

ONYX Healthcare Inc. and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Review Report
For the Third Quarter of 2022 and 2021
(Stock code: 6569)

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For the convenience of readers and for information purpose only, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

ONYX Healthcare Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Review Report for the

Third Quarter of 2022 and 2021

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Independent Auditor's Review Report

(111)-Cai-Shen-Bao-Zi No. 22001753

To stakeholders of ONYX Healthcare Inc.:

Preamble

We have reviewed the accompanying consolidated balance sheet of ONYX Healthcare Inc. and subsidiaries (hereinafter referred to as "ONYX Group" below) as of September 30, 2022 and 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement from July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021, and notes to consolidated financial statements (including a summary of the significant accounting policies). It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope

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

Basis of reservation

As mentioned in Note 4(3) of the consolidated financial statements, some of the non-material subsidiaries were consolidated using financial statements for the corresponding periods that were not reviewed by CPAs. As at September 30, 2022 and 2021, these subsidiaries aggregately reported total assets of NT\$46,244 thousand and NT\$43,336 thousand that represented 2% and 3% of consolidated total assets and total liabilities of NT\$7,535 thousand and NT\$8,529 thousand that represented 1% and 1% of consolidated total liabilities, respectively. These subsidiaries also reported total comprehensive income of NT\$(383)

thousand, NT\$(161) thousand, NT\$(1,919) thousand, and NT\$(1,304) thousand that represented (1%), (1%), (1%), and (3%) of consolidated total comprehensive income for the periods July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021, respectively.

Reservations

Based on our review and the review reports of other CPAs (please refer to the other issues paragraph), we found that none of the material disclosures of the consolidated financial statements mentioned above exhibited any mis-statement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers or the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission or compromised the fair view of the consolidated financial position of ONYX Group as of September 30, 2022 and 2021 or the consolidated financial performance for the periods July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021 and the consolidated cash flow for the periods January 1 to September 30, 2022 and 2021, except for the issues discussed in the "Basis of reservation" paragraph, where financial statements of certain non-material subsidiaries had yet to be reviewed by CPAs and may cause adjustments to the consolidated financial statements if they were CPA-reviewed.

Other issues - reviews by other CPAs

Amongst the equity-accounted business investments presented in the consolidated financial statements of ONYX Group, some of which had financial statements reviewed by other CPAs that we did not take part in. Therefore, amounts presented in the consolidated financial statements mentioned above in regards to such businesses were based on auditor-reviewed reports of other CPAs. As at September 30, 2022 and 2021, balances of the abovementioned equity-accounted investments totaled NT\$583,126 thousand and NT\$549,336 thousand, representing 30% and 35% of consolidated total assets, respectively. For the periods from July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, comprehensive income recognized from the abovementioned companies totaled NT\$27,535 thousand, NT\$14,007 thousand, NT\$56,860 thousand and NT\$37,323 thousand, representing 45%, 93%, 41% and 78% of consolidated comprehensive income, respectively.

PwC Taiwan

Lin, Chun-Yao

CPA

Weng, Shih-Rong

(Formerly known as) Securities and Futures

Commission, Ministry of Finance

Approval reference: (85)-Tai-Cai-Zheng-(VI) No. 68702

(Formerly known as) Securities and Futures

Commission, Ministry of Finance

Approval reference: (88)-Tai-Cai-Zheng-(VI) No. 95577

November 1, 2022

ONYX Healthcare Inc. and Subsidiaries

Consolidated balance sheet

As of September 30, 2022, December 31, 2021 and September 30, 2021

(Consolidated balance sheets as of September 30, 2022 and 2021, were auditor-reviewed and not audited according to the generally accepted audit principles)

Unit: NT\$ thousand

| Assets | Note | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | | |
|---------------------------|---|--------------------|---------------------|-------------------|---------------------|--------------------|---------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 363,509 | 19 | \$ 182,893 | 11 | \$ 155,858 | 10 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 6,547 | - | 10,125 | 1 | 7,586 | 1 |
| 1150 | Net notes receivable | 6(3) | 160 | - | - | - | - | - |
| 1170 | Net accounts receivable | 6(3) | 166,752 | 9 | 202,843 | 12 | 150,573 | 9 |
| 1180 | Accounts receivable - related parties, net | 7 | 2,331 | - | 2,673 | - | 1,985 | - |
| 1200 | Other receivables | 7 | 4,288 | - | 4,564 | - | 4,025 | - |
| 1220 | Current income tax asset | | 697 | - | 6,092 | - | - | - |
| 130X | Inventory | 6(4) | 361,116 | 19 | 271,219 | 16 | 262,320 | 17 |
| 1410 | Prepayments | | 23,564 | 1 | 16,486 | 1 | 17,060 | 1 |
| 1470 | Other current assets | 8 | 1,431 | - | 1,520 | - | 1,913 | - |
| 11XX | Total current assets | | <u>930,395</u> | <u>48</u> | <u>698,415</u> | <u>41</u> | <u>601,320</u> | <u>38</u> |
| Non-current assets | | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 26,532 | 2 | 36,406 | 2 | 35,853 | 2 |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(5) | 23,906 | 1 | 32,381 | 2 | 32,381 | 2 |
| 1550 | Equity-accounted investments | 6(6) | 583,126 | 30 | 561,275 | 33 | 549,336 | 35 |
| 1600 | Property, plant and equipment | 6(7) | 21,162 | 1 | 24,321 | 2 | 25,736 | 2 |
| 1755 | Right-of-use assets | 6(8) and 7 | 35,066 | 2 | 44,683 | 3 | 41,398 | 3 |
| 1760 | Investment property - net | 6(10), 7, and 8 | 276,425 | 14 | 277,645 | 16 | 278,051 | 17 |
| 1780 | Intangible assets | | 4,789 | - | 4,589 | - | 5,005 | - |
| 1840 | Deferred income tax assets | | 25,736 | 2 | 18,994 | 1 | 19,258 | 1 |
| 1900 | Other non-current assets | 8 | 3,343 | - | 3,224 | - | 2,398 | - |
| 15XX | Total non-current assets | | <u>1,000,085</u> | <u>52</u> | <u>1,003,518</u> | <u>59</u> | <u>989,416</u> | <u>62</u> |
| 1XXX | Total assets | | <u>\$ 1,930,480</u> | <u>100</u> | <u>\$ 1,701,933</u> | <u>100</u> | <u>\$ 1,590,736</u> | <u>100</u> |

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ONYX Healthcare Inc. and Subsidiaries

Consolidated balance sheet

As of September 30, 2022, December 31, 2021 and September 30, 2021

(Consolidated balance sheets as of September 30, 2022 and 2021, were auditor-reviewed and not audited according to the generally accepted audit principles)

Unit: NT\$ thousand

| Liabilities and equity | Note | September 30, 2022 | | December 31, 2021 | | September 30, 2021 | | |
|---|---|--------------------|---------------------|-------------------|---------------------|--------------------|---------------------|------------|
| | | Amount | % | Amount | % | Amount | % | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term loans | 6(11) | \$ - | - | \$ 105,000 | 6 | \$ 105,000 | 7 |
| 2130 | Contractual liabilities - current | 6(21) | 79,119 | 4 | 75,755 | 5 | 76,461 | 5 |
| 2170 | Accounts payable | | 130,491 | 7 | 91,857 | 5 | 79,330 | 5 |
| 2180 | Accounts payable - related parties | 7 | 22,039 | 1 | 32,673 | 2 | 34,367 | 2 |
| 2200 | Other payables | 6(13) and 7 | 63,466 | 3 | 73,754 | 4 | 57,174 | 4 |
| 2230 | Current income tax liabilities | | 31,913 | 2 | 18,846 | 1 | 7,115 | - |
| 2250 | Liability reserves - current | 6(16) | 7,273 | 1 | 6,272 | - | 5,981 | - |
| 2280 | Lease liabilities - current | 7 | 6,346 | - | 10,513 | 1 | 7,579 | 1 |
| 2320 | Long-term liabilities due within 1 year or 1 business cycle | 6(14) | 10,419 | 1 | 10,744 | 1 | 10,717 | 1 |
| 2399 | Other current liabilities - others | | 3,439 | - | 5,896 | - | 7,244 | - |
| 21XX | Total current liabilities | | <u>354,505</u> | <u>19</u> | <u>431,310</u> | <u>25</u> | <u>390,968</u> | <u>25</u> |
| Non-current liabilities | | | | | | | | |
| 2527 | Contractual liabilities - non-current | 6(21) | 73,510 | 4 | 42,138 | 3 | 45,964 | 3 |
| 2540 | Long-term loans | 6(14) | 147,453 | 8 | 155,043 | 9 | 157,740 | 10 |
| 2550 | Liability reserves - non-current | 6(16) | 2,429 | - | 1,999 | - | 1,764 | - |
| 2570 | Deferred income tax liabilities | | 1,763 | - | 1,278 | - | - | - |
| 2580 | Lease liabilities - non-current | 7 | 29,811 | 1 | 34,251 | 2 | 34,827 | 2 |
| 2645 | Guarantee deposits received | 7 | 1,148 | - | 1,148 | - | 1,148 | - |
| 25XX | Total non-current liabilities | | <u>256,114</u> | <u>13</u> | <u>235,857</u> | <u>14</u> | <u>241,443</u> | <u>15</u> |
| 2XXX | Total liabilities | | <u>610,619</u> | <u>32</u> | <u>667,167</u> | <u>39</u> | <u>632,411</u> | <u>40</u> |
| Equity | | | | | | | | |
| Equity attributable to parent company shareholders | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Common share capital | 6(18) | 332,612 | 17 | 302,612 | 18 | 302,612 | 19 |
| Capital reserves | | | | | | | | |
| 3200 | Capital reserves | 6(17) (19) | 677,276 | 35 | 462,673 | 27 | 459,769 | 29 |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserves | 6(20) | 131,410 | 7 | 118,655 | 7 | 118,655 | 7 |
| 3320 | Special reserves | | 49,896 | 3 | 44,993 | 3 | 44,993 | 3 |
| 3350 | Unappropriated earnings | | 156,847 | 8 | 146,858 | 8 | 72,444 | 5 |
| Other equity items | | | | | | | | |
| 3400 | Other equity items | | (36,348) | (2) | (49,896) | (3) | (48,086) | (3) |
| 31XX | Total equity attributable to parent company shareholders | | <u>1,311,693</u> | <u>68</u> | <u>1,025,895</u> | <u>60</u> | <u>950,387</u> | <u>60</u> |
| 36XX | Non-controlling equity | 4(3) | <u>8,168</u> | <u>-</u> | <u>8,871</u> | <u>1</u> | <u>7,938</u> | <u>-</u> |
| 3XXX | Total equity | | <u>1,319,861</u> | <u>68</u> | <u>1,034,766</u> | <u>61</u> | <u>958,325</u> | <u>60</u> |
| 3X2X | Total liabilities and equity | | <u>\$ 1,930,480</u> | <u>100</u> | <u>\$ 1,701,933</u> | <u>100</u> | <u>\$ 1,590,736</u> | <u>100</u> |

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Consolidated statement of comprehensive income
January 1 to September 30, 2022 and 2021

(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NT\$ thousand
(except earnings per share, which are presented in NTD)

| Item | Note | July 1 to September 30, 2022 | | July 1 to September 30, 2021 | | January 1 to September 30, 2022 | | January 1 to September 30, 2021 | |
|--|----------------------|------------------------------|--------------|------------------------------|--------------|---------------------------------|--------------|---------------------------------|--------------|
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 Operating revenues | 6(21) and 7 | \$ 336,350 | 100 | \$ 247,013 | 100 | \$ 1,113,022 | 100 | \$ 772,610 | 100 |
| 5000 Operating costs | 6(4) (24) (25) and 7 | (247,798) | (74) | (179,031) | (72) | (801,796) | (72) | (553,733) | (72) |
| 5900 Gross profit | | <u>88,552</u> | <u>26</u> | <u>67,982</u> | <u>28</u> | <u>311,226</u> | <u>28</u> | <u>218,877</u> | <u>28</u> |
| Operating expenses | 6(24) (25) and 7 | | | | | | | | |
| 6100 Selling expenses | | (31,730) | (9) | (35,009) | (14) | (119,676) | (11) | (101,839) | (13) |
| 6200 Administrative expenses | | (18,020) | (5) | (16,347) | (7) | (59,228) | (5) | (51,124) | (6) |
| 6300 R&D expenses | | (22,193) | (7) | (16,544) | (7) | (61,878) | (5) | (60,122) | (8) |
| 6450 Expected credit impairment gain (loss) | 12(2) | <u>477</u> | <u>-</u> | <u>(206)</u> | <u>-</u> | <u>1,035</u> | <u>-</u> | <u>202</u> | <u>-</u> |
| 6000 Total operating expenses | | <u>(71,466)</u> | <u>(21)</u> | <u>(68,106)</u> | <u>(28)</u> | <u>(239,747)</u> | <u>(21)</u> | <u>(212,883)</u> | <u>(27)</u> |
| 6900 Operating profit (loss) | | <u>17,086</u> | <u>5</u> | <u>(124)</u> | <u>-</u> | <u>71,479</u> | <u>7</u> | <u>5,994</u> | <u>1</u> |
| Non-operating income and expenses | | | | | | | | | |
| 7100 Interest income | | 181 | - | 27 | - | 239 | - | 124 | - |
| 7010 Other income | 6(22) and 7 | 8,040 | 2 | 2,843 | 1 | 18,918 | 1 | 11,321 | 1 |
| 7020 Other gains and losses | 6(23) and 7 | 18,944 | 6 | (1,066) | (1) | 19,654 | 2 | 1,886 | - |
| 7050 Financial costs | | (882) | - | (710) | - | (2,296) | - | (1,191) | - |
| 7060 Share of profits/losses on equity-accounted associated companies and joint ventures | | <u>18,900</u> | <u>6</u> | <u>14,682</u> | <u>6</u> | <u>44,047</u> | <u>4</u> | <u>37,531</u> | <u>5</u> |
| 7000 Total non-operating income and expenses | | <u>45,183</u> | <u>14</u> | <u>15,776</u> | <u>6</u> | <u>80,562</u> | <u>7</u> | <u>49,671</u> | <u>6</u> |
| 7900 Pre-tax profit | | 62,269 | 19 | 15,652 | 6 | 152,041 | 14 | 55,665 | 7 |
| 7950 Income tax (expense) credit | 6(26) | (8,724) | (3) | 524 | - | (25,313) | (2) | (4,503) | - |
| 8200 Current net income | | <u>\$ 53,545</u> | <u>16</u> | <u>\$ 16,176</u> | <u>6</u> | <u>\$ 126,728</u> | <u>12</u> | <u>\$ 51,162</u> | <u>7</u> |

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ONYX Healthcare Inc. and Subsidiaries
Consolidated statement of comprehensive income
January 1 to September 30, 2022 and 2021

(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NT\$ thousand
(except earnings per share, which are presented in NTD)

| Item | Note | July 1 to September 30, 2022 | | July 1 to September 30, 2021 | | January 1 to September 30, 2022 | | January 1 to September 30, 2021 | |
|--|---|------------------------------|------|------------------------------|---|---------------------------------|------|---------------------------------|------|
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| Other comprehensive income (net) | | | | | | | | | |
| Items not reclassified into profit or loss | | | | | | | | | |
| 8316 | Unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income | 6(5) | | | | | | | |
| | | (\$ 4,575) | (1) | \$ - | - | (\$ 8,475) | (1) | \$ - | - |
| 8320 | Share of other comprehensive income from equity-accounted associated companies and joint ventures - not reclassified into profit or loss | | | | | | | | |
| | | 8,584 | 2 | (227) | - | 12,213 | 1 | 298 | - |
| 8310 | Items not reclassified into profit or loss - total | 4,009 | 1 | (227) | - | 3,738 | - | 298 | - |
| Items likely to be reclassified into profit or loss | | | | | | | | | |
| 8361 | Financial statement translation differences arising from foreign operations | | | | | | | | |
| | | 5,215 | 1 | (469) | - | 11,513 | 1 | (3,606) | (1) |
| 8370 | Share of other comprehensive income from equity-accounted associated companies and joint ventures - likely to be reclassified into profit or loss | | | | | | | | |
| | | 51 | - | (448) | - | 600 | - | (506) | - |
| 8399 | Income tax on items that are likely to be reclassified into profit or loss | 6(26) | | | | | | | |
| | | (1,043) | - | 94 | - | (2,303) | - | 721 | - |
| 8360 | Items likely to be reclassified into profit or loss - total | 4,223 | 1 | (823) | - | 9,810 | 1 | (3,391) | (1) |
| 8300 | Other comprehensive income (net) | \$ 8,232 | 2 | (\$ 1,050) | - | \$ 13,548 | 1 | (\$ 3,093) | (1) |
| 8500 | Total comprehensive income for the current period | \$ 61,777 | 18 | \$ 15,126 | 6 | \$ 140,276 | 13 | \$ 48,069 | 6 |
| Net income (loss) attributable to: | | | | | | | | | |
| 8610 | Parent company shareholders | \$ 53,609 | 16 | \$ 16,639 | 6 | \$ 127,431 | 12 | \$ 53,137 | 7 |
| 8620 | Non-controlling equity | (64) | - | (463) | - | (703) | - | (1,975) | - |
| | Total | \$ 53,545 | 16 | \$ 16,176 | 6 | \$ 126,728 | 12 | \$ 51,162 | 7 |
| Comprehensive income attributable to: | | | | | | | | | |
| 8710 | Parent company shareholders | \$ 61,841 | 18 | \$ 15,589 | 6 | \$ 140,979 | 13 | \$ 50,044 | 6 |
| 8720 | Non-controlling equity | (64) | - | (463) | - | (703) | - | (1,975) | - |
| | Total | \$ 61,777 | 18 | \$ 15,126 | 6 | \$ 140,276 | 13 | \$ 48,069 | 6 |
| EPS | | | | | | | | | |
| 9750 | Basic earnings per share | 6(27) | | | | | | | |
| | | \$ 1.61 | | \$ 0.55 | | \$ 3.95 | | \$ 1.76 | |
| 9850 | Diluted earnings per share | | | | | | | | |
| | | \$ 1.60 | | \$ 0.55 | | \$ 3.93 | | \$ 1.75 | |

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Consolidated statement of changes in equity
January 1 to September 30, 2022 and 2021

