-month periods ended September 30,2023</u>			
	<u>IPC</u>	<u>Medical PC</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 4,991,738	\$ 1,056,207	\$ -	\$ 6,047,945
Revenue from internal segments	84,033	1,856	(85,889)	-
Segment revenue	<u>\$ 5,075,771</u>	<u>\$ 1,058,063</u>	<u>(\$ 85,889)</u>	<u>\$ 6,047,945</u>
Segment profit or loss	<u>\$ 1,067,818</u>	<u>\$ 219,733</u>	<u>\$ -</u>	<u>\$ 1,287,551</u>
Segment profit or loss includes:				
Depreciation and amortization	<u>\$ 117,692</u>	<u>\$ 18,152</u>	<u>\$ -</u>	<u>\$ 135,844</u>

	<u>For the nine-month periods ended September 30,2022</u>			
	<u>IPC</u>	<u>Medical PC</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	\$ 4,997,438	\$ 1,099,096	\$ -	\$ 6,096,534
Revenue from internal segments	141,631	13,926	(155,557)	-
Segment revenue	<u>\$ 5,139,069</u>	<u>\$ 1,113,022</u>	<u>(\$ 155,557)</u>	<u>\$ 6,096,534</u>
Segment profit or loss	<u>\$ 907,709</u>	<u>\$ 152,041</u>	<u>\$ -</u>	<u>\$ 1,059,750</u>
Segment profit or loss includes:				
Depreciation and amortization	<u>\$ 60,917</u>	<u>\$ 18,656</u>	<u>\$ -</u>	<u>\$ 79,573</u>

Note 1: The intra-segment revenues have been eliminated to \$0.

Note 2: Because the Group's segment assets are not provided to the chief operating decision-marker, such items are not required to be disclosed.

(4) Reconciliation for segment income

Adjustment is not required as the Group's reportable segment profit or 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)

SEPTEMBER 30, 2023

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

Schedule 1

Holding company	Marketable securities type and name				2023/9/30				
	Type	Name (Note 1)	Relationship with the Company	Financial Statement Account	Shares	Carrying value (Note2)	Percentage of Ownership (%)	Fair value	Remarks
AAEON Technology Inc.	Fund	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,091,070	\$ 26,888	-	\$ 26,888	None
"	Stock	MACHVISION, INC.	Other related party - the Company's Chairman as a director	"	1,180,198	240,170	2.03	240,170	"
"	"	LILEE SYSTEMS Ltd.	None	"	468,750	-	-	-	"
"	"	Allied Biotech Co.	Other related party - the Company's Chairman as a director	"	300,000	5,286	0.31	5,286	"
"	"	TELEION WIRELESS, INC.	None	"	149,700	-	-	-	"
"	"	InSynerger Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - non-current	1,710,000	19,360	15.05	19,360	"
"	"	V-Net AAEON Corporation Ltd.	"	"	29	8,541	14.50	8,541	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	-	136,500	-	136,500	None
"	Stock	Sunengine Co., Ltd.	Other related party - the Company's Chairman as a director	"	156,903	1,089	2.34	1,089	"
ONYX HEALTHCARE INC.	"	MACHVISION, INC.	"	Financial assets at fair value through profit or loss - current	18,716	3,809	0.03	3,809	"
"	"	TOP UNION ELECTRONICS CORP.	None	"	223,918	7,434	0.16	7,434	"
"	"	INNO FUND III	"	Financial assets at fair value through profit or loss - non-current	3,000,000	31,383	13.04	31,383	"
"	"	MELTEN CONNECTED HEALTHCARE INC.	"	Financial asset at fair value through other comprehensive income - non-current	4,193,548	2,381	6.61	2,381	"
"	"	TOP UNION ELECTRONICS CORP.	"	"	1,656,082	54,982	1.20	54,982	"

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

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

Note3: Hybrid contract with embedded options.

