

PEGATRON CORPORATION**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

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

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Independent Auditors' Report

To the Board of Directors of Pegatron Corporation:

Opinion

We have audited the non-consolidated financial statements of Pegatron Corporation (“the Company”), which comprise the non-consolidated statement of financial position as of December 31, 2021 and 2020, and the non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and non-consolidated statement of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Based on our professional judgment, key audit matters pertain to the most important matters in the audit of non-consolidated financial statements for the year ended December 31, 2021 of Pegatron Corporation. Those matters have been addressed in our audit opinion on the said non-consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Revenue recognition

The accounting principles on the recognition of revenues are discussed in Note 4(n) of the notes to non-consolidated financial statements.

(a) Key audit matters:

The timing for recognition of revenue and the transfer of control are relatively complex because the transaction terms vary with each client and the offshore hubs are established depending on the clients' needs. These factors expose the Company to a significant risk of untimely recognition of revenue.

Therefore, the test of revenue recognition was one of the key audit matters in the audit of non-consolidated financial reports for the years ended December 31, 2021 and 2020 of Pegatron Corporation.

(b) Auditing procedures performed:

- Vouching external documents with records on ledger to confirm whether the counterparty involved in the sales transaction is the same with that involved in the cash collection.
- Random sampling of material sales contracts and examining the transaction terms in order to evaluate the accuracy of the timing for recognition of revenues.
- Performing cut-off test for revenues during the periods before and after the balance sheet date.

2. Inventory valuation

Please refer to notes 4(g), 5 and 6(f) of the notes to non-consolidated financial statement for the accounting policies on measuring inventory, assumptions used and uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balances of impairment loss and obsolescence, respectively.

(a) Key audit matters:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, the cost of inventory might exceed its net realizable value because the products change fast and the industry in which the Company operates is very competitive.

(b) Auditing procedures performed:

- Analyze the amount of obsolete inventory and inventory market price decline between 2021 and 2020 and understand reasons of the difference.
- Obtain an inventory aging analysis and randomly select items to verify the accuracy for age of inventory.
- Obtain the most recent selling price for finished goods and replacement cost for raw material, and recalculate net realizable value with selling expense rate to check whether the net realizable value measurement adopted by the Company is reasonable.

Other Matter

We did not audit the financial statements of certain investees, which represented investments in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the reports of other auditors. The investments in those investees accounted for using the equity method constituting 5.21% and 2.24% of total assets at December 31, 2021 and 2020, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 24.04% and 5.49% of total profit before tax for the years then ended respectively.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

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

In preparing the non-consolidated financial statements, management is responsible for assessing Pegatron Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing Pegatron Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pegatron Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pegatron Corporation's ability to continue as a going concern. If we determine that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on Pegatron Corporation. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For those matters that we have communicated with those charged with governance, we have considered those matters to be key audit matters as they were the most significant to the audit of the financial statements for the year ended December 31, 2021. We have included these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2022

Notes to Readers

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

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION**Non-Consolidated Balance Sheets****December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 22,587,554	3	25,707,844	4
1110	Current financial assets at fair value through profit or loss (Note 6(b))	566,105	-	442,890	-
1170	Notes and accounts receivable, net (Notes 6(d) and 6(u))	231,788,533	31	184,199,690	28
1180	Accounts receivable due from related parties, net (Notes 6(d) and 7)	246,808,995	33	228,475,966	34
1200	Other receivables, net (Notes 6(e) and 7)	460,024	-	530,310	-
1220	Current tax assets	-	-	281,294	-
130X	Inventories (Note 6(f))	40,106,368	5	35,831,333	5
1476	Other current financial assets (Notes 6(k) and 8)	22,414,111	3	32,988,093	5
1479	Other current assets (Note 6(k))	<u>473,003</u>	-	<u>737,658</u>	-
		<u>565,204,693</u>	<u>75</u>	<u>509,195,078</u>	<u>76</u>
Non-current assets:					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	691,925	-	547,615	-
1520	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	1,015,597	-	497,030	-
1550	Investments accounted for using equity method (Note 6(g))	177,850,696	24	147,643,776	22
1600	Property, plant and equipment (Note 6(h))	10,529,131	1	10,182,540	2
1755	Right-of-use assets (Note 6(i))	428,808	-	166,975	-
1780	Intangible assets (Note 6(j))	118,522	-	92,409	-
1840	Deferred tax assets (Note 6(q))	868,194	-	494,961	-
1980	Other non-current financial assets (Notes 6(k) and 8)	29,275	-	3,147,346	-
1990	Other non-current assets (Note 6(k))	<u>-</u>	<u>-</u>	<u>5,253</u>	<u>-</u>
		<u>191,532,148</u>	<u>25</u>	<u>162,777,905</u>	<u>24</u>
Total assets		\$ <u>756,736,841</u>	<u>100</u>	<u>671,972,983</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Non-Consolidated Balance Sheets (CONT'D)