(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NT\$ thousand

| Note | Equity attributable to parent company shareholders | | | | | | | | | |
|--|--|-------------------|-------------------|------------------|-------------------------|---|--|---------------------|------------------------|---------------------|
| | Retained earnings | | | | | Other equity items | | | | |
| | Common share capital | Capital reserves | Legal reserves | Special reserves | Unappropriated earnings | Financial statement translation differences arising from foreign operations | Unrealized gains/losses on financial assets at fair value through other comprehensive income | Total | Non-controlling equity | Total |
| <u>January 1 to September 30, 2021</u> | | | | | | | | | | |
| | \$ 275,102 | \$ 478,566 | \$ 101,948 | \$ 40,263 | \$ 192,050 | (\$ 7,984) | (\$ 37,009) | \$ 1,042,936 | \$ 9,913 | \$ 1,052,849 |
| | - | - | - | - | 53,137 | - | - | 53,137 | (1,975) | 51,162 |
| | - | - | - | - | - | (3,391) | 298 | (3,093) | - | (3,093) |
| | - | - | - | - | 53,137 | (3,391) | 298 | 50,044 | (1,975) | 48,069 |
| Appropriation and distribution of 2020(20) earnings: | | | | | | | | | | |
| | - | - | 16,707 | - | (16,707) | - | - | - | - | - |
| | - | - | - | 4,730 | (4,730) | - | - | - | - | - |
| | - | - | - | - | (123,796) | - | - | (123,796) | - | (123,796) |
| 6(18) | 27,510 | - | - | - | (27,510) | - | - | - | - | - |
| 6(19) | - | (27,510) | - | - | - | - | - | (27,510) | - | (27,510) |
| 6(17)(19) | - | 8,713 | - | - | - | - | - | 8,713 | - | 8,713 |
| | <u>\$ 302,612</u> | <u>\$ 459,769</u> | <u>\$ 118,655</u> | <u>\$ 44,993</u> | <u>\$ 72,444</u> | <u>(\$ 11,375)</u> | <u>(\$ 36,711)</u> | <u>\$ 950,387</u> | <u>\$ 7,938</u> | <u>\$ 958,325</u> |
| <u>January 1 to September 30, 2022</u> | | | | | | | | | | |
| | \$ 302,612 | \$ 462,673 | \$ 118,655 | \$ 44,993 | \$ 146,858 | (\$ 12,500) | (\$ 37,396) | \$ 1,025,895 | \$ 8,871 | \$ 1,034,766 |
| | - | - | - | - | 127,431 | - | - | 127,431 | (703) | 126,728 |
| | - | - | - | - | - | 9,810 | 3,738 | 13,548 | - | 13,548 |
| | - | - | - | - | 127,431 | 9,810 | 3,738 | 140,979 | (703) | 140,276 |
| Appropriation and distribution of 2021(20) earnings: | | | | | | | | | | |
| | - | - | 12,755 | - | (12,755) | - | - | - | - | - |
| | - | - | - | 4,903 | (4,903) | - | - | - | - | - |
| | - | - | - | - | (99,784) | - | - | (99,784) | - | (99,784) |
| 6(18)(19) | 30,000 | 233,100 | - | - | - | - | - | 263,100 | - | 263,100 |
| 6(17)(19) | - | 8,174 | - | - | - | - | - | 8,174 | - | 8,174 |
| 6(19) | - | (33,261) | - | - | - | - | - | (33,261) | - | (33,261) |
| 6(17)(19) | - | 6,590 | - | - | - | - | - | 6,590 | - | 6,590 |
| | <u>\$ 332,612</u> | <u>\$ 677,276</u> | <u>\$ 131,410</u> | <u>\$ 49,896</u> | <u>\$ 156,847</u> | <u>(\$ 2,690)</u> | <u>(\$ 33,658)</u> | <u>\$ 1,311,693</u> | <u>\$ 8,168</u> | <u>\$ 1,319,861</u> |

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Consolidated cash flow statement
January 1 to September 30, 2022 and 2021

(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NT\$ thousand

| | <u>Note</u> | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---|-------------|--|--|
| <u>Cash flow from operating activities</u> | | | |
| Pre-tax profit for the current period | | \$ 152,041 | \$ 55,665 |
| Adjustments | | | |
| Income, expenses, and losses | | | |
| Depreciation | 6(7)(8) | | |
| | (24) | 17,635 | 18,382 |
| Depreciation of investment properties (presented as other gains and losses) | 6(10)(23) | | |
| | | 1,220 | 135 |
| Amortization | 6(24) | 1,514 | 1,262 |
| Expected credit impairment loss/reversal gain | 12(2) | (1,035) | (202) |
| Loss on financial assets or liabilities at fair value through profit or loss | 6(2)(12) | | |
| | (23) | 13,452 | 4,013 |
| Interest expenses | | 2,296 | 1,191 |
| Interest income | | (239) | (124) |
| Dividend income | 6(22) | (3,672) | (6,218) |
| Share-based payment - remuneration | 6(17) | 14,764 | 8,713 |
| Share of profit from equity-accounted associated companies | | (44,047) | (37,531) |
| Gain on disposal of property, plant, and equipment | 6(23) | 250 | - |
| (Gain) loss on lease amendment | 6(8)(23) | (90) | 6 |
| Change in assets/liabilities related to operating activities | | | |
| Net change in assets related to operating activities | | | |
| Notes receivable | | (160) | 49 |
| Accounts receivable | | 36,715 | 1,890 |
| Accounts receivable - related parties | | 342 | (1,337) |
| Other receivables | | 276 | (901) |
| Inventory | | (89,897) | (83,015) |
| Prepayments | | (7,078) | (547) |
| Other current assets | | 211 | (434) |
| Net change in liabilities related to operating activities | | | |
| Financial liabilities held for trading | | - | (55) |
| Contractual liabilities | | 34,736 | 14,348 |
| Accounts payable | | 38,634 | 20,715 |
| Accounts payable - related parties | | (10,634) | (3,493) |
| Other payables | | (9,765) | (9,635) |
| Other payables - related parties | | 107 | (419) |
| Liability reserves | | 1,431 | (869) |
| Other current liabilities | | (2,457) | 3,156 |
| Cash inflow (outflow) from operating activities | | 146,550 | (15,255) |
| Interests received | | 239 | 124 |
| Dividends received | | 48,808 | 45,889 |
| Interests paid | | (2,327) | (1,191) |
| Income tax refunded | | 5,803 | - |
| Income tax paid | | (19,068) | (48,002) |
| Net cash inflow (outflow) from operating activities | | 180,005 | (18,435) |

(Continued next page)

ONYX Healthcare Inc. and Subsidiaries
Consolidated cash flow statement
January 1 to September 30, 2022 and 2021

(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NT\$ thousand

| | <u>Note</u> | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|--|-------------|--|--|
| <u>Cash flow from investing activities</u> | | | |
| Acquisition of financial assets at fair value through profit or loss | | \$ - | (\$ 3,624) |
| Acquisition of financial assets at fair value through other comprehensive income | | - | (30,000) |
| Acquisition of equity-accounted investments | | (10,127) | (14,584) |
| Acquisition of property, plant, and equipment | 6(28) | (8,184) | (294,179) |
| Disposal of property, plant, and equipment | 6(28) | - | 19 |
| Acquisition of intangible assets | | (1,714) | (1,133) |
| (Increase) decrease in guarantee deposits paid (presented as other current assets) | | (119) | 12,647 |
| Net cash outflow from investing activities | | <u>(20,144)</u> | <u>(330,854)</u> |
| <u>Cash flow from financing activities</u> | | | |
| (Decrease) increase in short-term loans | 6(29) | (105,000) | 105,000 |
| Borrowing of long-term loan | 6(29) | - | 172,000 |
| Repayment of long-term loan | 6(29) | (7,915) | (3,543) |
| Repayment of lease principal | 6(29) | (5,710) | (7,115) |
| Increase in guarantee deposits received | | - | 1,148 |
| Cash issue | 6(18) | 263,100 | - |
| Cash dividends paid | 6(20) | (99,784) | (123,796) |
| Distribution of cash from capital reserves | 6(19) | (33,261) | (27,510) |
| Net cash inflow from financing activities | | <u>11,430</u> | <u>116,184</u> |
| Exchange rate impact | | <u>9,325</u> | <u>(3,401)</u> |
| Increase (decrease) in cash and cash equivalents in current period | | 180,616 | (236,506) |
| Opening cash and cash equivalents balance | 6(1) | <u>182,893</u> | <u>392,364</u> |
| Closing cash and cash equivalents balance | 6(1) | <u>\$ 363,509</u> | <u>\$ 155,858</u> |

The attached Notes to consolidated financial statements are part of this consolidated financial statement and should be read in conjunction.

Chairman: Chuang, Yung-Shun

Manager: Wang, Feng-Hsiang

Head of Accounting: Yang, Hsiang-Chih

ONYX Healthcare Inc. and Subsidiaries
Notes to consolidated financial statements
For the Third Quarter of 2022 and 2021

(Reviewed only; not audited in accordance with generally accepted audit principles)

Unit: NT\$ thousand
(unless specified otherwise)

I. Corporate history

ONYX Healthcare Inc. (the "Company") was incorporated on February 2, 2010 in the Republic of China. The Company and its subsidiaries (collectively referred to as "Group" below) are mainly involved in the design, manufacturing, and trading of medical computers and peripherals. AAEON Technology Inc. holds 48.87% equity ownership in the Company, whereas ASUSTeK Computer Inc. is the Group's ultimate parent.

II. Financial statement approval date and procedures

This consolidated financial report was passed during the board of directors meeting dated November 1, 2022.

III. Application of new standards, amendments and interpretations

(I) Impacts of adopting new and amended International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC)

The following is a list of new/amended/modified IFRSs and interpretations approved by FSC that are applicable for the 2022 financial year:

| <u>New/amended/modified standards and interpretations</u> | <u>Effective date of IASB announcement</u> |
|--|--|
| Amendments to IFRS 3 regarding "Reference to the Conceptual Framework" | January 1, 2022 |
| Amendments to IAS 16 regarding "Property, Plant and Equipment: Proceeds before Intended Use" | January 1, 2022 |
| Amendment to IAS 37 regarding "Onerous Contracts - Cost of Fulfilling a Contract" | January 1, 2022 |
| Improvements for years 2018-2020 | January 1, 2022 |

After a thorough assessment, the Group expects no material financial or performance impact from the above standards and interpretations.

(II) Impacts of adopting new and amended IFRSs not yet approved by FSC

The following is a list of new/amended/modified IFRSs and interpretations approved by FSC that are applicable for the 2023 financial year:

| <u>New/amended/modified standards and interpretations</u> | <u>Effective date of IASB announcement</u> |
|---|--|
| Amendments to IAS 1 regarding "Disclosure of Accounting Policies" | January 1, 2023 |
| Amendments to IAS 8 regarding "Definition of Accounting Estimates" | January 1, 2023 |
| Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | January 1, 2023 |

After a thorough assessment, the Group expects no material financial or performance impact from the above standards and interpretations.

(III) Impacts of IFRS changes announced by International Accounting Standards Board (IASB) but not yet approved by FSC

The following is a list of new/amended/modified IFRSs announced by IASB but not approved by FSC:

| <u>New/amended/modified standards and interpretations</u> | <u>Effective date of IASB announcement</u> |
|--|--|
| Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture" | Pending final decision from IASB |
| Amendments to IFRS 16 regarding "Lease liability in a sale and leaseback" | January 1, 2024 |
| IFRS 17 - Insurance Contracts | January 1, 2023 |
| Amendments to IFRS 17 - "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current" | January 1, 2023 |

After a thorough assessment, the Group expects no material financial or performance impact from the above standards and interpretations.

IV. Summary of significant accounting policies

Except for the statement of compliance, basis of preparation, basis of consolidation, and new explanations provided below, all other significant accounting policies are unchanged from Note 4 of the 2021 consolidated financial statements. Unless otherwise stated, the following policies were applied consistently in all reporting periods.

(I) Statement of compliance

1. The consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC-approved IAS 34 - "Interim Financial Reporting."
2. These consolidated financial statements should be read in conjunction with the 2021 consolidated financial statements.

(II) Basis of preparation

1. This consolidated financial report is prepared based on historical cost, except for items including financial assets and liabilities at fair value through profit or loss (including derivatives) and financial assets at fair value through other comprehensive income.
2. Preparation of financial report that complies with the version of International Financial Reporting Standards, International Accounting Standards and interpretations approved by the FSC (collectively referred to as "IFRSs" below) involves some use of critical accounting estimates, and the management is required to exercise some judgment when applying the Company's accounting policies. Please refer to Note 5 for highly complex and significant assumptions and estimates made in relation to the consolidated financial report.

(III) Basis of consolidation

1. Basis of preparation for consolidated financial report
Basis of preparation for this consolidated financial report is identical to the 2021 consolidated financial report.
2. Subsidiaries included in the consolidated financial report:

| <u>Name of investor</u> | <u>Name of subsidiary</u> | <u>Business activities</u> | <u>Shareholding percentage</u> | | | <u>Description</u> |
|-------------------------|---------------------------------------|--|--------------------------------|--------------------------|---------------------------|--------------------|
| | | | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> | |
| The Company | ONYX HEALTHCARE USA, Inc. (OHU) | Sale of medical computers and peripherals | 100 | 100 | 100 | |
| The Company | ONYX HEALTHCARE EUROPE B.V.(ONI) | Marketing support and maintenance of medical computers and peripherals | 100 | 100 | 100 | Note 1 |
| The Company | Onyx Healthcare (Shanghai) Inc. (OCI) | Sale of medical computers and peripherals | 100 | 100 | 100 | Note 1 |
| The Company | iHELPER Inc. (iHELPER) | Research, development, and sale of medical robots | 46 | 46 | 46 | Note 1 and Note 2 |

Note 1: These entities do not meet the definition of material subsidiary, and therefore financial statements dated September 30, 2022 and 2021, were not reviewed by CPAs.

Note 2: The Company holds less than 50% aggregate ownership in the entity, but includes it in the preparation of consolidated financial report as the Company has control over the entity's financial, operational and personnel decisions.

3. Subsidiaries not included in the consolidated financial report: None.
4. Methods for aligning subsidiaries' accounting periods: None.
5. Significant limitations: None.
6. Subsidiaries with non-controlling owners that are significant to the Group: The Group had non-controlling equity outstanding at \$8,168, \$8,871, and \$7,938 on September 30, 2022, December 31, 2021 and September 30, 2021, respectively. None of the non-controlling shareholders were significant to the Group.

V. Major sources of uncertainty for significant accounting judgments, estimates and assumptions

There were no significant changes in the current period; please refer to Note 5 of the 2021 consolidated financial report.

VI. Notes to major accounts

(I) Cash and cash equivalents

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---------------------------|---------------------------|--------------------------|---------------------------|
| Petty cash | \$ 337 | \$ 263 | \$ 265 |
| Check and current deposit | 331,422 | 182,630 | 155,593 |
| Time deposit | <u>31,750</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 363,509</u> | <u>\$ 182,893</u> | <u>\$ 155,858</u> |

1. All financial institutions that the Group deals with are of strong credit background. The Group also diversifies credit risk by dealing with multiple financial institutions at the same time and therefore is unlikely to suffer from the default of a financial institution.
2. Cash and cash equivalents that have been placed as collateral for forwarding exchange contracts are presented as other financial assets (under other current assets). Please see Note 8 for details.

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

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Current portion: | | | |
| Financial assets mandatory to be carried at fair value through profit or loss | | | |
| TWSE/TPEX listed shares | \$ 9,873 | \$ 9,873 | \$ 9,873 |
| Valuation adjustment | <u>(3,326)</u> | <u>252</u> | <u>(2,287)</u> |
| | <u>\$ 6,547</u> | <u>\$ 10,125</u> | <u>\$ 7,586</u> |
| Non-current portion: | | | |
| Financial assets mandatory to be carried at fair value through profit or loss | | | |
| Not listed on TWSE/TPEX or the Emerging Stock Market board | \$ 30,000 | \$ 30,000 | \$ 30,000 |
| Valuation adjustment | <u>(3,468)</u> | <u>6,406</u> | <u>5,853</u> |
| | <u>\$ 26,532</u> | <u>\$ 36,406</u> | <u>\$ 35,853</u> |

1. Details of gains (losses) on financial assets at fair value through profit or loss:

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|--|--|
| Financial assets mandatory to be carried at fair value through profit or loss | | |
| Equity instrument | <u>\$ 129</u> | <u>(\$ 1,056)</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Financial assets mandatory to be carried at fair value through profit or loss | | |
| Equity instrument | <u>(\$ 13,452)</u> | <u>(\$ 3,957)</u> |

2. None of the Group's financial assets at fair value through profit or loss was placed as collateral.
3. For information relating to the credit risk of financial assets carried at fair value through profit or loss, please refer to Note 12(2).

(III) Notes and accounts receivable

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-----------------------|---------------------------|--------------------------|---------------------------|
| Notes receivable | \$ 160 | \$ - | \$ - |
| Accounts receivable | \$ 182,956 | \$ 219,671 | \$ 166,217 |
| Less: loss provisions | (16,204) | (16,828) | (15,644) |
| | <u>\$ 166,752</u> | <u>\$ 202,843</u> | <u>\$ 150,573</u> |

1. Notes and accounts receivable (including related parties) aging analysis:

| | <u>September 30, 2022</u> | | <u>December 31, 2021</u> | | <u>September 30, 2021</u> | |
|-------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | <u>Accounts receivable</u> | <u>Notes receivable</u> | <u>Accounts receivable</u> | <u>Notes receivable</u> | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Current | \$ 145,835 | \$ 160 | \$ 176,777 | \$ - | \$ 127,115 | \$ - |
| Overdue within 30 days | 18,149 | - | 27,029 | - | 20,917 | - |
| Overdue 31 - 60 days | 5,397 | - | 1,846 | - | 980 | - |
| Overdue 61 - 90 days | 57 | - | 76 | - | 1,349 | - |
| Overdue 91 - 120 days | 16 | - | - | - | 2,785 | - |
| Overdue more than 121 days | <u>15,833</u> | <u>-</u> | <u>16,616</u> | <u>-</u> | <u>15,056</u> | <u>-</u> |
| | <u>\$ 185,287</u> | <u>\$ 160</u> | <u>\$ 222,344</u> | <u>\$ -</u> | <u>\$ 168,202</u> | <u>\$ -</u> |

The above aging analysis has been prepared based on the number of days overdue.