AAEON Technology Inc. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

NINE MONTHS ENDED SEPTEMBER 30, 2023

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

Schedule 2

Company Name	Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Nature of Relationship (Note 2)	Beginning Balance		Acquisition			Disposal				Ending Balance			
					Shares	Amount	Shares	Amount	(Note 4)	Shares	Amount	Carring Value (Note 4)	Gain/Losses on Disposal	Shares	Amount		
AAEON Technology Inc.	JETWAY INFORMATION CO., LTD	Investments accounted for under equity method	Centralized trading marke	None	-	\$ -	141,594	\$ 4,949	1,2	-	\$ -	\$ -	-	\$ -	-	141,594	\$ 4,949
		"	Stockholders of JETWAY	"	-	-	26,308,406	953,416	1	-	-	23,679	3	-	26,308,406	914,418	
										-	-	3,448	4	-			
												(66,125)	8				

Note1: The "securities" above refer to stocks, bonds, beneficiary certificates and derivatives.

Note2: For those measured investments accounted for under equity method, please enter the coloumn of counter party and nature of relationship.

Note3: Accumulated amount of marketable securities acquired and disposed should be calculated in market price separately for the judgement if the amount reach NT\$300 million or 20% of the paid in capital.

Note4: 1. Acquired or capital increase/ disposed or capital reduction/liquidation in this period.

2. Revaluation

3. Recognized in investment gains or losses under equity investment.

4. Recognized effect of exchange rate changes and recognized financial statements translation differences of foreign operations under equity investment.

5. Recognized changes in equity under equity investment.

6. Recognized in adjustment of retirement under equity investment.

7. Recognized in adjustment of retained earnings for changes in equity of investee company since the investee company purchased treasury shares.

Note5: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value per share is not NT\$10, the relevant transaction amount requirement of 20% of the paid-in capital shall be calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AAEON Technology Inc. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

Schedule 3

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

Company Name	Related Party	Nature of Relationship	Transaction			Payment terms	Reasons for difference between the related party transaction terms and the arms length terms of transaction (Note)		Accounts and notes receivable (payable)		Note
			Purchase (sales)	Amount	Percentage to total purchase (sales) (%)		Unit Price	Payment terms	Ending Balance	Percentage to total accounts and notes receivable or payable (%)	
AAEON Technology Inc.	ASUSTEK COMPUTER INC	Parent	Purchases	\$ 502,001	29.36	month-end 30 days	\$ -	-	(\$ 114,876)	(31.03)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	(Sales)	(1,305,749)	(35.90)	60 days after invoice date	-	-	306,010	47.52	
"	AAEON ELECTRONICS, INC.	"	"	(782,491)	(21.52)	"	-	-	95,991	14.91	
"	AAEON TECHNOLOGY (SUZHOU) INC.	"	"	(150,908)	(4.15)	month-end 60 days	-	-	21,949	3.41	
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	"	"	(233,582)	(25.46)	month-end 90 days	-	-	91,211	42.97	
FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	Parent	"	(212,551)	(21.41)	month-end 30-90 days	-	-	39,823	37.79	
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	Subsidiary	"	(149,755)	(15.08)	month-end 30-60 days	-	-	28,184	26.74	

Note: The reasons for difference between the related party transaction terms and the arms length terms of transaction shall be described in the price 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

SEPTEMBER 30, 2023

Schedule 4

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

Company Name	Related Party	Nature of Relationship	Ending balance (Note 1)	Turnover (%)	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action taken		
AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	Subsidiary	\$ 306,010	5.38	\$ -	-	\$ 155,663	\$ -

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

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

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

Schedule 5 (Amounts in thousands of New Taiwan dollars, Unless Specified Otherwise)