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020		
	Amount	%	Amount	%	
Liabilities and Equity					
Current liabilities:					
2100	Short-term loans (Note 6(l))	\$ 48,168,420	7	59,130,238	9
2130	Current contract liabilities (Note 6(u))	733,952	-	724,708	-
2150	Notes and accounts payable	243,070,527	32	215,243,299	32
2180	Accounts payable to related parties (Note 7)	215,469,688	29	164,677,435	25
2219	Other payables (Notes 6(p), 7 and 9)	19,247,973	2	17,439,616	3
2230	Current tax liabilities	63,504	-	-	-
2281	Current lease liabilities (Note 6(o))	103,027	-	41,509	-
2321	Bonds payable, current portion (Note 6(n))	2,000,000	-	1,000,000	-
2322	Long-term loans payable, current portion (Note 6(m))	336,111	-	-	-
2399	Other current liabilities (Notes 6(m) and 7)	22,782,716	3	23,127,875	3
		<u>551,975,918</u>	<u>73</u>	<u>481,384,680</u>	<u>72</u>
Non-Current liabilities:					
2530	Bonds payable (Note 6(n))	34,869,595	5	24,478,182	4
2540	Long-term loans (Note 6(m))	2,823,149	-	3,146,170	-
2570	Deferred tax liabilities (Note 6(q))	-	-	120,971	-
2580	Non-current lease liabilities (Note 6(o))	328,299	-	126,533	-
2650	Credit balance of investments accounted for using equity method (Note 6(g))	9,563	-	-	-
2670	Other non-current liabilities (Notes 6(m), 6(p) and 7)	125,772	-	121,866	-
		<u>38,156,378</u>	<u>5</u>	<u>27,993,722</u>	<u>4</u>
	Total liabilities	<u>590,132,296</u>	<u>78</u>	<u>509,378,402</u>	<u>76</u>
Equity (Notes 6(r) and 6(s)):					
3100	Share capital	26,691,316	4	26,628,737	4
Capital surplus:					
3210	Capital surplus, premium on capital stock	78,057,441	10	77,471,560	11
3280	Capital surplus, others	5,263,867	1	5,536,787	1
		<u>83,321,308</u>	<u>11</u>	<u>83,008,347</u>	<u>12</u>
Retained earnings:					
3310	Legal reserve	15,698,039	2	13,706,083	2
3320	Special reserve	15,866,201	2	11,286,050	2
3350	Unappropriated retained earnings	46,661,789	6	44,978,224	7
		<u>78,226,029</u>	<u>10</u>	<u>69,970,357</u>	<u>11</u>
Other equity interest:					
3410	Exchange differences on translation of foreign financial statements	(21,363,627)	(3)	(15,808,892)	(3)
3420	Unrealized losses on financial assets measured at fair value through other comprehensive income	444,778	-	(57,309)	-
3491	Deferred compensation cost arising from issuance of restricted stock	(712,701)	-	(1,146,659)	-
		<u>(21,631,550)</u>	<u>(3)</u>	<u>(17,012,860)</u>	<u>(3)</u>
3500	Treasury stock	(2,558)	-	-	-
	Total equity	<u>166,604,545</u>	<u>22</u>	<u>162,594,581</u>	<u>24</u>
	Total liabilities and equity	<u>\$ 756,736,841</u>	<u>100</u>	<u>671,972,983</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Non-Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the years ended December 31			
		2021		2020	
		Amount	%	Amount	%
4110	Operating revenue (Notes 6(u) and 7)	\$ 1,169,584,218	100	1,248,193,101	100
4170	Less: Sales returns and allowances	1,451,116	-	1,411,596	-
	Operating revenue, net	<u>1,168,133,102</u>	100	<u>1,246,781,505</u>	100
5000	Cost of sales (Notes 6(f), 6(o), 6(p), 6(s), 6(v) and 7)	<u>1,152,860,663</u>	99	<u>1,228,743,006</u>	99
5900	Gross profit from operations	15,272,439	1	18,038,499	1
5920	Add: Realized (loss) profit on from sales	(10,301)	-	7,444	-
5950	Gross profit from operations	<u>15,262,138</u>	1	<u>18,045,943</u>	1
6000	Operating expenses (Notes 6(d), 6(o), 6(p), 6(s), 6(v) and 7):				
6100	Selling expenses	1,969,383	-	2,186,421	-
6200	General and administrative expenses	2,621,126	-	2,480,951	-
6300	Research and development expenses	8,298,282	1	8,840,869	1
6300	Total operating expenses	<u>12,888,791</u>	1	<u>13,508,241</u>	1
	Net operating income	<u>2,373,347</u>	-	<u>4,537,702</u>	-