2. Balances of notes and accounts receivable (including related parties) as at September 30, 2022, December 31, 2021, and September 30, 2021 had arisen entirely from contractual arrangements with customers. Balances of contractual proceeds receivable from customers (including related parties) and loss provisions as at January 1, 2021 were \$168,804 and \$16,040, respectively.
3. In the absence of collaterals and other credit enhancements, maximum credit risk exposure associated with the Group's notes receivable as at September 30, 2022, December 31, 2021, and September 30, 2021, amounted to \$160, \$0, and \$0, respectively; maximum credit risk exposure associated with the Group's accounts receivable (including related parties) as at September 30, 2022, December 31, 2021, and September 30, 2021, amounted to \$169,082, \$205,516, and \$152,558, respectively.
4. The Group held no collateral on accounts and notes receivable (including related parties).
5. For credit risk information on notes and accounts receivable (including related parties), please refer to Note 12(2).

(IV) Inventory

| | <u>Cost</u> | <u>September 30, 2022</u> <u>Allowance for obsolescence</u> <u>and devaluation loss</u> | <u>Book value</u> |
|----------------------|-------------------|---|-------------------|
| Raw materials | \$ 176,602 | (\$ 14,034) | \$ 162,568 |
| Work-in-progress | 56,489 | (1,571) | 54,918 |
| Semi-finished goods | 66,825 | (7,395) | 59,430 |
| Finished goods | 106,814 | (22,766) | 84,048 |
| Inventory in transit | 152 | - | 152 |
| | <u>\$ 406,882</u> | <u>(\$ 45,766)</u> | <u>\$ 361,116</u> |

| | <u>Cost</u> | <u>December 31, 2021</u> <u>Allowance for obsolescence and</u> <u>devaluation loss</u> | <u>Book value</u> |
|----------------------|-------------------|--|-------------------|
| Raw materials | \$ 139,530 | (\$ 12,885) | \$ 126,645 |
| Work-in-progress | 37,966 | (652) | 37,314 |
| Semi-finished goods | 76,354 | (9,366) | 66,988 |
| Finished goods | 53,937 | (18,970) | 34,967 |
| Inventory in transit | 5,305 | - | 5,305 |
| | <u>\$ 313,092</u> | <u>(\$ 41,873)</u> | <u>\$ 271,219</u> |

| | <u>Cost</u> | <u>September 30, 2021</u> <u>Allowance for obsolescence and</u> <u>devaluation loss</u> | <u>Book value</u> |
|---------------------|-------------------|---|-------------------|
| Raw materials | \$ 127,796 | (\$ 12,263) | \$ 115,533 |
| Work-in-progress | 34,614 | (436) | 34,178 |
| Semi-finished goods | 81,756 | (9,003) | 72,753 |
| Finished goods | 58,675 | (18,819) | 39,856 |
| | <u>\$ 302,841</u> | <u>(\$ 40,521)</u> | <u>\$ 262,320</u> |

Cost of inventory recognized as expenses or losses in the current period:

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|--|--|
| Cost of inventory sold | \$ 221,213 | \$ 176,789 |
| Other operating costs (Note 1) | 17,847 | - |
| Obsolescence and devaluation loss (reversal gain) (Note 2) | 4,857 | (507) |
| Service and warranty cost | 2,988 | 2,748 |
| Loss on stock-take | 882 | 1 |
| Impairment loss | 11 | - |
| | <u>\$ 247,798</u> | <u>\$ 179,031</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Cost of inventory sold | \$ 758,279 | \$ 533,573 |
| Other operating costs (Note 1) | 17,847 | - |
| Obsolescence and devaluation loss | 12,420 | 10,386 |
| Service and warranty cost | 11,775 | 8,458 |
| Loss on stock-take | 882 | 1 |
| Impairment loss | 593 | 1,315 |
| | <u>\$ 801,796</u> | <u>\$ 553,733</u> |

Note 1: Raw materials previously placed at an OEM were lost during return shipment, for which the Group has recognized losses in other operating costs and is currently clarifying accountability with the OEM.

Note 2: The Group recognized recovery gain from selling inventory that it had previously recognized devaluation losses for.

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

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---|---------------------------|--------------------------|---------------------------|
| Non-current portion: | | | |
| Equity instrument | | | |
| Not listed on TWSE/TPEX or the Emerging Stock Market board | \$ 69,334 | \$ 69,334 | \$ 69,334 |
| Valuation adjustment | (45,428) | (36,953) | (36,953) |
| | <u>\$ 23,906</u> | <u>\$ 32,381</u> | <u>\$ 32,381</u> |

1. The Group has chosen to classify shares of MELTEN CONNECTED HEALTHCARE INC. and ProtectLife International Biomedical Inc., both of which are strategic investments, as

financial assets at fair value through other comprehensive income. Fair values of these investments were reported at \$23,906, \$32,381, and \$32,381 as at September 30, 2022, December 31, 2021, and September 30, 2021.

2. The amounts of fair value changes recognized through comprehensive income for financial assets at fair value through other comprehensive income were (\$4,575), \$0, (\$8,475) and \$0 for the periods July 1 to September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, respectively.
3. None of the Group's financial assets at fair value through other comprehensive income was placed as collateral.
4. For information relating to the credit risk of financial assets carried at fair value through other comprehensive income, please refer to Note 12(2).

(VI) Equity-accounted investments

| <u>Name of associated company</u> | <u>September 30, 2022</u> | | <u>December 31, 2021</u> | |
|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | <u>Shareholding</u> <u>%</u> | <u>Amount</u> <u>presented</u> | <u>Shareholding</u> <u>%</u> | <u>Amount</u> <u>presented</u> |
| Winmate Inc. (Winmate)(Note) | 14.01% | <u>\$ 583,126</u> | 13.85% | <u>\$ 561,275</u> |

| <u>Name of associated company</u> | <u>September 30, 2021</u> | |
|-----------------------------------|---------------------------------|-----------------------------------|
| | <u>Shareholding</u> <u>%</u> | <u>Amount</u> <u>presented</u> |
| Winmate Inc. (Winmate)(Note) | 13.85% | <u>\$ 549,336</u> |

Note: Although the Group held less than 20% of voting shares in Winmate, it did undertake directorship in Winmate and therefore accounted for the entity using the equity method for exercising significant influence.

1. Summary financial information of significant associated companies:

Balance sheet

| | <u>Winmate</u> | | |
|--|---------------------------|--------------------------|---------------------------|
| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
| Current assets | \$ 2,181,883 | \$ 2,320,961 | \$ 2,162,930 |
| Non-current assets | 1,337,140 | 1,208,922 | 1,099,490 |
| Current liabilities | (1,131,322) | (740,940) | (555,860) |
| Non-current liabilities | (23,284) | (501,456) | (500,749) |
| Total net assets | <u>\$ 2,364,417</u> | <u>\$ 2,287,487</u> | <u>\$ 2,205,811</u> |
| As a percentage of net assets across associated companies | \$ 331,255 | \$ 318,919 | \$ 306,980 |
| Goodwill | <u>251,871</u> | <u>242,356</u> | <u>242,356</u> |
| Book value of associated company | <u>\$ 583,126</u> | <u>\$ 561,275</u> | <u>\$ 549,336</u> |

Statement of comprehensive income

| | <u>Winmate</u> | |
|---|--|--|
| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
| Income | <u>\$ 763,959</u> | <u>\$ 683,009</u> |
| Current net income | \$ 162,784 | \$ 112,095 |
| Other comprehensive income (net, after-tax) | <u>9,055</u> | <u>(16,472)</u> |
| Total comprehensive income for the current period | <u>\$ 171,839</u> | <u>\$ 95,623</u> |
| Dividends received from associated companies | <u>\$ -</u> | <u>\$ 27</u> |
| | <u>Winmate</u> | |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Income | <u>\$ 1,958,595</u> | <u>\$ 1,878,846</u> |
| Current net income | \$ 342,344 | \$ 290,096 |
| Other comprehensive income (net, after-tax) | <u>57,526</u> | <u>(12,183)</u> |
| Total comprehensive income for the current period | <u>\$ 399,870</u> | <u>\$ 277,913</u> |
| Dividends received from associated companies | <u>\$ 45,136</u> | <u>\$ 39,671</u> |

2. Fair value of associated companies that are openly quoted:

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---------|---------------------------|--------------------------|---------------------------|
| Winmate | <u>\$ 788,563</u> | <u>\$ 787,214</u> | <u>\$ 755,083</u> |

(VII) Property, plant and equipment

| | <u>2022</u> | | | | | |
|--------------------------|------------------|-------------------------|---------------------------|------------------------|--|------------------|
| | <u>Machinery</u> | <u>Office equipment</u> | <u>Lease improvements</u> | <u>Other equipment</u> | <u>Construction in progress and equipment pending inspection</u> | <u>Total</u> |
| January 1 | | | | | | |
| Cost | \$ 17,980 | \$ 9,547 | \$ 20,697 | \$ 78,525 | \$ - | \$ 126,749 |
| Accumulated depreciation | (14,281) | (7,946) | (15,012) | (65,189) | - | (102,428) |
| | <u>\$ 3,699</u> | <u>\$ 1,601</u> | <u>\$ 5,685</u> | <u>\$ 13,336</u> | <u>\$ -</u> | <u>\$ 24,321</u> |
| January 1 | \$ 3,699 | \$ 1,601 | \$ 5,685 | \$ 13,336 | \$ - | \$ 24,321 |
| Addition | - | 1,214 | - | 1,766 | 4,605 | 7,585 |
| Transfer | - | 135 | - | 2,377 | (2,512) | - |
| Depreciation | (1,528) | (631) | (3,438) | (5,324) | - | (10,921) |
| Net exchange difference | - | 144 | - | 33 | - | 177 |
| September 30 | <u>\$ 2,171</u> | <u>\$ 2,463</u> | <u>\$ 2,247</u> | <u>\$ 12,188</u> | <u>\$ 2,093</u> | <u>\$ 21,162</u> |
| September 30 | | | | | | |
| Cost | \$ 17,200 | \$ 11,566 | \$ 20,697 | \$ 81,259 | \$ 2,093 | \$ 132,815 |
| Accumulated depreciation | (15,029) | (9,103) | (18,450) | (69,071) | - | (111,653) |
| | <u>\$ 2,171</u> | <u>\$ 2,463</u> | <u>\$ 2,247</u> | <u>\$ 12,188</u> | <u>\$ 2,093</u> | <u>\$ 21,162</u> |

| | | <u>2021</u> | | | | | | <u>Construction in progress and equipment pending inspection</u> | <u>Total</u> |
|-----------------------------|----|-------------|------------------|------------------|-----------------------------|-------------------------------|----------------------------|--|--------------|
| | | <u>Land</u> | <u>Buildings</u> | <u>Machinery</u> | <u>Office equipment</u> | <u>Lease improvements</u> | <u>Other equipment</u> | | |
| January 1 | | | | | | | | | |
| Cost | \$ | - | \$ - | \$ 17,380 | \$ 8,781 | \$ 15,187 | \$ 66,643 | \$ 4,105 | \$ 112,096 |
| Accumulated depreciation | | - | - | (12,290) | (7,569) | (13,251) | (58,546) | - | (91,656) |
| | \$ | - | \$ - | \$ 5,090 | \$ 1,212 | \$ 1,936 | \$ 8,097 | \$ 4,105 | \$ 20,440 |
| January 1 | \$ | - | \$ - | \$ 5,090 | \$ 1,212 | \$ 1,936 | \$ 8,097 | \$ 4,105 | 20,440 |
| Addition | | 229,660 | 48,798 | 600 | 1,179 | 4,533 | 8,578 | 586 | 293,934 |
| Disposal | | - | - | - | (19) | - | - | - | (19) |
| Transfer | | - | - | - | - | 3,007 | 1,684 | (4,691) | - |
| Reclassification | (| 229,660) | (48,526) | - | - | - | - | - | (278,186) |
| Depreciation | | - | (272) | (1,476) | (593) | (3,051) | (4,983) | - | (10,375) |
| Net exchange difference | | - | - | - | (30) | - | (28) | - | (58) |
| September 30 | \$ | - | \$ - | \$ 4,214 | \$ 1,749 | \$ 6,425 | \$ 13,348 | \$ - | \$ 25,736 |
| September 30 | | | | | | | | | |
| Cost | \$ | - | \$ - | \$ 17,980 | \$ 9,629 | \$ 21,905 | \$ 76,855 | \$ - | \$ 126,369 |
| Accumulated depreciation | | - | - | (13,766) | (7,880) | (15,480) | (63,507) | - | (100,633) |
| | \$ | - | \$ - | \$ 4,214 | \$ 1,749 | \$ 6,425 | \$ 13,348 | \$ - | \$ 25,736 |

Major components of property, plant, and equipment held by the Group, and useful lives:

| <u>Item</u> | <u>Major component</u> | <u>Useful life</u> |
|--------------------|--|--------------------|
| Machinery | Oscilloscope, suspensory burn-in equipment, and automated streamline workstation | 3 years |
| Office equipment | Server and host | 3 years |
| Lease improvements | Plant expansion and revovation works | 2 years |
| Other equipment | Front and back cover mold, repair mold, and sizing mold | 2-5 years |

1. All property, plant, and equipment mentioned above are self-occupied.
2. No borrowing cost was capitalized into the Group's property, plant, and equipment.
3. None of the Group's property, plant and equipment was placed as collateral.

(VIII) Leases - as a lessee

1. The Group leases buildings, transport equipment, and office equipment; the duration of the lease agreements usually ranges from 1 to 20 years. Lease contracts were individually negotiated and drafted with different terms and conditions with no additional restriction, except that the leased assets can not be placed as collateral.
2. Lease tenors for buildings and transport equipment do not exceed 12 months, whereas leases for office equipment are treated as low-value leases.
3. Book value of right-of-use assets and recognized amounts of depreciation expense are presented below:

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---------------------|---------------------------|--------------------------|---------------------------|
| | <u>Book value</u> | <u>Book value</u> | <u>Book value</u> |
| Buildings | \$ 32,253 | \$ 41,719 | \$ 38,092 |
| Transport equipment | 1,034 | 864 | 1,098 |
| Office equipment | 1,779 | 2,100 | 2,208 |
| | <u>\$ 35,066</u> | <u>\$ 44,683</u> | <u>\$ 41,398</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---------------------|--|--|
| | <u>Depreciation</u> | <u>Depreciation</u> |
| Buildings | \$ 5,818 | \$ 7,025 |
| Transport equipment | 575 | 648 |
| Office equipment | 321 | 334 |
| | <u>\$ 6,714</u> | <u>\$ 8,007</u> |

4. Amounts of right-of-use assets added during the periods January 1 to September 30, 2022 and 2021, were \$801 and \$41,062, respectively.

5. Income and expenses relating to lease agreements are presented below:

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|--|--|
| <u>Current income/expense</u> | | |
| <u>accounts affected</u> | | |
| Interest expense on lease liabilities | \$ 40 | \$ 115 |
| Expenses on short-term lease agreements | 3,562 | 2,392 |
| Lease expense of low-value leases | 16 | 11 |
| Gain on lease amendment | (2) | - |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| <u>Current income/expense</u> | | |
| <u>accounts affected</u> | | |
| Interest expense on lease liabilities | \$ 185 | \$ 407 |
| Expenses on short-term lease agreements | 8,758 | 6,869 |
| Lease expense of low-value leases | 29 | 28 |
| (Gain) loss on lease amendment | (90) | 6 |

6. Amounts of cash outflow incurred on leases totaled \$14,682 and \$14,419 for the periods January 1 to September 30, 2022 and 2021, respectively.

7. Due to the extension of existing lease agreements, right-of-use assets and lease liabilities increased by \$7,963 for the period January 1 to September 30, 2021.

(IX) Leases - as a lessor

1. The Group leases out its land and buildings. The current lease tenor is from September 2021 to August 2024, and the Group expects to terminate the lease on December 31, 2022. Lease contracts were individually negotiated and drafted with different terms and conditions. To ensure that lease assets are used for the purpose described, lessees are generally prohibited from sub-leasing, lending, or transferring all or part of the leased asset, or in any other way allowing others to make use of the leased asset. Lessees are also prohibited from transferring leases to others.

2. The Group recognized \$1,725, \$575, \$5,182, and \$575 of rental income from operating lease agreements for the periods July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021; these amounts included no variable lease payment.