Serial No. (Note 1)	Company Name	Related Party	Nature of relationships (Note 2)	Intercompany transaction			As a percentage of consolidated revenues or total assets (%) (Note 3)
				Financial Statement Account	Amount	Terms	
0	AAEON Technology Inc.	AAEON TECHNOLOGY (EUROPE) B.V.	1	Net sales	\$ 1,305,749	60 days after invoice date	21.59
"	"	AAEON ELECTRONICS, INC.	1	Net sales	782,491	"	12.94
"	"	AAEON TECHNOLOGY (SUZHOU) INC.	1	Net sales	150,908	month-end 60 days	2.50
"	"	AAEON TECHNOLOGY (EUROPE) B.V.	1	Accounts receivable	306,010	60 days after invoice date	2.10
1	ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	3	Net sales	233,582	month-end 90 days	3.86
2	FUJIAN CANDID INTERNATIONAL CO., LTD	JETWAY INFORMATION CO., LTD.	3	Net sales	212,551	month-end 30-90 days	3.51
3	JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	3	Net sales	149,755	month-end 30-60 days	2.48

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.

AAEON Technology Inc. and Subsidiaries
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

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

Schedule 6

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of September 30,2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/9/30	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON Technology Inc.	AAEON ELECTRONICS, INC.	USA	Sales of IPC and PC peripherals	\$ 158,123	\$ 150,479	490,000	100.00	\$ 345,617	\$ 35,752	\$ 35,757	
"	AAEON TECHNOLOGY , CO., LTD	British Virgin Islands	Investment of IPC and interface card	284,205	270,466	8,807,097	100.00	198,674	(32,104)	(32,076)	
"	AAEON TECHNOLOGY (EUROPE) B.V.	Netherlands	Sales of IPC and PC peripherals	3,391	3,272	-	100.00	108,442	42,396	42,396	
"	AAEON TECHNOLOGY SINGAPORE PTE.LTD.	Singapore	Sales of IPC and PC peripherals	13,727	13,346	465,840	100.00	66,761	1,162	1,162	
"	AAEON INVESTMENT, CO., LTD.	Taiwan	Investment of IPC and PC peripherals	150,000	150,000	15,000,000	100.00	156,971	28,066	28,066	
"	ONYX HEALTHCARE INC.	"	Design, manufacture and sales of medical PC	172,368	172,368	16,257,179	48.52	695,595	188,923	92,137	
"	LITEMAX ELECTRONICS INC.	"	Sales of PC peripherals	70,218	70,218	5,015,050	11.92	108,467	110,141	12,613	
"	IBASE TECHNOLOGY INC.	"	Manufacturing and sales of industrial motherboards	3,498,501	3,498,501	52,921,856	26.83	3,377,804	736,662	114,924	
"	JETWAY INFORMATION CO., LTD.	"	Manufacturing and selling of industrial motherboard and computer peripherals	958,247	-	26,450,000	35.27	919,367	118,690	23,679	

AAEON Technology Inc. and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

Schedule 6

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

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of September 30, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/9/30	2022/12/31	Shares	Percentage (%)	Carrying Amount			
AAEON TECHNOLOGY (EUROPE) B.V.	AAEON TECHNOLOGY GMBH	Germany	Sales of IPC and PC peripherals	\$ 1,017	\$ 982	-	100.00	\$ 22,534	\$ 916	-	Note1
ONYX HEALTHCARE INC.	ONYX HEALTHCARE USA, INC.	USA	Sales of medical PC and peripherals	64,540	61,420	200,000	100.00	84,042	15,536	-	"
"	ONYX HEALTHCARE EUROPE B.V.	Netherlands	Marketing support and maintenance of medical PC and peripherals	3,391	3,272	100,000	100.00	18,126	1,021	-	"
"	IHELPER INC.	Taiwan	R&D and sales of medical robots	16,560	16,560	1,656,000	46.00	7,633	(157)	-	"
"	WINMATE INC.	"	Bid quotations, distributions and sales of LCD application equipment and modules	568,585	568,585	10,244,000	13.10	623,686	418,261	-	"
"	ProtectLife International Biomedical INC.	"	Manufacturing and Wholesale of Medical Devices and Consumables	44,380	-	2,188,000	11.27	36,099	(33,550)	-	"
JETWAY INFORMATION CO., LTD.	JETWAY COMPUTER CORP.	USA	Selling and repairing of computer peripheral equipment	122,626	116,698	380	100.00	181,296	20,505	-	"
"	JETWAY COMPUTER B.V.	Netherlands	Selling and repairing of computer peripheral equipment	680	681	40	100.00	28,221	1,753	-	"