	Non-operating income and expenses:				
7100	Interest income (Note 6(w))	120,434	-	264,961	-
7010	Other income (Notes 6(w) and 7)	892,562	-	907,516	-
7020	Other gains and losses (Note 6(w))	1,078,237	-	1,788,188	-
7050	Finance costs (Notes 6(d), 6(n), 6(o) and 6(w))	(576,389)	-	(851,954)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 6(g))	17,182,275	1	14,821,890	1
7590	Miscellaneous disbursements (Note 7)	(6,772)	-	(40,490)	-
	Total non-operating income and expenses	<u>18,690,347</u>	1	<u>16,890,111</u>	1
	Profit from continuing operations before tax	21,063,694	1	21,427,813	1
7950	Less: Income tax expenses (Note 6(q))	518,051	-	1,220,215	-
	Profit	<u>20,545,643</u>	1	<u>20,207,598</u>	1
8300	Other comprehensive income (Note 6(r)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	8,010	-	(4,218)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	518,567	-	(54,673)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,507	-	140,661	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>531,084</u>	-	<u>81,770</u>	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(3,722,550)	-	(4,826,496)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(3,722,550)</u>	-	<u>(4,826,496)</u>	-
8300	Other comprehensive income, net	<u>(3,191,466)</u>	-	<u>(4,744,726)</u>	-
8500	Total comprehensive income for the year	<u>\$ 17,354,177</u>	<u>1</u>	<u>15,462,872</u>	<u>1</u>
	Earnings per share, net of tax (Note 6(t))				
9750	Basic earnings per share	<u>\$ 7.71</u>		<u>7.73</u>	
9850	Diluted earnings per share	<u>\$ 7.62</u>		<u>7.64</u>	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Non-Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest					Treasury stock	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Deferred compensation cost	Total other equity interest			
Balance at January 1, 2020	\$ 26,110,919	81,052,101	11,774,310	7,868,877	42,156,192	61,799,379	(10,982,396)	(303,654)	(8,287)	(11,294,337)	(3,000)	157,665,062	
Profit for the year	-	-	-	-	20,207,598	20,207,598	-	-	-	-	-	20,207,598	
Other comprehensive income (loss) for the year	-	-	-	-	(10,895)	(10,895)	(4,826,496)	92,665	-	(4,733,831)	-	(4,744,726)	
Total comprehensive income (loss) for the year	-	-	-	-	20,196,703	20,196,703	(4,826,496)	92,665	-	(4,733,831)	-	15,462,872	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,931,773	-	(1,931,773)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	3,417,173	(3,417,173)	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(11,748,563)	(11,748,563)	-	-	-	-	-	(11,748,563)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	187	-	-	-	-	-	-	-	-	-	187	
Changes in ownership interests in subsidiaries	-	223,566	-	-	(71,752)	(71,752)	-	-	-	-	-	151,814	
Share-based payment transactions	524,110	-	-	-	-	-	-	-	-	-	-	524,110	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(153,680)	(153,680)	-	153,680	-	153,680	-	-	
Expiration of restricted shares of stock issued to employees	(6,292)	3,076	-	-	(51,730)	(51,730)	-	-	-	-	3,000	(51,946)	
Compensation cost arising from restricted shares of stock	-	1,729,417	-	-	-	-	-	-	(1,138,372)	(1,138,372)	-	591,045	
Balance at December 31, 2020	26,628,737	83,008,347	13,706,083	11,286,050	44,978,224	69,970,357	(15,808,892)	(57,309)	(1,146,659)	(17,012,860)	-	162,594,581	
Profit for the year	-	-	-	-	20,545,643	20,545,643	-	-	-	-	-	20,545,643	
Other comprehensive income (loss) for the year	-	-	-	-	8,678	8,678	(3,722,550)	522,406	-	(3,200,144)	-	(3,191,466)	