3. Maturity analysis for lease payments collectible on operating leases:

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|------|---------------------------|--------------------------|---------------------------|
| 2021 | \$ - | \$ - | \$ 1,724 |
| 2022 | 1,724 | 6,897 | 6,897 |
| 2023 | - | 6,897 | 6,897 |
| 2024 | - | 4,598 | 4,598 |
| | <u>\$ 1,724</u> | <u>\$ 18,392</u> | <u>\$ 20,116</u> |

4. See Note 7 for details on the lease of assets to related parties.

(X) Investment property

| | <u>2022</u> | | |
|--------------------------|-------------------|------------------|-------------------|
| | <u>Land</u> | <u>Buildings</u> | <u>Total</u> |
| January 1 | | | |
| Cost | \$ 229,660 | \$ 48,798 | \$ 278,458 |
| Accumulated depreciation | - | (813) | (813) |
| | <u>\$ 229,660</u> | <u>\$ 47,985</u> | <u>\$ 277,645</u> |
| January 1 | \$ 229,660 | \$ 47,985 | \$ 277,645 |
| Depreciation | - | (1,220) | (1,220) |
| September 30 | <u>\$ 229,660</u> | <u>\$ 46,765</u> | <u>\$ 276,425</u> |
| September 30 | | | |
| Cost | \$ 229,660 | \$ 48,798 | \$ 278,458 |
| Accumulated depreciation | - | (2,033) | (2,033) |
| | <u>\$ 229,660</u> | <u>\$ 46,765</u> | <u>\$ 276,425</u> |
| | | | |
| | <u>2021</u> | | |
| | <u>Land</u> | <u>Buildings</u> | <u>Total</u> |
| January 1 | | | |
| Cost | \$ - | \$ - | \$ - |
| Accumulated depreciation | - | - | - |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| January 1 | \$ - | \$ - | \$ - |
| Reclassification | 229,660 | 48,526 | 278,186 |
| Depreciation | - | (135) | (135) |

| | | | |
|--------------------------|-------------------|------------------|-------------------|
| September 30 | <u>\$ 229,660</u> | <u>\$ 48,391</u> | <u>\$ 278,051</u> |
| September 30 | | | |
| Cost | \$ 229,660 | \$ 48,798 | \$ 278,458 |
| Accumulated depreciation | <u>-</u> | <u>(407)</u> | <u>(407)</u> |
| | <u>\$ 229,660</u> | <u>\$ 48,391</u> | <u>\$ 278,051</u> |

1. The Group signed a contract to purchase real estate property located in Xindian District for a price of \$280,077 (tax-inclusive) on March 26, 2021, and the ownership transfer was completed in May 2021. The Company previously presented the asset under property, plant, and equipment due to its initial intention to occupy the property; however, relocation and construction activities were disrupted due to COVID-19 control measures. It was inconvenient to have customers certify the plant relocation on-site during this time. After taking into account the above concerns, a decision was made to postpone plant relocation and lease the plant to a related party in September 2021. For this reason, the asset was reclassified into an investment property.
2. Rent income and direct expenses associated with investment property:

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|--|--|--|
| Rent income from investment property | <u>\$ 1,725</u> | <u>\$ 575</u> |
| Direct expenses incurred in relation to current rent income generated from investment property | <u>\$ 407</u> | <u>\$ 135</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Rent income from investment property | <u>\$ 5,182</u> | <u>\$ 575</u> |
| Direct expenses incurred in relation to current rent income generated from investment property | <u>\$ 1,220</u> | <u>\$ 135</u> |

3. Fair value of the Group's investment properties was reported at \$280,333 as at September 30, 2022, December 31, 2021 and September 30, 2021 based on the valuation result produced by an independent valuer. The valuation used a combination of the comparative approach and the income approach, which involved level 3 fair value inputs. Main assumptions of the valuation are as follows:

| | | | |
|----------------------------|---------------------------|--------------------------|---------------------------|
| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
| Income capitalization rate | 1.8% | 1.8% | 1.8% |

4. See Note 8 for details of investment property pledged as collateral.

(XI) Short-term loans

| <u>Nature of loan</u> | <u>December 31, 2021</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|-----------------------|---------------------------|----------------------------|-------------------|
| Bank borrowings | | | |
| Unsecured loan | \$ <u>105,000</u> | 1.08%~1.10% | None |
| <u>Nature of loan</u> | <u>September 30, 2021</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| Bank borrowings | | | |
| Unsecured loan | \$ <u>105,000</u> | 1.00%~1.08% | None |

1. None as at September 30, 2022.

2. The amounts of interest expense recognized through profit or loss were \$0, \$164, \$364 and \$207 for the periods July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021, respectively.

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

Details of gains (losses) on financial liabilities at fair value through profit or loss:

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|--|--|--|
| Financial liabilities held for trading | | |
| Derivatives | \$ <u>-</u> | \$ <u>-</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Financial liabilities held for trading | | |
| Derivatives | \$ <u>-</u> | (\$ <u>56</u>) |

(XIII) Other payables

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|--|---------------------------|--------------------------|---------------------------|
| Salary and bonus payable | \$ 28,475 | \$ 29,279 | \$ 28,137 |
| Employee and director remuneration payable | 21,324 | 21,552 | 13,809 |
| Equipment purchase payable | 1,127 | 1,726 | - |
| Other payables | <u>12,540</u> | <u>21,197</u> | <u>15,228</u> |
| | \$ <u>63,466</u> | \$ <u>73,754</u> | \$ <u>57,174</u> |

(XIV)Long-term loans

| <u>Nature of loan</u> | <u>Loan tenor and repayment method</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>September 30, 2022</u> |
|---|--|----------------------------|--------------------|---------------------------|
| Long-term bank borrowings | | | | |
| Secured borrowings | From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis | 1.60% | Land and buildings | \$ 157,872 |
| Less: current portion of long-term loan | | | | <u>(10,419)</u> |
| | | | | <u>\$ 147,453</u> |

| <u>Nature of loan</u> | <u>Loan tenor and repayment method</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>December 31, 2021</u> |
|---|--|----------------------------|--------------------|--------------------------|
| Long-term bank borrowings | | | | |
| Secured borrowings | From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis | 1.00% | Land and buildings | \$ 165,787 |
| Less: current portion of long-term loan | | | | <u>(10,744)</u> |
| | | | | <u>\$ 155,043</u> |

| <u>Nature of loan</u> | <u>Loan tenor and repayment method</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>September 30, 2021</u> |
|---|--|----------------------------|--------------------|---------------------------|
| Long-term bank borrowings | | | | |
| Secured borrowings | From May 28, 2021 to May 28, 2036; principal and interest repayable on a monthly basis | 1.00% | Land and buildings | \$ 168,457 |
| Less: current portion of long-term loan | | | | <u>(10,717)</u> |
| | | | | <u>\$ 157,740</u> |

(XV)Pension

1. The Company and domestic subsidiaries have implemented defined contribution policies in accordance with the "Labor Pension Act" that apply to all employees of local nationality. For employees who are subject to the pension scheme introduced under the "Labor Pension Act," the Company and domestic subsidiaries contribute an amount equal to 6% of employees' monthly salary to their individual accounts held with the Bureau of Labor Insurance on a monthly basis. Upon retirement, employees are paid the balance of their pension account plus cumulative gains either in monthly installments or in one lump sum.
2. OHU currently implements a company-funded personal pension program. Every employee who voluntarily participates in the program may have pension contributions shared

between OHU and the employee. OHU makes contributions at 3% of gross salary, up to the amount in employee's self contribution.

3. OCI is required under the retirement insurance system of The People's Republic of China to pay monthly retirement premiums at a certain percentage of gross salary for local employees. Employees' pension funds are collectively managed by the local government. OCI has no further obligations other than making monthly contributions.
4. ONI makes pension contributions according to local regulations.
5. Total pension costs recognized under the above policies amounted to \$1,597, \$1,377, \$4,847, and \$4,472 for the periods July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021, respectively.

(XVI)Liability reserves

| | <u>2022</u> | <u>2021</u> |
|--|-----------------|-----------------|
| | <u>Warranty</u> | <u>Warranty</u> |
| January 1 | \$ 8,271 | \$ 8,614 |
| Increase of liability reserves in the current period | 6,507 | 4,637 |
| Liability reserves used and reversed in the current period | (5,076) | (5,506) |
| September 30 | <u>\$ 9,702</u> | <u>\$ 7,745</u> |

Analysis of liability reserves:

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-------------|---------------------------|--------------------------|---------------------------|
| Current | <u>\$ 7,273</u> | <u>\$ 6,272</u> | <u>\$ 5,981</u> |
| Non-current | <u>\$ 2,429</u> | <u>\$ 1,999</u> | <u>\$ 1,764</u> |

Warranty reserves are related to the sale of medical computers; the amount in which is estimated based on historical warranty information of the product concerned.

(XVII)Share-based payment

1. The Group had the following share-based payment arrangements for the periods January 1 to September 30, 2022 and 2021:

| <u>Type of agreement</u> | <u>Grant date</u> | <u>Quantity granted</u> <u>(thousand shares)</u> | <u>Contract</u> <u>duration</u> | <u>Vesting condition</u> |
|---|-------------------|---|------------------------------------|--------------------------|
| Employee warrant program | 109.08.06 | 1,000 | 5 years | 2-4 years of service |
| Cash issue retain for subscription by employees | 111.01.25 | 418 | Not applicable | Immediately vested |

The above share-based payment arrangement is settled with equity.

2. Details of the above share-based payment arrangements:

| | <u>2022</u> | | <u>2021</u> | |
|--|---|--|---|--|
| | <u>Quantity of</u> <u>warrants</u> <u>(thousand</u> <u>shares)</u> | <u>Weighted</u> <u>average</u> <u>exercise price</u> <u>(NTD)</u> | <u>Quantity of</u> <u>warrants</u> <u>(thousand</u> <u>shares)</u> | <u>Weighted</u> <u>average</u> <u>exercise price</u> <u>(NTD)</u> |
| Opening balance (January 1) of outstanding warrants | 1,000 | \$ 121.50 | 1,000 | \$ 139.50 |
| Warrants voided in the current period | (52) | - | - | - |
| Closing balance (September 30) of outstanding warrants | <u>948</u> | 114.70 | <u>1,000</u> | 121.50 |
| Closing balance (September 30) of exercisable warrants | <u>474</u> | | <u>-</u> | |

3. Maturity date and exercise price of warrants outstanding as at the balance sheet date:

| <u>Type of agreement</u> | <u>Issuance date</u> | <u>Maturity date</u> | <u>September 30, 2022</u> <u>Shares (thousand</u> <u>shares)</u> | <u>Exercise price</u> <u>(NTD)</u> |
|--------------------------|----------------------|----------------------|--|---------------------------------------|
| Employee warrant program | August 6, 2020 | August 6, 2025 | 948 | \$ 114.70 |
| | | | <u>December 31, 2021</u> | |
| <u>Type of agreement</u> | <u>Issuance date</u> | <u>Maturity date</u> | <u>Shares (thousand</u> <u>shares)</u> | <u>Exercise price</u> <u>(NTD)</u> |
| Employee warrant program | August 6, 2020 | August 6, 2025 | 1,000 | \$ 121.50 |
| | | | <u>September 30, 2021</u> | |
| <u>Type of agreement</u> | <u>Issuance date</u> | <u>Maturity date</u> | <u>Shares (thousand</u> <u>shares)</u> | <u>Exercise price</u> <u>(NTD)</u> |
| Employee warrant program | August 6, 2020 | August 6, 2025 | 1,000 | \$ 121.50 |

4. The Group uses the Black-Scholes options pricing model to estimate the fair value of warrants allocated for share-based payment and the fair value of cash issues retained for subscription by employees. Information on relevant parameters are presented below:

| Type of agreement | Grant date | Share price | Exercise price (NTD) | Expected volatility | Expected duration | Risk-free rate | Fair value per unit (NTD) |
|---|------------------|-------------|----------------------|---------------------|-------------------|----------------|---------------------------|
| Employee warrant program | August 6, 2020 | \$ 139.50 | \$ 139.50 | 32.26% | 3.88 years | 0.29% | \$ 35.39 |
| Cash issue retain for subscription by employees | January 25, 2022 | 107.50 | 88.00 | 18.32% | 0.16 years | 0.34% | 19.5567 |

5. Expenses incurred on share-based payments are as follows:

| | <u>July 1 to September 30,</u> <u>2022</u> | <u>July 1 to September 30,</u> <u>2021</u> |
|---|--|--|
| Employee warrants | \$ 2,197 | \$ 2,887 |
| | <u>January 1 to September 30,</u> <u>2022</u> | <u>January 1 to September 30,</u> <u>2021</u> |
| Cash issue retain for subscription by employees | \$ 8,174 | \$ - |
| Employee warrants | 6,590 | 8,713 |
| | <u>\$ 14,764</u> | <u>\$ 8,713</u> |

(XVIII) Share capital

1. Having accumulated the required number of electronic votes, a resolution was passed during the shareholder meeting held in May 2021 to capitalize \$27,510 of earnings and issue 2,751 thousand new shares. Registration for the above capital increase was completed in September 2021.
2. The Company had \$500,000 of authorized capital (including 6,000 thousand shares reserved for issuance of employee warrant) as per Articles of Incorporation and \$332,612 of paid-up capital issued in 33,261 thousand shares at a face value of NT\$10 per share as at September 30, 2022. Proceeds from issued shares have been fully collected.

| | <u>2022</u> | <u>2021</u> |
|-----------------|---------------|---------------|
| January 1 | 30,261 | 27,510 |
| Stock dividends | - | 2,751 |
| Cash issue | 3,000 | - |
| September 30 | <u>33,261</u> | <u>30,261</u> |

3. The board of directors passed a resolution on August 7, 2019 to issue employee warrants and later resolved on December 23, 2019 to amend the issuance policy. A total of 1,000 units of the warrant were issued, and each warrant is vested with the right to subscribe 1,000 shares. 1,000 thousand new common shares will have to be issued when the warrants are exercised. The subscription price per share will be determined according to policy. The warrants mentioned above were issued on August 6, 2020; please see Note 6(17) for details.
4. The board of directors passed a resolution to issue 3,000,000 common shares for cash during the meeting held on December 17, 2021. The cash issue was effected after it was reported to the authority on January 13, 2022. The board of directors passed a resolution on January 25, 2022 to set the issuance price of the above cash issue at NT\$88 per share. The entire proceeds of \$264,000 were collected by April 1, 2022; the Company designated April 1, 2022 as the baseline date for cash issue and completed change of capital registration later on April 14, 2022.

(XIX)Capital reserves

Pursuant to The Company Act, the amount in premiums received on shares issued above the face value plus any capital reserves arising from gifts received may be used to reimburse previous losses. If the Company has not accumulated losses, this amount may be distributed to shareholders in cash or new shares based on shareholders' exiting ownership percentage. Furthermore, according to the Securities and Exchange Act, the amount in capital reserves capitalized into share capital is capped at 10% of paid-up capital per year. The Company may not utilize capital reserves to offset losses when there is still a positive balance in the earning reserves.

| | <u>2022</u> | | |
|--|----------------------|--------------------------|-------------------|
| | <u>Share premium</u> | <u>Employee warrants</u> | <u>Total</u> |
| January 1 | \$ 446,346 | \$ 16,327 | \$ 462,673 |
| Cash issue | 233,100 | - | 233,100 |
| Cash issue retain for subscription by employees | 8,174 | - | 8,174 |
| Distribution of cash from capital reserves | (33,261) | - | (33,261) |
| Employee warrants | - | 6,590 | 6,590 |
| September 30 | <u>\$ 654,359</u> | <u>\$ 22,917</u> | <u>\$ 677,276</u> |

| | <u>2021</u> | | |
|--|----------------------|--------------------------|-------------------|
| | <u>Share premium</u> | <u>Employee warrants</u> | <u>Total</u> |
| January 1 | \$ 473,856 | \$ 4,710 | \$ 478,566 |
| Distribution of cash from capital reserves | (27,510) | - | (27,510) |
| Share-based payment | - | 8,713 | 8,713 |
| September 30 | <u>\$ 446,346</u> | <u>\$ 13,423</u> | <u>\$ 459,769</u> |

(XX)Retained earnings

1. According to the Articles of Incorporation, annual net income concluded by the Company is the first subject to reimbursement of previous losses (including adjustment to unappropriated earnings) followed by a 10% provision for legal reserve. However, no further provision is needed when the legal reserve has accumulated to an amount equal to the Company's paid-up capital. Any surpluses remaining shall be subject to provision or reversal of special reserve as laws or the authority may require. The residual balance can then be added to unappropriated earnings (including adjustment to unappropriated earnings) carried from previous years and distributed as dividends to shareholders, subject to the board of directors' proposal and shareholder meeting resolution. The amount in dividends paid to shareholders must not be less than 5% of total distributable earnings. Cash dividends must not be less than 10% of the sum of cash and stock dividends for the current year. However, cash dividends amounting to less than NT\$0.1 per share are to be paid in stock dividends instead.
The Company adopts a residual dividend policy that takes into consideration current and future investment prospects, capital requirements, local and foreign competition, capital budget, shareholders' interest, balanced dividend, long-term financial plans and related factors.
2. The legal reserve may not be used for purposes other than reimbursing previous losses or distributing proportionally back to existing shareholders in the form of cash or new shares. Only the amount in reserve that exceeds paid-up capital by 25% may be distributed in cash or new shares.
3. When distributing earnings, the Company is bound by laws to make provision for special reserves equal to the debit balance of other equity items as at the current balance sheet date before proceeding. If the debit balance of other equity items is reversed on a later date, the amount reversed can be added to available earnings for distribution.
4. The 2021 earnings appropriation proposal was passed through shareholder meeting resolution on May 31, 2022, whereas the 2020 earnings appropriation proposal was resolved by shareholders on May 22, 2021 after accumulating the required number of electronic votes. Details are as follows:

| | <u>Amount</u> | <u>2021</u> <u>Dividends per share</u> <u>(NTD)</u> | <u>Amount</u> | <u>2020</u> <u>Dividends per share</u> <u>(NTD)</u> |
|------------------|-------------------|---|-------------------|---|
| Legal reserves | \$ 12,755 | | \$ 16,707 | |
| Special reserves | 4,903 | | 4,730 | |
| Cash dividends | 99,784 | \$ 3.0 | 123,796 | \$ 4.5 |
| Stock dividends | <u>-</u> | <u>-</u> | <u>27,510</u> | <u>1.0</u> |
| | <u>\$ 117,442</u> | | <u>\$ 172,743</u> | |

(1) A resolution was passed during the shareholder meeting held on May 31, 2022 to issue additional common shares at a premium above face value against the capitalization of \$33,261 in capital reserves. This is equivalent to NT\$1 of stock dividend per share.

(2) A resolution was passed after accumulating the required number of electronic votes during the shareholder meeting held on May 22, 2021 to issue additional common shares at a premium above face value against the capitalization of \$27,510 in capital reserves. This is equivalent to NT\$1 of stock dividends per share.

As explained above, the appropriation of 2021 and 2020 earnings were indifferent from the proposals raised by the board of directors.