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

Schedule 6

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

Name of investor	Name of investee	Location	Main businesses and products	Original Investment		Balance as of September 30, 2023			Investee profit or loss for the period (Note 2)	Profits or losses on investment recognized for the period (Note 2)	Remarks
				2023/9/30	2022/12/31	Shares	Percentage (%)	Carrying Amount			
JETWAY INFORMATION CO., LTD.	JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	British Virgin Islands	Investing of computer peripheral business	\$ 99,541	\$ 94,729	3,084,634	100.00	\$ 120,713	\$ 772	-	Note 1
"	TOP NOVEL ENTERPRISE CORP.	Seychelles	Investing of computer peripheral business	571,195	543,582	17,700,500	100.00	433,778	(21,288)	-	"
JETWAY (FAR EAST) INFORMATION COMPANY LIMITED	SCORETIME INVESTMENT LIMITED	British Virgin Islands	Investing of computer peripheral business	97,928	93,194	3,034,634	100.00	119,760	766	-	"
TOP NOVEL ENTERPRISE CORP.	TIME PIONEER INTERNATIONAL LIMITED	Seychelles	Investing of computer peripheral business	-	19,962	-	-	-	-	-	"
"	CANDID INTERNATIONAL CORP.	"	Investing of computer peripheral business	550,204	523,606	17,050,000	100.00	430,010	(23,698)	-	"

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 September 30, 2023, while others are converted to NTD under the exchange rate at end period of the financial report.

AAEON Technology Inc. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

Schedule 7

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

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Methods of investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	Investee profit or loss for the period	The Company's direct or indirect holding percentage	Share of Profits / Losses (Note 2. (2)C)	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023	Remarks
					Outflow	Inflow							
AAEON TECHNOLOGY (SUZHOU) INC.	Production and sales of IPC and interface card	\$ 280,435	2	\$ 280,435	\$ -	\$ -	\$ 280,435	(\$ 32,236)	100%	(\$ 32,236)	\$ 205,927	\$ -	Note2(2)C
ONYX HEALTHCARE (SHANGHAI) LTD	Sales of medical PC and peripherals	70,994	1	70,994	-	-	70,994	(1,684)	100%	(1,684)	4,184	-	Note2(2)C
FUJIAN CANDID INTERNATIONAL CO., LTD.	Manufacturing and selling of computer and peripheral equipment	548,590	2	548,590	-	-	548,590	(23,787)	100%	(23,787)	428,364	-	Note2(2)B
<u>Company Name</u>	<u>Ending Balance of Accumulated Investment in Mainland China</u>	<u>Investment Amounts Authorized by Investment Commission, MOEA</u>	<u>Upper Limit on Investment Authorized by Investment Commission, MOEA</u>										
AAEON Technology Inc.	\$ 280,435	\$ 280,435	\$ 7,222,598										
Onyx Technology Inc.	70,994	70,994	879,744										
JETWAY INFORMATION CO., LTD.	548,590	548,590	848,737										

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 INTERNATIONAL 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

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 September 30, 2023, 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
SEPTEMBER 30, 2023

Schedule 8

Name of major shareholder	Shares	
	Total Shares Owned	Ownership (%)
ASUSTEK COMPUTER INC.	43,756,000	27.300
IBASE TECHNOLOGY INC.	41,698,468	26.020
Yung-Shun Chuang	19,664,000	12.270
HUA-CHENG VENTURE CAPITAL CORP.	8,359,000	5.220
HUA-MIN INVESTMENT CO., LTD.	8,359,000	5.220

- 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.