Total comprehensive income (loss) for the year	-	-	-	-	20,554,321	20,554,321	(3,722,550)	522,406	-	(3,200,144)	-	17,354,177	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,991,956	-	(1,991,956)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	4,580,151	(4,580,151)	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(11,982,931)	(11,982,931)	-	-	-	-	-	(11,982,931)	
Changes in equity of associates and joint ventures accounted for using equity method	-	20,862	-	-	(409,874)	(409,874)	-	-	-	-	-	(389,012)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(159,173)	-	-	-	-	(1,832,185)	-	-	(1,832,185)	-	(1,991,358)	
Changes in ownership interests in subsidiaries	-	(55,620)	-	-	-	-	-	-	-	-	-	(55,620)	
Share-based payments transactions	75,740	-	-	-	-	-	-	-	-	-	-	75,740	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	20,319	20,319	-	(20,319)	-	(20,319)	-	-	
Expiration of restricted shares of stock issued to employees	(13,161)	15,663	-	-	73,837	73,837	-	-	-	-	(2,558)	73,781	
Compensation cost arising from restricted shares of stock	-	491,229	-	-	-	-	-	-	433,958	433,958	-	925,187	
Balance at December 31, 2021	\$ 26,691,316	83,321,308	15,698,039	15,866,201	46,661,789	78,226,029	(21,363,627)	444,778	(712,701)	(21,631,550)	(2,558)	166,604,545	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Non-Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows used in operating activities:		
Profit before tax	\$ 21,063,694	21,427,813
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,180,153	874,289
Amortization expense	74,454	99,483
Expected credit (Reversal gain) loss	(16,136)	10,771
Net gain on financial assets and liabilities at fair value through profit or loss	(96,293)	(199,105)
Interest expense	566,392	842,869
Interest income	(120,434)	(264,961)
Dividend income	(36,480)	(23,357)
Compensation cost arising from employee stock options	972,947	649,807
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(17,182,275)	(14,821,890)
(Gain) loss on disposal of property, plant and equipment	(999)	6,930
Property, plant and equipment charged to expenses	27,250	66,982
Gain on disposal of intangible assets	(19)	-
Other payables	1,635,444	-
Realized loss (profit) from sales	10,301	(7,444)
Amortization of issuance costs on bonds payable	5,813	3,843
Effect of movement in exchange rate	243,271	(100,965)
Gain on lease remeasurement	(7)	(326)
Government grants income	(13,232)	(10,104)
Total adjustments to reconcile profit (loss)	<u>(12,749,850)</u>	<u>(12,873,178)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(171,232)	(306,644)
(Increase) decrease in notes and accounts receivable	(65,905,736)	96,449,559
Decrease (increase) in other receivables	31,916	(292,401)
Increase in inventories	(4,275,035)	(4,587,235)
Decrease (increase) in other current assets	110,367	(474,336)
Decrease (increase) in other financial assets	10,573,982	(32,160,018)
Total changes in operating assets	<u>(59,635,738)</u>	<u>58,628,925</u>
Changes in operating liabilities:		
Increase in contract liabilities	9,244	53,248
Increase (decrease) in accounts and notes payable	78,619,481	(89,398,798)
(Decrease) increase in other payables	(256,832)	895,480
(Decrease) increase in other current liabilities	(345,159)	4,229,325
Increase in other non-current liabilities	17,814	7,918
Total changes in operating liabilities	<u>78,044,548</u>	<u>(84,212,827)</u>
Total changes in operating assets and liabilities	<u>18,408,810</u>	<u>(25,583,902)</u>
Total adjustments	<u>5,658,960</u>	<u>(38,457,080)</u>
Cash inflow (outflow) generated from operations	26,722,654	(17,029,267)
Interest received	158,804	267,990
Dividends received	2,727,059	1,758,490
Interest paid	(545,762)	(849,717)
Income taxes paid	(733,158)	(2,751,742)
Net cash flows from (used in) operating activities	<u>28,329,597</u>	<u>(18,604,246)</u>