(XXI) Operating revenues

| | | |
|---------------------------------------|--|--|
| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
| Revenue from contracts with customers | <u>\$ 336,350</u> | <u>\$ 247,013</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Revenue from contracts with customers | <u>\$ 1,113,022</u> | <u>\$ 772,610</u> |

1. Breakdown of revenue from contracts with customers

The Group recognizes income when merchandise is transferred or when service is rendered, which may take place progressively over time or occur at a specific time. Income can be distinguished by main product lines and geographic areas as follows:

| <u>July 1 to September 30, 2022</u> | <u>Medical computers</u> | | | <u>Services and warranty</u> | | | <u>Total</u> |
|--|--------------------------|------------------|-----------------|------------------------------|-----------------|---------------|-------------------|
| | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | |
| Revenue from contracts with external customers | <u>\$221,438</u> | <u>\$ 97,208</u> | <u>\$ 5,952</u> | <u>\$ 9,655</u> | <u>\$ 2,093</u> | <u>\$ 4</u> | <u>\$ 336,350</u> |
| Timing of revenue recognition | | | | | | | |
| Revenues recognized at a specific time | \$221,438 | \$ 97,208 | \$ 5,952 | \$ - | \$ - | \$ - | \$ 324,598 |
| Revenues recognized progressively over time | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,655</u> | <u>2,093</u> | <u>4</u> | <u>11,752</u> |
| | <u>\$221,438</u> | <u>\$ 97,208</u> | <u>\$ 5,952</u> | <u>\$ 9,655</u> | <u>\$ 2,093</u> | <u>\$ 4</u> | <u>\$ 336,350</u> |

| <u>July 1 to September 30, 2021</u> | <u>Medical computers</u> | | | <u>Services and warranty</u> | | | <u>Total</u> |
|--|--------------------------|-------------------|-----------------|------------------------------|-----------------|--|-------------------|
| | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | <u>Taiwan</u> | <u>USA</u> | | |
| Revenue from contracts with external customers | <u>\$ 117,723</u> | <u>\$ 111,857</u> | <u>\$ 6,354</u> | <u>\$ 8,044</u> | <u>\$ 3,035</u> | | <u>\$ 247,013</u> |
| Timing of revenue recognition | | | | | | | |
| Revenues recognized at a specific time | \$ 117,723 | \$ 111,857 | \$ 6,354 | \$ - | \$ - | | \$ 235,934 |
| Revenues recognized progressively over time | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,044</u> | <u>3,035</u> | | <u>11,079</u> |
| | <u>\$ 117,723</u> | <u>\$ 111,857</u> | <u>\$ 6,354</u> | <u>\$ 8,044</u> | <u>\$ 3,035</u> | | <u>\$ 247,013</u> |

| <u>January 1 to September 30, 2022</u> | <u>Medical computers</u> | | | <u>Services and warranty</u> | | | <u>Total</u> |
|--|--------------------------|------------------|-----------------|------------------------------|-----------------|---------------|--------------------|
| | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | |
| Revenue from contracts with external customers | <u>\$612,157</u> | <u>\$439,131</u> | <u>\$29,848</u> | <u>\$24,509</u> | <u>\$ 7,296</u> | <u>\$ 81</u> | <u>\$1,113,022</u> |
| Timing of revenue recognition | | | | | | | |
| Revenues recognized at a specific time | \$612,157 | \$439,131 | \$29,848 | \$ - | \$ - | \$ - | \$1,081,136 |
| Revenues recognized progressively over time | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,509</u> | <u>7,296</u> | <u>81</u> | <u>31,886</u> |
| | <u>\$612,157</u> | <u>\$439,131</u> | <u>\$29,848</u> | <u>\$24,509</u> | <u>\$ 7,296</u> | <u>\$ 81</u> | <u>\$1,113,022</u> |

| <u>January 1 to</u> <u>September 30, 2021</u> | <u>Medical computers</u> | | | <u>Services and warranty</u> | | <u>Total</u> |
|--|--------------------------|-------------------|------------------|------------------------------|-----------------|-------------------|
| | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | <u>Taiwan</u> | <u>USA</u> | |
| Revenue from contracts with external customers | <u>\$ 414,216</u> | <u>\$ 306,855</u> | <u>\$ 25,131</u> | <u>\$ 20,913</u> | <u>\$ 5,495</u> | <u>\$ 772,610</u> |
| Timing of revenue recognition | | | | | | |
| Revenues recognized at a specific time | \$ 414,216 | \$ 306,855 | \$ 25,131 | \$ - | \$ - | \$ 746,202 |
| Revenues recognized progressively over time | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,913</u> | <u>5,495</u> | <u>26,408</u> |
| | <u>\$ 414,216</u> | <u>\$ 306,855</u> | <u>\$ 25,131</u> | <u>\$ 20,913</u> | <u>\$ 5,495</u> | <u>\$ 772,610</u> |

2. Contractual liabilities

(1) Contractual liabilities associated with revenue from contracts with customers are as follows:

| | <u>September 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> | <u>September 30,</u> <u>2021</u> | <u>January 1, 2021</u> |
|--|-------------------------------------|------------------------------------|-------------------------------------|------------------------|
| Contractual liabilities - current: | | | | |
| Service and sales contract | \$ 69,737 | \$ 64,568 | \$ 64,537 | \$ 40,482 |
| Warranty contract | 9,382 | 11,187 | 11,924 | 14,523 |
| Contractual liabilities - non-current: | | | | |
| Service and sales contract | 59,849 | 26,024 | 28,402 | 31,995 |
| Warranty contract | <u>13,661</u> | <u>16,114</u> | <u>17,562</u> | <u>21,077</u> |
| | <u>\$ 152,629</u> | <u>\$ 117,893</u> | <u>\$ 122,425</u> | <u>\$ 108,077</u> |

(2) Amount in opening contractual liabilities recognized as current income

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|--|--|--|
| Amount in opening contractual liabilities recognized as current income | | |
| Service and sales contract | \$ 7,729 | \$ 2,772 |
| Warranty contract | <u>2,749</u> | <u>3,616</u> |
| | <u>\$ 10,478</u> | <u>\$ 6,388</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Amount in opening contractual liabilities recognized as current income | | |
| Service and sales contract | \$ 41,773 | \$ 21,054 |
| Warranty contract | <u>8,635</u> | <u>11,200</u> |
| | <u>\$ 50,408</u> | <u>\$ 32,254</u> |

(3) Long-term contracts not yet fulfilled

The Group had long-term contracts with customers that were unfulfilled (or not fully fulfilled) as at September 30, 2022, December 31, 2021, and September 30, 2021, which had allocated prices of \$152,629, \$117,893, and \$122,425, respectively. The management expects to recognize \$79,119, \$75,755, and \$76,461 of revenues from allocated prices of unfulfilled performance obligations as at September 30, 2022, December 31, 2021, and September 30, 2021, in the following year, whereas the remaining contract prices are expected to be recognized as income over 2 to 8 years. The above amounts do not include constraining estimates of variable consideration.

(XXII)Other income

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|-----------------|-------------------------------------|-------------------------------------|
| Rental income | \$ 1,725 | \$ 575 |
| Dividend income | - | 338 |
| Other income | <u>6,315</u> | <u>1,930</u> |
| | <u>\$ 8,040</u> | <u>\$ 2,843</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|-----------------|--|--|
| Rental income | \$ 5,182 | \$ 575 |
| Dividend income | 3,672 | 6,218 |
| Other income | <u>10,064</u> | <u>4,528</u> |
| | <u>\$ 18,918</u> | <u>\$ 11,321</u> |

(XXIII)Other gains and losses

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|--|-------------------------------------|-------------------------------------|
| Gain on foreign currency exchange | \$ 14,561 | \$ 111 |
| Gain (loss) on financial assets and liabilities at fair value through profit or loss | 129 (| 1,056) |
| Government grant income | 4,409 | 14 |
| Depreciation of investment property (| 407) (| 135) |
| Gain on disposal of property, plant, and equipment | 250 | - |
| Gain on lease amendment | 2 | - |
| | <u>\$ 18,944</u> | <u>(\$ 1,066)</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|--|--|--|
| Net gain (loss) on currency exchange | \$ 29,577 | (\$ 4,534) |
| Loss on financial assets or liabilities at fair value through profit or loss (| 13,452(| 4,013) |
| Government grant income | 4,409 | 10,574 |
| Depreciation of investment property (| 1,220(| 13) |
| Gain on disposal of property, plant, and equipment | 250 | - |
| Gain (loss) on lease amendment | <u>90</u> | <u>6)</u> |
| | <u>\$ 19,654</u> | <u>\$ 1,886</u> |

(XXIV) Additional information on the nature of costs and expenses

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|--|--|
| Employee benefit expenses | \$ 62,386 | \$ 59,170 |
| Depreciation on property, plant, and equipment | 3,452 | 4,211 |
| Depreciation on right-of-use assets | 1,702 | 2,247 |
| Amortization | 516 | 399 |
| | <u>\$ 68,056</u> | <u>\$ 66,027</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Employee benefit expenses | \$ 205,963 | \$ 180,772 |
| Depreciation on property, plant, and equipment | 10,921 | 10,375 |
| Depreciation on right-of-use assets | 6,714 | 8,007 |
| Amortization | 1,514 | 1,262 |
| | <u>\$ 225,112</u> | <u>\$ 200,416</u> |

(XXV) Employee benefit expenses

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|--------------------------------|--|--|
| Salary expenses | \$ 57,403 | \$ 52,462 |
| Labor/health insurance premium | 2,934 | 4,845 |
| Pension expense | 1,597 | 1,377 |
| Other personnel expenses | 452 | 486 |
| | <u>\$ 62,386</u> | <u>\$ 59,170</u> |
| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
| Salary expenses | \$ 186,428 | \$ 159,526 |
| Labor/health insurance premium | 12,708 | 15,219 |
| Pension expense | 4,847 | 4,472 |
| Other personnel expenses | 1,980 | 1,555 |
| | <u>\$ 205,963</u> | <u>\$ 180,772</u> |

1. According to the Articles of Incorporation, any profits remaining after reimbursing cumulative losses in a given year shall be subject to employee remuneration of no less than 5% and director remuneration of no higher than 3%.
2. The Company had estimated employee remuneration at \$4,753, \$1,226, \$13,172 and

\$4,187, and director remuneration at \$600, \$600, \$1,800, and \$1,800, for the periods July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 to 2021, respectively. All of the above amounts were presented as salary expenses for the respective years.

Amounts for the period January 1 to September 30, 2022 were estimated based on current year's profits to date and the percentages outlined in the Articles of Incorporation.

The board of directors had resolved to pay 2021 employee remuneration and director remuneration at \$11,329 and \$2,400, respectively; both figures were consistent with the amounts previously recognized in the 2021 financial report and were to be paid in cash. Payment had yet to be completed as at November 1, 2022.

Details of employees' and directors' remuneration passed by the Company's board of directors can be found on the Market Observation Post System.

(XXVI) Income tax

1. Income tax expense (benefit)

(1) Composition of income tax expense (benefit):

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|-------------------------------------|-------------------------------------|
| Current income tax: | | |
| Income tax on current profit | \$ 9,084 | \$ 871 |
| Deferred income tax: | | |
| Occurrence and reversal of temporary difference | (360) | (1,395) |
| Income tax expense (benefit) | <u>\$ 8,724</u> | <u>(\$ 524)</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---|--|--|
| Current income tax: | | |
| Income tax on current profit | \$ 32,502 | \$ 11,452 |
| Additional tax on unappropriated earnings | 505 | - |
| Underestimation (overestimation) of income tax expenses in previous years | 866 | (1,817) |
| Total current income tax | 33,873 | 9,635 |
| Deferred income tax: | | |
| Occurrence and reversal of temporary difference | (8,560) | (5,132) |
| Income tax expense | <u>\$ 25,313</u> | <u>\$ 4,503</u> |

(2) Income tax on other comprehensive income:

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|-------------------------------------|-------------------------------------|
| Translation differences from foreign operations | <u>\$ 1,043</u> | <u>(\$ 94)</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---|--|--|
| Translation differences from foreign operations | <u>\$ 2,303</u> | <u>(\$ 721)</u> |

2. Profit-seeking enterprise business income tax returns of the Company and iHELPER have been certified by the tax authority up to 2020.

(XXVII)EPS

| | <u>July 1 to September 30, 2022</u> | | |
|---|-------------------------------------|--|-------------------------------------|
| | <u>Amount after tax</u> | <u>Weighted average outstanding shares (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | <u>\$ 53,609</u> | <u>33,261</u> | <u>\$ 1.61</u> |
| <u>Diluted earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | \$ 53,609 | 33,261 | |
| Dilutive effect of potential common shares | | | |
| Employee remuneration | <u>-</u> | <u>142</u> | |
| Current net income attributable to common shareholders of parent company plus the effect of potential common shares | <u>\$ 53,609</u> | <u>33,403</u> | <u>\$ 1.60</u> |
| | | | |
| | <u>July 1 to September 30, 2021</u> | | |
| | <u>Amount after tax</u> | <u>Weighted average outstanding shares (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | <u>\$ 16,639</u> | <u>30,261</u> | <u>\$ 0.55</u> |
| <u>Diluted earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | \$ 16,639 | 30,261 | |
| Dilutive effect of potential common shares | | | |
| Employee remuneration | <u>-</u> | <u>37</u> | |
| Current net income attributable to common shareholders of parent company plus the effect of potential common shares | <u>\$ 16,639</u> | <u>30,298</u> | <u>\$ 0.55</u> |

| | <u>January 1 to September 30, 2022</u> | | |
|---|--|--|-------------------------------------|
| | <u>Amount after tax</u> | <u>Weighted average outstanding shares (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | <u>\$ 127,431</u> | <u>32,272</u> | <u>\$ 3.95</u> |
| <u>Diluted earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | \$ 127,431 | 32,272 | |
| Dilutive effect of potential common shares | | | |
| Employee remuneration | <u>-</u> | <u>163</u> | |
| Current net income attributable to common shareholders of parent company plus the effect of potential common shares | <u>\$ 127,431</u> | <u>32,435</u> | <u>\$ 3.93</u> |

| | <u>January 1 to September 30, 2021</u> | | |
|---|--|--|-------------------------------------|
| | <u>Amount after tax</u> | <u>Weighted average outstanding shares (thousand shares)</u> | <u>Earnings per share (NTD)</u> |
| <u>Basic earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | <u>\$ 53,137</u> | <u>30,261</u> | <u>\$ 1.76</u> |
| <u>Diluted earnings per share</u> | | | |
| Current net income attributable to common shareholders of parent company | \$ 53,137 | 30,261 | |
| Dilutive effect of potential common shares | | | |
| Employee remuneration | <u>-</u> | <u>60</u> | |
| Current net income attributable to common shareholders of parent company plus the effect of potential common shares | <u>\$ 53,137</u> | <u>30,321</u> | <u>\$ 1.75</u> |

Employee warrants issued by the Company had an anti-dilutive in periods July 1 to

September 30, 2022 and 2021, and January 1 to September 30, 2022 and 2021, and were therefore excluded from the calculation of diluted earnings per share.

(XXVIII) Supplementary cash flow information

Investing activities involving partial cash outlay or cash receipt:

| | <u>January 1 to September 30,</u> <u>2022</u> | <u>January 1 to September 30,</u> <u>2021</u> |
|---|--|--|
| Purchase of property, plant, and equipment | \$ 7,585 | \$ 293,934 |
| Plus: equipment proceeds payable at the beginning of the period | 1,726 | 245 |
| Less: Equipment proceeds payable at the end of the period | (1,127) | - |
| Cash paid during the current period | <u>\$ 8,184</u> | <u>\$ 294,179</u> |

| | <u>January 1 to September 30,</u> <u>2022</u> | <u>January 1 to September 30,</u> <u>2021</u> |
|---|--|--|
| Book value of property, plant and equipment disposed of | \$ - | \$ 19 |
| Plus: Gain on disposal and scrapping of property, plant and equipment | 250 | - |
| Less: Closing balance of proceeds receivable from the sale of equipment | (250) | - |
| Cash collected during the current period | <u>\$ -</u> | <u>\$ 19</u> |

(XXIX) Change of liabilities relating to financing activities

| | <u>2022</u> | | | |
|-----------------------------------|-------------------------|------------------------|--------------------------|-------------------|
| | <u>Short-term loans</u> | <u>Long-term loans</u> | <u>Lease liabilities</u> | <u>Total</u> |
| January 1 | \$ 105,000 | \$ 165,787 | \$ 44,764 | \$ 315,551 |
| Decrease in short-term loan | (105,000) | - | - | (105,000) |
| Repayment of long-term loan | - | (7,915) | - | (7,915) |
| Repayment of lease principal | - | - | (5,710) | (5,710) |
| Effects of exchange rate change | - | - | 223 | 223 |
| Other changes without cash effect | - | - | (3,120) | (3,120) |
| September 30 | <u>\$ -</u> | <u>\$ 157,872</u> | <u>\$ 36,157</u> | <u>\$ 194,029</u> |

| | <u>2021</u> | | | |
|-----------------------------------|-------------------------|------------------------|--------------------------|-------------------|
| | <u>Short-term loans</u> | <u>Long-term loans</u> | <u>Lease liabilities</u> | <u>Total</u> |
| January 1 | \$ - | \$ - | \$ 9,401 | \$ 9,401 |
| Increase in short-term loans | 105,000 | - | - | 105,000 |
| Borrowing of long-term loan | - | 172,000 | - | 172,000 |
| Repayment of long-term loan | - | (3,543) | - | (3,543) |
| Repayment of lease principal | - | - | (7,115) | (7,115) |
| Effects of exchange rate change | - | - | (473) | (473) |
| Other changes without cash effect | - | - | 40,593 | 40,593 |
| September 30 | <u>\$ 105,000</u> | <u>\$ 168,457</u> | <u>\$ 42,406</u> | <u>\$ 315,863</u> |

VII. Related party transactions

(I) Parent company and ultimate controller

The Company (incorporated in the Republic of China) has 48.87% of its shares controlled by AAEON Technology Inc. AAEON Technology Inc. is the parent company, whereas ASUSTeK Computer Inc. is the ultimate controller of the Company.

(II) Name and relationship of related parties

| <u>Name of related party</u> | <u>Relationship with the Group</u> |
|--------------------------------------|---|
| ASUSTeK Computer Inc. | The Company's ultimate parent company |
| AAEON Technology Inc. | The Company's parent company |
| AAEON Technology (Su Zhou) Inc. | Affiliated subsidiary - with common ultimate parent |
| AAEON TECHNOLOGY SINGAPORE PTE.LTD. | Affiliated subsidiary - with common ultimate parent |
| AAEON ELECTRONICS, INC. Winmate Inc. | Affiliated subsidiary - with common ultimate parent |
| Litemax Electronics Inc. | Associated company - investee accounted by the Company using the equity method |
| IBASE Technology Inc. | Other related party - investee accounted by the Company's parent using the equity method |
| IBASE (Shanghai) Technology Inc. | Other related party - investee accounted by the Company's parent using the equity method |
| WT Microelectronics Co., Ltd. | Other related party - subsidiary of an investee accounted by the Company's parent using the equity method |
| | Other related party - investee accounted by the Company's affiliated subsidiary using the equity method |

| <u>Name of related party</u> | <u>Relationship with the Group</u> |
|-----------------------------------|--|
| NuVision Technology, Inc. | Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method |
| Morrihan International Corp. | Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method |
| Maxtek Technology Co., Ltd. | Other related party - subsidiary of an investee accounted by the Company's affiliated subsidiary using the equity method |
| Everfocus Electronics Corporation | Other related party - the Company's Chairman concurrently serves as chairman in the entity |
| EverFocus Electronics Corp. (USA) | Other related party - the Company's Chairman concurrently serves as chairman in the entity's parent |
| AAEON Foundation | Other related party - the Company's Chairman concurrently serves as chairman in the foundation |
| AtechOEM Inc. | Other related party - the Company's Chairman concurrently serves as director in the entity |
| MACHVISION Inc Co., LTD | Other related party - the Company's Chairman concurrently serves as director in the entity |
| Kinpo Electronics Inc. | Other related party - iHELPER's chairman serves as director for the entity |
| New Era AI Robotics Inc. | Other related party - subsidiary of a shareholder that has significant influence over iHELPER |
| MedAlliance Inc. | Other related party - the Company's Chairman is a 1st-degree relative to the chairman of the entity |
| Chuang, Yung-Shun | Executive management - the Company's Chairman |

(III)Major transactions with related parties

1. Operating revenues

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|-------------------------------------|-------------------------------------|
| Sum of merchandise sold: | | |
| Parent company | \$ 1,063 | \$ 2,622 |
| Affiliated subsidiary of the same group | 1,678 | 816 |
| Other related parties | 827 | 170 |
| | <u>\$ 3,568</u> | <u>\$ 3,608</u> |

| | <u>January 1 to September 30, 2022</u> | | <u>January 1 to September 30, 2021</u> | |
|---|--|---------------|--|--------------|
| Sum of merchandise sold: | | | | |
| Parent company | \$ | 10,039 | \$ | 2,895 |
| Affiliated subsidiary of the same group | | 6,486 | | 3,583 |
| Associated company | | 27 | | 5 |
| Other related parties | | <u>3,066</u> | | <u>2,641</u> |
| | \$ | <u>19,618</u> | \$ | <u>9,124</u> |

| | <u>July 1 to September 30, 2022</u> | | <u>July 1 to September 30, 2021</u> | |
|----------------------------|-------------------------------------|--------------|-------------------------------------|----------|
| Sales return and discount: | | | | |
| Parent company | \$ | 2,599 | \$ | - |
| Other related parties | | <u>5</u> | | <u>-</u> |
| | \$ | <u>2,604</u> | \$ | <u>-</u> |

| | <u>January 1 to September 30, 2022</u> | | <u>January 1 to September 30, 2021</u> | |
|----------------------------|--|--------------|--|----------|
| Sales return and discount: | | | | |
| Parent company | \$ | 2,599 | \$ | - |
| Other related parties | | <u>5</u> | | <u>-</u> |
| | \$ | <u>2,604</u> | \$ | <u>-</u> |

Selling prices of transactions with related parties were determined between the Group and the related counterparties, and there were no transactions of similar nature available for comparison. Other sales transactions were handled according to normal trade terms (at market price). Sales proceeds were collectible 30-60 days after shipment or 30 days after the current month-end.

2. Purchases

| | <u>July 1 to September 30, 2022</u> | | <u>July 1 to September 30, 2021</u> | |
|-------------------------------|-------------------------------------|---------------|-------------------------------------|---------------|
| Sum of merchandise purchased: | | | | |
| Ultimate parent company | \$ | 7 | \$ | - |
| Parent company | | | | |
| AAEON Technology Inc. | | 32,257 | | 45,183 |
| Associated company | | 4,696 | | 3,403 |
| Other related parties | | <u>7,094</u> | | <u>5,875</u> |
| | \$ | <u>44,054</u> | \$ | <u>54,461</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---|--|--|
| Sum of merchandise purchased: | | |
| Ultimate parent company | \$ 7 | \$ - |
| Parent company | | |
| AAEON Technology Inc. | 141,388 | 120,218 |
| Affiliated subsidiary of the same group | 236 | - |
| Associated company | 6,091 | 4,848 |
| Other related parties | <u>15,568</u> | <u>14,195</u> |
| | <u>\$ 163,290</u> | <u>\$ 139,261</u> |

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|-------------------------------------|-------------------------------------|
| Purchase return: | | |
| Affiliated subsidiary of the same group | <u>\$ 43</u> | <u>\$ -</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---|--|--|
| Purchase return: | | |
| Affiliated subsidiary of the same group | <u>\$ 43</u> | <u>\$ -</u> |

The abovementioned purchases were handled according to normal trade terms (at market price). Payments were made 30 days after delivery or 30-60 days after month-end.

3. Operating costs and expenses

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|---|-------------------------------------|-------------------------------------|
| Parent company | \$ 994 | \$ 2,655 |
| Affiliated subsidiary of the same group | 1,242 | 1,065 |
| Associated company | 105 | 28 |
| Other related parties | <u>7,256</u> | <u>881</u> |
| | <u>\$ 9,597</u> | <u>\$ 4,629</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|---|--|--|
| Parent company | \$ 4,628 | \$ 6,218 |
| Affiliated subsidiary of the same group | 3,512 | 3,232 |
| Associated company | 113 | 66 |
| Other related parties | <u>7,405</u> | <u>1,816</u> |
| | <u>\$ 15,658</u> | <u>\$ 11,332</u> |

The above operating costs and expenses mainly represent donations, service charges, and sundry expenses.

4. Other income

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|----------------------------------|-------------------------------------|-------------------------------------|
| Other related parties | | |
| EverFocus Electronics Corp.(USA) | <u>\$ 3,126</u> | <u>\$ 1,254</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|----------------------------------|--|--|
| Other related parties | | |
| EverFocus Electronics Corp.(USA) | <u>\$ 5,711</u> | <u>\$ 3,789</u> |

Other income presented above mainly comprises income from administrative and support services.

5. Rental income (presented as other income)

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|-----------------------|-------------------------------------|-------------------------------------|
| Parent company | | |
| AAEON Technology Inc. | <u>\$ 1,725</u> | <u>\$ 575</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|-----------------------|--|--|
| Parent company | | |
| AAEON Technology Inc. | <u>\$ 5,182</u> | <u>\$ 575</u> |

Rent between the Group and related parties is negotiated after taking into consideration the market rate of nearby areas. Rent payments are collected on a monthly basis.

6. Related party receivables

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---|---------------------------|--------------------------|---------------------------|
| Accounts receivable: | | | |
| Parent company | \$ 329 | \$ 2,093 | \$ 1,482 |
| Affiliated subsidiary of the same group | 1,773 | 447 | 503 |
| Other related parties | <u>229</u> | <u>133</u> | <u>-</u> |
| | <u>\$ 2,331</u> | <u>\$ 2,673</u> | <u>\$ 1,985</u> |
| Other receivables: | | | |
| Parent company | <u>\$ 263</u> | <u>\$ -</u> | <u>\$ -</u> |

7. Related party payables

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-----------------------|---------------------------|--------------------------|---------------------------|
| Accounts payable: | | | |
| Parent company | | | |
| AAEON Technology | | | |
| Inc. | \$ 16,038 | \$ 31,709 | \$ 31,329 |
| Associated company | 495 | 22 | 33 |
| Other related parties | <u>5,506</u> | <u>942</u> | <u>3,005</u> |
| | <u>\$ 22,039</u> | <u>\$ 32,673</u> | <u>\$ 34,367</u> |

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-----------------------|---------------------------|--------------------------|---------------------------|
| Other payables: | | | |
| Parent company | \$ 202 | \$ 152 | \$ 205 |
| Associated company | 56 | - | - |
| Other related parties | <u>4</u> | <u>3</u> | <u>47</u> |
| | <u>\$ 262</u> | <u>\$ 155</u> | <u>\$ 252</u> |

8. Leases - as a lessee

(1) Acquisition of right-of-use assets

| | <u>January 1 to September 30,</u> <u>2022</u> | <u>January 1 to September 30,</u> <u>2021</u> |
|---|--|--|
| Affiliated subsidiary of the same group | | |
| AAEON ELECTRONICS, INC. | <u>\$ -</u> | <u>\$ 7,963</u> |

Extension of existing lease agreements with affiliated subsidiary in the period January 1 to September 30, 2021 increased right-of-use assets and lease liabilities by \$7,963.

(2) Lease liabilities

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|---|---------------------------|--------------------------|---------------------------|
| Affiliated subsidiary of the same group | | | |
| AAEON ELECTRONICS, INC. | | | |
| Current | <u>\$ -</u> | <u>\$ 3,987</u> | <u>\$ 3,959</u> |
| Non-current | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,023</u> |

The Group leased office premises from one of its affiliated subsidiaries; the initial lease tenor was from January 2021 to December 2022 and was terminated early in June 2022. Amounts paid in relation to the above totaled \$1,766 and \$3,106 for the periods January 1 to September 30, 2022 and 2021.

9. Property transaction

Disposal of property, plant, and equipment:

| | <u>July 1 to September 30, 2022</u> | | <u>July 1 to September 30, 2021</u> | |
|----------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| | <u>Disposal proceeds</u> | <u>Gain (loss) on disposal</u> | <u>Disposal proceeds</u> | <u>Gain (loss) on disposal</u> |
| Parent company | <u>\$ 263</u> | <u>\$ 250</u> | <u>\$ -</u> | <u>\$ -</u> |

| | <u>January 1 to September 30, 2022</u> | | <u>January 1 to September 30, 2021</u> | |
|----------------|--|--------------------------------|--|--------------------------------|
| | <u>Disposal proceeds</u> | <u>Gain (loss) on disposal</u> | <u>Disposal proceeds</u> | <u>Gain (loss) on disposal</u> |
| Parent company | <u>\$ 263</u> | <u>\$ 250</u> | <u>\$ -</u> | <u>\$ -</u> |

10. Guarantee deposits received

| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> |
|-----------------------|---------------------------|--------------------------|---------------------------|
| Parent company | | | |
| AAEON Technology Inc. | <u>\$ 1,148</u> | <u>\$ 1,148</u> | <u>\$ 1,148</u> |

Represents rental deposit.

(IV) Compensation for key management

| | <u>July 1 to September 30, 2022</u> | <u>July 1 to September 30, 2021</u> |
|------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | \$ 12,143 | \$ 11,891 |
| Retirement benefits | 158 | 155 |
| | <u>\$ 12,301</u> | <u>\$ 12,046</u> |

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|------------------------------|--|--|
| Short-term employee benefits | \$ 39,351 | \$ 30,567 |
| Retirement benefits | 530 | 461 |
| | <u>\$ 39,881</u> | <u>\$ 31,028</u> |

VIII. Pledged assets

The Group had placed the following assets as collaterals:

| <u>Assets</u> | <u>Book value</u> | | | <u>Purpose of security</u> |
|---|---------------------------|--------------------------|---------------------------|---|
| | <u>September 30, 2022</u> | <u>December 31, 2021</u> | <u>September 30, 2021</u> | |
| Time deposit (presented as other current assets) | <u>\$ 953</u> | <u>\$ 830</u> | <u>\$ 836</u> | Security for forward exchange contract |
| Guarantee deposits paid (presented as other current and non-current assets) | <u>\$ 3,343</u> | <u>\$ 3,224</u> | <u>\$ 2,608</u> | Rental deposit for office and warehouse space, and deposit for special projects |
| Land (presented as investment property) | <u>\$ 229,660</u> | <u>\$ 229,660</u> | <u>\$ 229,660</u> | Long-term loans |
| Buildings (presented as investment property) | <u>\$ 46,765</u> | <u>\$ 47,985</u> | <u>\$ 48,391</u> | Long-term loans |

IX. Major contingent liabilities and unrecognized contractual commitments

(I) Contingencies

None.

(II) Commitments

None.

X. Losses from major disasters

None.

XI. Major post-balance sheet date events

None.

XII. Others

(I) Capital management

Objectives of the Group's capital management efforts are to ensure continuity of business activities and maintain the optimal capital structure that minimizes funding costs while maximizing returns for shareholders. To maintain or adjust the capital structure, the Group may revise the amount in dividends paid to shareholders, refund capital back to shareholders, issue new shares, or reduce debts by making more effective use of working capital.

(II) Financial instruments

1. Types of financial instrument

| | <u>September 30, 2022</u> | <u>December 31,</u> <u>2021</u> | <u>September 30,</u> <u>2021</u> |
|---|---------------------------|------------------------------------|-------------------------------------|
| <u>Financial assets</u> | | | |
| Financial assets at fair value through profit or loss | | | |
| Financial assets mandatory to be carried at fair value through profit or loss | \$ 33,079 | \$ 46,531 | \$ 43,439 |
| Financial assets at fair value through other comprehensive income | | | |
| Voluntarily designated as an investment in an equity instrument | \$ 23,906 | \$ 32,381 | \$ 32,381 |
| Financial assets carried at cost after amortization | | | |
| Cash and cash equivalents | \$ 363,509 | \$ 182,893 | \$ 155,858 |
| Notes receivable | 160 | - | - |
| Accounts receivable | 166,752 | 202,843 | 150,573 |
| Accounts receivable - related parties | 2,331 | 2,673 | 1,985 |
| Other receivables | 4,288 | 4,564 | 4,025 |
| Other financial assets (presented as other current assets) | 953 | 830 | 836 |
| Guarantee deposits paid (presented as other current and non-current assets) | 3,343 | 3,224 | 2,608 |
| | <u>\$ 541,336</u> | <u>\$ 397,027</u> | <u>\$ 315,885</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities carried at cost after amortization | | | |
| Short-term loans | \$ - | \$ 105,000 | \$ 105,000 |
| Accounts payable | 130,491 | 91,857 | 79,330 |
| Accounts payable - related parties | 22,039 | 32,673 | 34,367 |
| Other payables | 63,466 | 73,754 | 57,174 |

| | | | |
|---|-------------------|-------------------|-------------------|
| Long-term loans (including those due within one year) | 157,872 | 165,787 | 168,457 |
| Guarantee deposits received | <u>1,148</u> | <u>1,148</u> | <u>1,148</u> |
| | <u>\$ 375,016</u> | <u>\$ 470,219</u> | <u>\$ 445,476</u> |
| Lease liabilities | <u>\$ 36,157</u> | <u>\$ 44,764</u> | <u>\$ 42,406</u> |

2. Risk management policy

- (1) The Group's day-to-day operations are susceptible to multiple forms of financial risk, including market risks (exchange rate risk, interest rate risk, and price risk), credit risks, and liquidity risks. The Group undertakes forward exchange contracts to eliminate exchange rate risks, thereby minimizing the adverse impact of uncertainties on the Group's financial performance.
- (2) Risk management is performed by the Group's Treasury Department according to board-approved policies. The Treasury Department is responsible for identifying, assessing, and mitigating financial risks, and it achieves this by working closely with other departments within the Group. The board of directors has implemented written principles on risk management practices and outlined policies for specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative/non-derivative instruments, and investment of residual liquid capital.
- (3) Please see Note 6(12) for more details on the use of derivatives for financial risk mitigation.

3. Characteristics and level of significant financial risks

(1) Market risk

Exchange rate risk

- A. The Group is a multinational organization, and transactions undertaken by the Company and subsidiaries in currencies other than the functional currency would give rise to exchange rate risks. USD accounts for the highest exposure of exchange rate risk. Exchange rate risks arise from future commercial transactions and recognized amounts of assets and liabilities.
- B. The management has implemented policies to guide Group affiliates in managing exchange rate risks associated with their functional currencies. All entities are required to hedge exchange rate risks through the Group's Treasury Department. Exchange rate risks are measured by the value of USD transactions that are highly likely to occur. Instruments such as forward exchange are used to mitigate the effect of exchange rate volatility on expected sales revenues.
- C. The Group uses forward exchange contracts to mitigate exchange rate risks but does not adopt hedge accounting treatment. Instead, it presents them as financial liabilities at fair value through profit or loss. Please refer to Note 6(12) for details.
- D. Some of the Group's business activities involve non-functional currencies (the Company and some of its subsidiaries use NTD as the functional currency, while

some overseas subsidiaries use USD as the functional currency) and are therefore susceptible to exchange rate fluctuations. Information on foreign currency-denominated assets and liabilities susceptible to significant exchange rate fluctuation is presented below:

| | <u>September 30, 2022</u> | | Book value | |
|--|--|----------------------|--------------|---------|
| (Foreign currency: functional currency) | <u>Foreign currency</u> <u>(thousand dollars)</u> | <u>Exchange rate</u> | <u>(NTD)</u> | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ 7,883 | 31.75 | \$ | 250,285 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 2,551 | 31.75 | | 80,994 |
| | | | | |
| | <u>December 31, 2021</u> | | Book value | |
| (Foreign currency: functional currency) | <u>Foreign currency</u> <u>(thousand dollars)</u> | <u>Exchange rate</u> | <u>(NTD)</u> | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ 4,628 | 27.68 | \$ | 128,103 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1,239 | 27.68 | | 34,296 |
| | | | | |
| | <u>September 30, 2021</u> | | Book value | |
| (Foreign currency: functional currency) | <u>Foreign currency</u> <u>(thousand dollars)</u> | <u>Exchange rate</u> | <u>(NTD)</u> | |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | \$ 4,108 | 27.85 | \$ | 114,408 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1,161 | 27.85 | | 32,334 |

- E. Total gain (loss) on exchange (realized and unrealized) recognized by the Group for monetary items susceptible to significant exchange rate fluctuation in the periods July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021, amounted to \$14,561, \$111, \$29,577 and (\$4,534), respectively.
- F. The following is an analysis of risk exposures to various foreign currencies and impacts of significant exchange rate fluctuations:

| <u>January 1 to September 30, 2022</u> | | | |
|---|------------------|----------------------------------|---|
| <u>Sensitivity analysis</u> | | | |
| | <u>Variation</u> | <u>Effect on profit and loss</u> | <u>Effect on other comprehensive income</u> |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 2,503 | \$ - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | 810 | - |

| <u>January 1 to September 30, 2021</u> | | | |
|---|------------------|----------------------------------|---|
| <u>Sensitivity analysis</u> | | | |
| | <u>Variation</u> | <u>Effect on profit and loss</u> | <u>Effect on other comprehensive income</u> |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | \$ 1,144 | \$ - |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 1% | 323 | - |

Price risk

- A. Equity instruments held by the Group exposed to price risks have been presented as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. For better management of price risks

on equity instruments, the Group has implemented concentration limits and diversified its investment portfolio accordingly.

- B. The Group mainly invests in equity instruments issued by local companies. Prices of these equity instruments are affected by the uncertainty associated with the future value of the underlying investment. A 1% rise/fall in the price of equity instruments would increase/decrease gain or loss on equity instruments at fair value through profit or loss, and hence net income, by \$331 and \$434 for the periods January 1 to September 30, 2022 and 2021, respectively, assuming that all other factors remain unchanged. For equity investments that are carried at fair value through other comprehensive income, the above changes would increase/decrease gain or loss on investment by \$239 and \$324, respectively.

Cash flow and fair value risk of interest rate

- A. The Group's exposure to interest rate risk arises mainly from long-term loans borrowed at floating interest rates, which gives rise to the risk of cash flow change due to interest rates. This risk is partially offset by cash and cash equivalents held at a floating interest rate. The Group's floating rate borrowings for the periods January 1 to September 30, 2022 and 2021, were denominated in NTD.
- B. A 1% rise/fall in the NTD borrowing interest rate would reduce/increase net income by \$947 and \$1,641 for the periods January 1 to September 30, 2022 and 2021, assuming that all other factors remain unchanged. These changes are mainly attributed to changes in interest expense on loans borrowed at the floating rate.

(2) Credit risk

- A. Credit risk refers to the possibility of losses suffered by the Group due to its customers or financial instrument counterparties becoming unable to fulfill contractual obligations. These risk events mostly involve the counterparties being unable to settle and pay accounts receivable according to the prescribed terms.
- B. The Group has developed credit risk management practices from a group perspective. According to the Group's internal credit policy, all operating entities are required to perform credit risk management and analysis on every new customer before establishing payment and delivery terms. The Company adopts an internal risk management system that assesses credit quality by considering customers' financial position, previous conduct, and other relevant factors. The board of directors sets individual counterparty risk limits based on internal or external assessments. Uses of credit limit are monitored on a regular basis.
- C. The Group adopts the assumptions stated in IFRS 9 and treats a contract to be in default if payment is overdue for more than 90 days.
- D. The Group has adopted the following assumptions mentioned in IFRS 9 to provide

the basis for identifying any significant increase in the credit risk of a financial instrument held on hand after initial recognition:

A financial asset is considered to have exhibited a significant increase in credit risk after initial recognition when contractual payment (according to the terms of the underlying contract) becomes past due for more than 30 days.

- E. The Group distinguishes notes and accounts receivable (including related parties) by customers' characteristics, and adopts a simplified approach along with the use of provision matrix and loss given default to estimate expected credit loss.
- F. Financial assets that are rationally deemed unrecoverable after exhausting collection efforts are charged off. In which case, however, the Group will continue taking legal actions to secure debt entitlement. The Group had no charged-off debt with ongoing collection activities as of September 30, 2022, December 31, 2021 and September 30, 2021.
- G. (1) Customers of good credit background and insured accounts receivable are subject to loss given default of 0.2%. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Company had outstanding accounts receivable of \$152,924, \$159,372 and \$137,299 and had made bad debt provisions of \$306, \$340 and \$274, respectively.
- (2) The Group takes into account multiple considerations, including the Monitoring Indicator published by National Development Council, future prospects, historical and current information etc., to determine loss given default, which is used for estimating loss provisions on notes and accounts receivable from customers (including related parties) under normal credit conditions. Provision matrix as of September 30, 2022, December 31, 2021, and September 30, 2021 is as follows:

| | Current | Overdue within 30 days | Overdue 31 - 60 days | Overdue 61 - 90 days | Overdue 91 - 120 days | Overdue 121 days and above | Total |
|-----------------------------|------------------|---------------------------|----------------------------|----------------------------|-----------------------------|----------------------------------|------------------|
| <u>September 30, 2022</u> | | | | | | | |
| Expected loss given default | 0%~2% | 6% | 21% | 43% | 50% | 100% | |
| Total book value | <u>\$ 15,098</u> | <u>\$ 1,350</u> | <u>\$ 185</u> | <u>\$ 57</u> | <u>\$ -</u> | <u>\$ 15,833</u> | <u>\$ 32,523</u> |
| Loss provision | <u>\$ 32</u> | <u>\$ 6</u> | <u>\$ 27</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,833</u> | <u>\$ 15,898</u> |
| | Current | Overdue Within 30 days | Overdue 31-60 days | Overdue 61-90 days | Overdue 91-120 days | Overdue 121 days and above | Total |
| <u>December 31, 2021</u> | | | | | | | |
| Expected loss given default | 0~2% | 6% | 21% | 43% | 50% | 100% | |
| Total book value | <u>\$ 34,999</u> | <u>\$ 12,182</u> | <u>\$ 577</u> | <u>\$ 76</u> | <u>\$ -</u> | <u>\$ 15,138</u> | <u>\$ 62,972</u> |
| Loss provision | <u>\$ 527</u> | <u>\$ 697</u> | <u>\$ 93</u> | <u>\$ 33</u> | <u>\$ -</u> | <u>\$ 15,138</u> | <u>\$ 16,488</u> |

| | <u>Current</u> | <u>Overdue within 30 days</u> | <u>Overdue 31 - 60 days</u> | <u>Overdue 61 - 90 days</u> | <u>Overdue 91 - 120 days</u> | <u>Overdue 121 days and above</u> | <u>Total</u> |
|-----------------------------|------------------|-----------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|---|------------------|
| <u>September 30, 2021</u> | | | | | | | |
| Expected loss given default | 0~2% | 6.00% | 23.00% | 47.00% | 50.00% | 100.00% | |
| Total book value | <u>\$ 13,501</u> | <u>\$ 2,346</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,056</u> | <u>\$ 30,903</u> |
| Loss provision | <u>\$ 209</u> | <u>\$ 105</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,056</u> | <u>\$ 15,370</u> |

H. Below are changes in loss provision on notes and accounts receivable (including related parties), determined using the simplified approach:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------|------------------|------------------|
| January 1 | \$ 16,828 | \$ 16,040 |
| Reversal of impairment loss | (1,035) | (202) |
| Exchange rate impact | <u>411</u> | <u>(194)</u> |
| September 30 | <u>\$ 16,204</u> | <u>\$ 15,644</u> |

Losses reversed during the periods January 1 to September 30, 2022 and 2021, included \$1,035 and \$202 of losses reversed, respectively, on receivables from contracts with customers.

(3) Liquidity risk

- A. Cash flow projections are made by individual operating entities within the Group, and consolidated by the Group Treasury Department. The Group Treasury Department is responsible for monitoring and predicting liquidity and capital requirements within the Group and ensuring that adequate capital has been sourced to support operational requirements.
- B. As at September 30, 2022, December 31, 2021 and September 30, 2021, the Group had undrawn credit limits of \$194,000, \$59,000 and \$59,000, respectively.
- C. The following table shows non-derivative financial liabilities and derivative financial liabilities settled on a netted basis, classified by maturity date. Non-derivative financial liabilities are analyzed based on the remaining time span between balance sheet date and contract maturity, whereas derivative liabilities are analyzed based on remaining time span between balance sheet date and expected contract maturity. The amount of contractual cash flow shown in the table below are not discounted.

September 30, 2022

| <u>Non-derivative financial liabilities</u> | <u>Within 1 year</u> | <u>1 to 2 years</u> | <u>2 to 5 years</u> | <u>5 years and above</u> |
|--|----------------------|---------------------|---------------------|--------------------------|
| Accounts payable | \$ 130,491 | \$ - | \$ - | \$ - |
| Accounts payable - related parties | 22,039 | - | - | - |
| Other payables | 63,466 | - | - | - |
| Long-term borrowings (including current portion maturing in one year and estimated interest) | 12,868 | 12,868 | 38,605 | 111,536 |
| Lease liabilities | 6,980 | 2,760 | 6,425 | 25,697 |

December 31, 2021

| <u>Non-derivative financial liabilities</u> | <u>Within 1 year</u> | <u>1 to 2 years</u> | <u>2 to 5 years</u> | <u>5 years and above</u> |
|--|----------------------|---------------------|---------------------|--------------------------|
| Short-term loans (including estimated interest) | \$ 105,305 | \$ - | \$ - | \$ - |
| Accounts payable | 91,857 | - | - | - |
| Accounts payable - related parties | 32,673 | - | - | - |
| Other payables | 73,754 | - | - | - |
| Long-term borrowings (including current portion maturing in one year and estimated interest) | 12,353 | 12,353 | 37,059 | 116,337 |
| Lease liabilities | 11,335 | 5,897 | 6,673 | 27,034 |

September 30, 2021

| <u>Non-derivative financial liabilities</u> | <u>Within 1 year</u> | <u>1 to 2 years</u> | <u>2 to 5 years</u> | <u>5 years and above</u> |
|--|----------------------|---------------------|---------------------|--------------------------|
| Short-term loans (including estimated interest) | \$ 105,443 | \$ - | \$ - | \$ - |
| Accounts payable | 79,330 | - | - | - |
| Accounts payable - related parties | 34,367 | - | - | - |
| Other payables | 57,174 | - | - | - |
| Long-term borrowings (including current portion maturing in one year and estimated interest) | 12,353 | 12,353 | 37,059 | 119,425 |
| Lease liabilities | 8,434 | 4,746 | 7,183 | 28,815 |

D. The Group does not expect cash flows in the maturity analysis to occur at an earlier time or in amounts that differ significantly.

(III) Fair value information

1. Valuation techniques and inputs used for measuring fair value of financial and non-financial instruments are defined below:

Level 1 input: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature. An active market is one where assets or liabilities are transacted in sufficient frequency and quantity and where price information is provided on an ongoing basis. The fair value of investments in listed shares is determined using this input.

Level 2 input: Inputs can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input. The fair value of investments in derivative instruments is determined using this input.

Level 3 input: Inputs that can not be observed for an asset or liability. Investments in equity instruments without an active market are valued using this input.

2. For fair value information of investment properties carried at cost, please refer to Note 6(10).

3. Financial instruments not measured at fair value

Accounts including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets (presented as other current assets), guarantee deposits paid (presented as other current and non-current assets), short-term loans, accounts payable (including related parties), other payables (including related parties), lease liabilities, long-term loans (including current portion due in one year), and guarantee deposits received have book value that closely resembles their fair value.

4. Information on financial and non-financial instruments measured at fair value, classified by asset, liability, nature, characteristics, risks, and levels of fair value input:

(1) Group assets and liabilities by nature:

| September 30, 2022 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|----------------|----------------|--------------|
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 6,547 | \$ - | \$ 26,532 | \$ 33,079 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | - | - | 23,906 | 23,906 |

| | | | | |
|---|------------------|----------------|------------------|------------------|
| | <u>\$ 6,547</u> | <u>\$ -</u> | <u>\$ 50,438</u> | <u>\$ 56,985</u> |
| December 31, 2021 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 10,125 | \$ - | \$ 36,406 | \$ 46,531 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>-</u> | <u>-</u> | <u>32,381</u> | <u>32,381</u> |
| | <u>\$ 10,125</u> | <u>\$ -</u> | <u>\$ 68,787</u> | <u>\$ 78,912</u> |
| September 30, 2021 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets | | | | |
| <u>Recurring fair value</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | \$ 7,586 | \$ - | \$ 35,853 | \$ 43,439 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>-</u> | <u>-</u> | <u>32,381</u> | <u>32,381</u> |
| | <u>\$ 7,586</u> | <u>\$ -</u> | <u>\$ 68,234</u> | <u>\$ 75,820</u> |

(2) Methods and assumptions used for measuring fair value:

- A. Instruments using market quotation as fair value input (i.e. level 1), distinguished by characteristics:

| | |
|------------------|--------------------------------|
| | <u>TWSE/TPEX listed shares</u> |
| Market quotation | Closing price |

- B. Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments were obtained either by applying valuation techniques or by referring to counterparties' quotations.
- C. For the valuation of non-standardized financial instruments of low complexity, the Group adopts valuation techniques that are commonly used among market participants. Valuation models for this type of financial instrument often use observable market information as the parameter.

- D. Derivatives are valued using valuation models that are commonly accepted among market users, such as the discounted cash flow approach. Forward exchange contracts are usually valued using the prevailing forward exchange rate.
- E. Results generated from the valuation model are approximations of the estimate. The valuation technique may not reflect all relevant factors associated with the holding of financial and non-financial instruments. For this reason, estimates generated from the valuation model are adjusted using additional parameters, such as modeling risks or liquidity risks. Judging by the Group's fair value assessment modeling policies and control procedures, the management is confident that they ensure a fair presentation for the fair values of financial and non-financial instruments shown on the balance sheet. All valuation adjustments made were appropriate and necessary. All price information and parameters used in the valuation process have been thoroughly assessed and adjusted appropriately according to the prevailing market conditions.
5. There had been no transfers between level 1 and level 2 inputs during the periods January 1 to September 30, 2022 and 2021.
6. Changes in level 3 input during the periods January 1 to September 30, 2022 and 2021, are explained below:

| | <u>2022</u> | | <u>2021</u> |
|---|--------------------------|--|--------------------------|
| | <u>Equity instrument</u> | | <u>Equity instrument</u> |
| January 1 | \$ 68,787 | | \$ 40,642 |
| Additions in the current period | - | | 30,000 |
| Recognized through profit and loss (Note 1) | (9,874) | | (2,408) |
| Recognized in other comprehensive income (Note 2) | <u>(8,475)</u> | | <u>-</u> |
| September 30 | <u>\$ 50,438</u> | | <u>\$ 68,234</u> |

Note 1: Presented as other gains and losses.

Note 2: Presented as unrealized gain/loss on valuation of equity instruments at fair value through other comprehensive income

7. There had been no transfers to or from level 3 during the periods January 1 to September 30, 2022 and 2021.
8. The Treasury Department is responsible for validating the fair value of assets that require the use of level 3 fair value input. The department relies on independent sources of information to ensure that the valuation results closely resemble the market condition; it verifies that information is obtained from independent, reliable, and consistent sources;

and makes necessary fair value adjustments to ensure that valuation results are reasonable.

Furthermore, the Treasury Department has financial instrument fair value evaluation policies and procedures in place and adopts practices to ensure compliance with International Financial Reporting Standards.

9. Quantitative information and sensitivity of significant and unobservable inputs used for level 3 fair value measurement are explained below:

| | <u>Fair value as of</u> <u>September 30, 2022</u> | <u>Valuation</u> <u>technique</u> | <u>Significant and</u> <u>unobservable</u> <u>input</u> | <u>Range</u> <u>(weighted</u> <u>average)</u> | <u>Relationship</u> <u>between input and</u> <u>fair value</u> |
|-----------------------------------|--|--------------------------------------|---|---|--|
| Equity instrument: | | | | | |
| Non-listed shares | \$ 23,906 | Discounted cash flow method | Note 1 | Not applicable | Note 2 |
| Shares of joint venture companies | 26,532 | Net asset value approach | Not applicable | Not applicable | Not applicable |
| | <u>Fair value as at</u> <u>December 31, 2021</u> | <u>Valuation</u> <u>technique</u> | <u>Significant and</u> <u>unobservable</u> <u>input</u> | <u>Range</u> <u>(weighted</u> <u>average)</u> | <u>Relationship</u> <u>between input and</u> <u>fair value</u> |
| Equity instrument: | | | | | |
| Non-listed shares | \$ 32,381 | Discounted cash flow method | Note 1 | Not applicable | Note 2 |
| Shares of joint venture companies | 36,406 | Net asset value approach | Not applicable | Not applicable | Not applicable |
| | <u>Fair value as of</u> <u>September 30, 2021</u> | <u>Valuation</u> <u>technique</u> | <u>Significant and</u> <u>unobservable</u> <u>input</u> | <u>Range</u> <u>(weighted</u> <u>average)</u> | <u>Relationship</u> <u>between input and</u> <u>fair value</u> |
| Equity instrument: | | | | | |
| Non-listed shares | \$ 32,381 | Discounted cash flow method | Note 1 | Not applicable | Note 2 |
| Shares of joint venture companies | 35,853 | Net asset value approach | Not applicable | Not applicable | Not applicable |

Note 1: Long-term revenue growth rate, the weighted average cost of capital, long-term pre-tax operating profit, discount for lack of marketability, discount for minority interest.

Note 2: The higher the weighted average cost of capital, discount for lack of marketability, and discount for minority interest, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value.

10. The Group exercises a high level of discretion and evaluation in the selection of valuation models and parameters. However, the uses of different valuation models or parameters may produce different valuation results. For financial assets classified as level 3 input, impacts on other comprehensive income in the event of a change in valuation parameter are explained below:

| | <u>Input</u> | <u>Variation</u> | <u>September 30, 2022</u> | | <u>December 31, 2021</u> | |
|-------------------|-------------------------------|------------------|---|--------------------------|---|--------------------------|
| | | | <u>Recognized in other comprehensive income</u> | | <u>Recognized in other comprehensive income</u> | |
| | | | <u>Favorable variation</u> | <u>Adverse variation</u> | <u>Favorable variation</u> | <u>Adverse variation</u> |
| Financial assets | | | | | | |
| Equity instrument | Weighted average funding cost | ±0.5% | <u>\$ 1,350</u> | <u>(\$ 1,250)</u> | <u>\$ 1,750</u> | <u>(\$ 1,600)</u> |

(IV) Assessment of COVID-19 impact

Per assessment, the spread of COVID-19 and disease control policies imposed by the government had not caused a material impact on the Group's operations as of September 30, 2022. Furthermore, the Group has adopted appropriate measures to prevent the effect of COVID-19 on its operations and is closely monitoring future developments.

XIII. Other disclosures

(I) Information related to significant transactions

Significant transactions undertaken by the Group during the period January 1 to September 30, 2022, as defined in Regulations Governing the Preparation of Financial Reports by Securities Issuers, are explained below; transactions with subsidiaries have been eliminated while preparing the consolidated financial report and are disclosed below solely for reference.

1. Loans to external parties: None.
2. Endorsement/guarantee to external parties: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures): Please refer to Attachment 1.
4. Cumulative purchase or sale of the same marketable securities amounting to NT\$300 million or more than 20% of the paid-up capital: None.
5. Acquisition of real estate amounting to NT\$300 million or more than 20% of paid-up capital: None.
6. Disposal of real estate amounting to NT\$300 million or more than 20% of paid-up capital:

None.

7. Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital: Please refer to Attachment 2.
8. Related party accounts receivable amounting to NT\$100 million or more than 20% of paid-up capital: Please refer to Attachment 3.
9. Derivative transactions: None.
10. Major business dealings between the parent company and subsidiaries and transactions between subsidiaries: Please see Attachment 4.

(II) Information on business investments

Names, locations, and information on investees (excluding Mainland investees): Please see Attachment 5.

(III) Information relating to investments in the Mainland

1. Profile: Please see Attachment 6.
2. Significant transactions with Mainland investees, whether directly invested or indirectly invested through a third location: None.

(IV) Information on major shareholders

Information on major shareholders: Please see Attachment 7.

XIV. Segment information

(I) General information

The Group prepares regional information for its decision makers; regional information is sorted by the locations at which sales orders are received and is currently divided between Taiwan and the USA. Since the two regions differ significantly in terms of sales network, products, and distribution model and operate independently with respect to financial management and performance evaluation, the Group has identified Taiwan and the USA as the reporting segments.

(II) Assessment of segment information

The Group assesses the performance of each segment based on operating revenues. All segments adopt consistent accounting policies, as described in Note 4 - Summary of significant accounting policies of the consolidated financial report. Sales between segments are conducted based on the fair trade principle. Revenues from external sources reported to main decision makers are measured in a manner consistent with revenues of the statement of comprehensive income.

(III) Segment profit/loss

| | <u>January 1 to September 30, 2022</u> | | | | |
|---|--|--------------------|------------------|--------------------------------------|---------------------|
| | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | <u>Eliminated upon consolidation</u> | <u>Consolidated</u> |
| Income from customers other than the ultimate parent, parent, and consolidated subsidiaries | \$ 636,666 | \$ 446,427 | \$ 29,929 | \$ - | \$ 1,113,022 |
| | \$ - | \$ - | \$ - | \$ - | |
| Income from the ultimate parent, parent, and consolidated subsidiaries | <u>325,349</u> | <u>3,510</u> | <u>19,236</u> | <u>(348,095)</u> | <u>-</u> |
| | <u>\$ 962,015</u> | <u>\$ 449,937</u> | <u>\$ 49,165</u> | <u>(\$348,095)</u> | <u>\$ 1,113,022</u> |
| Segment profit/loss | <u>\$ 122,714</u> | <u>(\$ 50,586)</u> | <u>(\$ 649)</u> | <u>\$ -</u> | <u>\$ 71,479</u> |
| Segment profit/loss includes: | | | | | |
| Depreciation and amortization | <u>\$ 16,553</u> | <u>\$ 2,002</u> | <u>\$ 1,814</u> | <u>\$ -</u> | <u>\$ 20,369</u> |

| | <u>January 1 to September 30, 2021</u> | | | | |
|---|--|--------------------|------------------|--------------------------------------|---------------------|
| | <u>Taiwan</u> | <u>USA</u> | <u>Others</u> | <u>Eliminated upon consolidation</u> | <u>Consolidated</u> |
| Income from customers other than the ultimate parent, parent, and consolidated subsidiaries | \$ 435,129 | \$ 312,350 | \$ 25,131 | \$ - | \$ 772,610 |
| | <u>167,727</u> | <u>500</u> | <u>21,199</u> | <u>(189,426)</u> | <u>-</u> |
| Income from the ultimate parent, parent, and consolidated subsidiaries | <u>\$ 602,856</u> | <u>\$ 312,850</u> | <u>\$ 46,330</u> | <u>(\$189,426)</u> | <u>\$ 772,610</u> |
| Segment profit/loss | <u>\$ 25,564</u> | <u>(\$ 22,062)</u> | <u>\$ 2,492</u> | <u>\$ -</u> | <u>\$ 5,994</u> |
| Segment profit/loss includes: | | | | | |
| Depreciation and amortization | <u>\$ 14,716</u> | <u>\$ 3,100</u> | <u>\$ 1,963</u> | <u>\$ -</u> | <u>\$ 19,779</u> |

Note: Information on segment assets and liabilities was not provided to key decision makers of the Group, and therefore were not disclosed.

(IV) Reconciliation of segment profit/loss

Sales of merchandise (product) and rendering of service between segments are conducted based on the fair trade principle. Revenues from external sources and financial information reported to main decision makers are measured in a manner that is consistent with the revenues and financial information presented in the statement of comprehensive income. Reconciliation between segment profit/loss and pre-tax profit from continuing operations for the current period:

| | <u>January 1 to September 30, 2022</u> | <u>January 1 to September 30, 2021</u> |
|--|--|--|
| Net income from reporting segments | \$ 72,128 | \$ 3,502 |
| Net income (loss) from other reporting segments | (649) | 2,492 |
| Total across segments | \$ 71,479 | \$ 5,994 |
| Loss on financial assets or liabilities at fair value through profit or loss | (13,452) | (4,013) |
| Other gains and losses | 96,310 | 54,875 |
| Financial costs | (2,296) | (1,191) |
| Pre-tax profit from continuing operations | <u>\$ 152,041</u> | <u>\$ 55,665</u> |

ONYX Healthcare Inc. and Subsidiaries
End-of-period marketable securities holding position (excluding investment in subsidiaries, associated companies, and joint ventures)
September 30, 2022

Attachment 1

Unit: NT\$ thousand
(unless specified otherwise)

| <u>Company name</u> | <u>Type of security</u> | <u>Name of security</u> (Note 1) | <u>Relationship with the securities issuer</u> (Note 2) | <u>Account category</u> | <u>Shares</u> | <u>End-of-period</u> | | <u>Fair value</u> | <u>Remarks</u> (Note 4) |
|----------------------|-------------------------|--|--|---|---------------|-------------------------------|------------------------------------|-------------------|----------------------------|
| | | | | | | <u>Book value</u> (Note 3) | <u>Shareholdings</u> percentage | | |
| ONYX Healthcare Inc. | Shares | MACHVISION Inc Co., LTD | Other related party - the Company's Chairman concurrently serves as director in the entity | Financial assets at fair value through profit or loss - current | 18,716 | \$ 2,340 | 0.04% | \$ 2,340 | None |
| ONYX Healthcare Inc. | Shares | Top Union Electronics Corp. | None | Financial assets at fair value through profit or loss - current | 181,364 | 4,207 | 0.17% | 4,207 | " |
| ONYX Healthcare Inc. | Shares | Taiwan Star Venture Capital Investment Co., Ltd. | None | Financial assets at fair value through profit or loss - non-current | 3,000,000 | 26,532 | 13.04% | 26,532 | " |
| ONYX Healthcare Inc. | Shares | MELTEN CONNECTED HEALTHCARE INC. | None | Financial assets at fair value through other comprehensive income - non-current | 4,193,548 | 2,381 | 6.61% | 2,381 | " |
| ONYX Healthcare Inc. | Shares | ProtectLife International Biomedical Inc. | None | Financial assets at fair value through other comprehensive income - non-current | 2,500,000 | 21,525 | 6.30% | 21,525 | " |

Note 1: Securities mentioned in the financial statements shall refer to shares, bonds, beneficiary certificates, and any securities derived from the above, as specified in IFRS 9 "Financial Instruments."

Note 2: Not required if the securities issuer is a non-related party.

Note 3: For items that are measured at fair value, the amount in fair value after adjustment and net of cumulative impairment is shown in the book value column; for items that are not measured at fair value, the amount in original acquisition cost or cost after amortization net of cumulative impairment is shown in the book value column.

Note 4: All securities that have been placed as collateral, borrowed against, or are subject to restrictions under agreed terms shall have details such as the quantity pledged, the amount charged, and restrictions explained in the remarks column.

ONYX Healthcare Inc. and Subsidiaries
Sales and purchases with related parties amounting to NT\$100 million or more than 20% of paid-up capital
January 1 to September 30, 2022

Attachment 2

Unit: NT\$ thousand
(unless specified otherwise)

| Name of buyer (seller) | Name of counterparty | Relationship | Purchase (Sale) | Transaction summary | | | | Distinctive terms of trade and reasons (Note 1) | | Notes and accounts receivable (payable) | | Remarks (Note 2) |
|------------------------|---------------------------|----------------|-----------------|---------------------|------------------------------------|-------------------------|------------|--|-----------|--|--------|---------------------|
| | | | | Amount | As a percentage to total purchases | Loan tenor | Unit price | Loan tenor | Balance | As a percentage of total notes and accounts receivable | | |
| | | | | | | | | | | | (Sale) | |
| ONYX Healthcare Inc. | ONYX HEALTHCARE USA, INC. | Subsidiary | (Sale) | \$ 302,674 | (31.46%) | 90 days after month-end | \$ - | - | \$ 85,445 | 39.98% | None | |
| ONYX Healthcare Inc. | AAEON Technology Inc. | Parent company | Purchase | 76,202 | 11.37% | 30 days after month-end | - | - | (9,428) | 6.80% | None | |

Note 1: Where the terms of related party transactions differ from ordinary transactions, the discrepancy and causes of discrepancy shall be explained in the unit price and loan tenor columns.

Note 2: In the case of advanced receipt (prepayment), explain in the remarks column the reason, terms & conditions, amount and deviation from general transaction terms.

Note 3: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

Note 4: Disclose the revenue side; no disclosure is needed on the opposing side of the same transaction.

ONYX Healthcare Inc. and Subsidiaries
 Related party receivables amounting to NT\$100 million or 20% of paid-up capital or above
 September 30, 2022

Attachment 3

Unit: NT\$ thousand
 (unless specified otherwise)

| <u>Companies presented as</u> <u>accounts receivable</u> | <u>Name of counterparty</u> | <u>Relationship</u> | <u>Balance of related party receivables</u> | | <u>Turnover</u> <u>rate</u> | <u>Overdue balance of related party receivables</u> | | <u>Amount</u> | <u>Treatment</u> | <u>Amount of related party receivables collected after the balance sheet date</u> | <u>Loss provisions provided</u> | |
|---|-----------------------------|---------------------|---|--------|--------------------------------|---|---|---------------|------------------|---|---------------------------------|---|
| | | | <u>(Note 1)</u> | | | | | | | | | |
| ONYX Healthcare Inc. | ONYX HEALTHCARE USA, INC. | Subsidiary | \$ | 85,445 | 4.37 | \$ | - | - | \$ | 26,097 | \$ | - |

Note 1: Please input as related party accounts/notes/other receivables.

Note 2: Paid-up capital refers to that of the Parent company. If the issuer has issued shares without a face value or at face values other than NT\$10 per share, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders, as shown on the balance sheet.

ONYX Healthcare Inc. and Subsidiaries
Major business dealings between the parent company and subsidiaries and transactions between subsidiaries
January 1 to September 30, 2022

Attachment 4

Unit: NT\$ thousand
(unless specified otherwise)

| <u>Serial No.</u> <u>(Note 1)</u> | <u>Name of transacting party</u> | <u>Counterparty</u> | <u>Relationship with the</u> <u>transacting party</u> <u>(Note 2)</u> | <u>Account</u> | <u>Transaction summary</u> | | <u>As a percentage of</u> <u>consolidated revenues or</u> <u>total assets</u> <u>(Note 3)</u> |
|--------------------------------------|----------------------------------|---------------------------|---|------------------------|----------------------------|------------------------------------|--|
| | | | | | <u>Amount</u> | <u>Transaction</u> <u>terms</u> | |
| 0 | ONYX Healthcare Inc. | ONYX HEALTHCARE USA, INC. | 1 | Sales | \$ 302,674 | 90 days after month-end | 27.19% |
| 0 | ONYX Healthcare Inc. | ONYX HEALTHCARE USA, INC. | 1 | Accounts receivable | 85,445 | 90 days after month-end | 4.44% |

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

(1) 0 for the parent company.

(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below. Only the category is indicated (no duplicate disclosure is made on two counterparties of the same transaction; for example, in a parent-to-subsiary transaction, no disclosure is made on the subsidiary's end if disclosure has already been made on the parent company's end; in a subsidiary-to-subsiary transaction, no disclosure is made on one subsidiary's end if disclosure has already been made on the other subsidiary):

(1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets or liabilities; for profit and loss items, percentage of end-of-period cumulative amount is calculated relative to consolidated total revenues.

Note 4: The Company determines key transactions presented in this chart based on principles of materiality.

Note 5: Individual transactions that amount to less than \$50,000 are not disclosed; disclose the asset or revenue side only. No further disclosure is needed on the opposing side of the same transaction.

ONYX Healthcare Inc. and Subsidiaries
Names, locations, and information on investees (excluding Mainland investees)
January 1 to September 30, 2022

Attachment 5

Unit: NT\$ thousand
(unless specified otherwise)

| <u>Name of investor</u> | <u>Name of investee</u> (Notes 1 and 2) | <u>Location</u> | <u>Main business activities</u> | <u>Sum of initial investment</u> | | <u>Period-end holding position</u> | | | <u>Current period</u> | <u>Investment</u> | <u>Remarks</u> |
|-------------------------|--|-----------------|--|----------------------------------|-----------------------------|------------------------------------|-----------------------|-------------------|---|---|----------------|
| | | | | <u>End of current period</u> | <u>End of previous year</u> | <u>Shares</u> | <u>Percentage (%)</u> | <u>Book value</u> | <u>profit/loss of the investee</u> (Note 2(2)) | <u>gains/losses recognized in the current period</u> (Note 2(3)) | |
| ONYX Healthcare Inc. | ONYX HEALTHCARE USA, INC. | USA | Sale of medical computers and peripherals | \$ 63,500 | \$ 55,360 | 200,000 | 100 | \$ 55,866 | (\$ 40,462) | (\$ 40,462) | None |
| ONYX Healthcare Inc. | ONYX HEALTHCARE EUROPE B.V. | The Netherlands | Marketing support and maintenance of medical computers and peripherals | 3,126 | 3,132 | 100,000 | 100 | 14,848 | 963 | 963 | None |
| ONYX Healthcare Inc. | iHELPER Inc. | Taiwan | Research, development, and sale of medical robots | 16,560 | 16,560 | 1,656,000 | 46 | 6,958 | (1,302) | (599) | None |
| ONYX Healthcare Inc. | Winmate Inc. | Taiwan | Tendering, quotation, and distribution of LCD equipment and modules | 562,910 | 552,783 | 10,175,000 | 14 | 583,126 | 342,344 | 44,047 | None |

Note 1: If the public company has set up a foreign holding entity and prepared a consolidated financial report on the holding entity according to local regulations, information on foreign investees can be disclosed to the level of the foreign holding entity, and no further breakdown is needed.

Note 2: Companies that do not meet the condition described in Note 1 shall complete the form according to the following rules:

- (1) For columns including "Name of investor," "Location," "Main business activities," "Sum of initial investment," and "Period-end holding position," list down investees that are held by the Company first, followed by those held by directly controlled investees and indirectly controlled investees. Specify in the remarks column the relationship between each investee and the Company (such as a subsidiary or 2nd-tier subsidiary).
- (2) For "Current period profit/loss of the investee," specify the amount of profit or loss made by each investee in the current period.
- (3) For "Investment gains/losses recognized in the current period," specify only the amount of profit or loss that the Company has recognized from directly held subsidiaries and equity-accounted investees. No disclosure is needed on indirectly held investees. When disclosing "current gains/losses recognized on directly held subsidiaries," make sure that the gains/losses already include investment gains/losses that they are required to recognize on their investments.

Note 3: Amounts that are denominated in foreign currencies shall be converted into NTD using either the average exchange rate between January 1 and September 30, 2022 for profit or loss items or the exchange rate at the end of the reporting period for all other items.

ONYX Healthcare Inc. and Subsidiaries
Mainland investments - profile
January 1 to September 30, 2022

Attachment 6

Unit: NT\$ thousand
(unless specified otherwise)

| <u>Name of Mainland investee</u> | <u>Main business activities</u> | <u>Paid-up capital</u> | <u>Method of investment</u> (Note 1) | <u>Opening cumulative balance of investment</u> | <u>Investment capital contributed or recovered during the current period</u> | | <u>Closing cumulative balance of investment capital invested from</u> | <u>Current period profit/loss of the investee</u> | <u>The Company's direct or indirect holding percentage (%)</u> | <u>Investment gains (losses) recognized in the current period</u> | <u>Closing investment book value</u> | <u>Investment gains recovered to date</u> | <u>Remarks</u> |
|----------------------------------|---|------------------------|---|---|--|------------------|---|---|--|---|--------------------------------------|---|----------------|
| | | | | <u>from Taiwan</u> | <u>Invested</u> | <u>Recovered</u> | <u>Taiwan</u> | | | <u>(Note 2(2)C.)</u> | | | |
| Onyx Healthcare (Shanghai) Inc. | Sale of medical computers and peripherals | \$ 69,850 | 1 | \$ 69,850 | \$ - | \$ - | \$ 69,850 | (\$ 1,579) | 100 | (\$ 1,579) | \$ 6,257 | \$ - | None |

| <u>Company name</u> | <u>Closing cumulative balance of investment capital transferred from Taiwan into Mainland China</u> | <u>Investment limit authorized by the Investment Commission, Ministry of Economic Affairs</u> | <u>Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing in Mainland China</u> |
|----------------------|---|---|--|
| ONYX Healthcare Inc. | \$ 69,850 | \$ 69,850 | \$ 791,917 |

Note 1: Method of investment is distinguished between the three categories below, and presented in category name only:

- (1) Direct investment into the Mainland
- (2) Indirect investment into the Mainland through a third location (please indicate the name of the investee at the third location)
- (3) Other method

Note 2: With regards to investment gains/losses recognized in the current period:

- (1) Additional remarks are made for investments that are in the midst of preparation and have yet to produce gains or losses
- (2) Investment gains or losses are specified for having been recognized using one of the following three bases
 - A. Based on financial statements reviewed by the R.O.C. partner of an international CPA firm.
 - B. Based on auditor-reviewed financial statements of the parent company in Taiwan.
 - C. Based on investee's unaudited, non-auditor-reviewed financial statements for the corresponding period.

Note 3: Figures in this chart are presented in NTD.

Note 4: Amounts that are denominated in foreign currencies shall be converted into NTD using either the average exchange rate between January 1 and September 30, 2022 for profit or loss items or the exchange rate at the end of the reporting period for all other items.

ONYX Healthcare Inc. and Subsidiaries
Information on major shareholders
September 30, 2022

Attachment 7

| | <u>Name of major shareholder</u> | <u>Number of shares held</u> | <u>Shareholding</u> | <u>Shareholding percentage (%)</u> |
|-----------------------|----------------------------------|------------------------------|---------------------|------------------------------------|
| AAEON Technology Inc. | | 16,257,179 | | 48.87 |
| Chuang, Yung-Shun | | 2,745,068 | | 8.25 |
| ASUSTeK Computer Inc. | | 1,694,112 | | 5.09 |

Note 1: Information on major shareholders, as presented in this chart, was taken from the records of Taiwan Depository & Clearing Corporation as at the final business day of each quarter, and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

Note 2: Shareholders who placed shares under the trust are disclosed in trustors' sub-accounts held with various trustees. According to Securities and Exchange Act, shareholders with more than 10% ownership interest are subject to insider equity reporting. Insider equity includes shares held in own name and any shares placed under a trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.