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PEGATRON CORPORATION

Non-Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2021	2020
Cash flows used in investing activities:		
Acquisition of investments accounted for using equity method	(21,862,660)	(1,264,565)
Proceeds from capital reduction of investments accounted for using equity method	-	835,722
Acquisition of property, plant and equipment	(1,326,808)	(2,805,164)
Proceeds from disposal of property, plant and equipment	31,424	59,497
Acquisition of intangible assets	(101,036)	(48,121)
Proceeds from disposal of intangible assets	236	-
Decrease (increase) in other financial assets	3,118,070	(3,119,638)
Decrease (increase) in other non-current assets	5,253	(5,253)
Net cash flows used in investing activities	(20,135,521)	(6,347,522)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term loans	(10,961,818)	20,456,038
Proceeds from issuing bonds	12,385,600	4,994,000
Repayments of bonds	(1,000,000)	(3,000,000)
Proceeds from long-term loans	-	3,200,000
Increase in other payables to related parties	272,669	1,289,017
Repayments of lease liabilities	(87,907)	(92,072)
Cash dividends paid	(11,982,931)	(11,748,563)
Issuance of restricted stock	75,740	524,110
Redemption of restricted stock	(15,719)	(3,292)
Net cash flows (used in) from financing activities	(11,314,366)	15,619,238
Net decrease in cash and cash equivalents	(3,120,290)	(9,332,530)
Cash and cash equivalents, beginning of the year	25,707,844	35,040,374
Cash and cash equivalents, end of the year	\$ 22,587,554	25,707,844

See accompanying notes to financial statements.

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PEGATRON CORPORATION

Notes to the Non-Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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

(1) Company history

Pegatron Corporation (the “Company”) was established on June 27, 2007. The Company’s registered office address is located at 5F, No.76, Ligong St., Beitou District, Taipei City 112, Taiwan. In order to enhance competitiveness and boost productivity, the Company resolved to absorb the OEM business from ASUSTek Computer Inc. on January 1, 2008 as part of the Company’s business restructuring. On April 1, 2008, ASUSALPHA Computer Inc. was merged with the Company. The main activities of the Company are to produce, design and sell OEM business. In January 2010, pursuant to the resolutions of the respective Board of Directors, the Company merged with Pegatron International Investment Co., Ltd., effective June 10, 2010. As the surviving entity from this merger, the Company applied for initial public offering (IPO) to TSEC. The Company’s shares were listed on TSEC on June 24, 2010.

In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, UNIHAN CORPORATION, pursuant to the resolutions of the Board of Directors in November, 2013.

(2) Approval date and procedures of the financial statements:

The accompanying non-consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(4) Summary of significant accounting policies:

The following significant accounting policies have been applied consistently to all periods presented in the non-consolidated financial statements unless otherwise specified.

(a) Statement of compliance

The non-consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The non-consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets :

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value ;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value ;
- 3) The net defined benefit liability is recognized as the present value of the defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The non-consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income :

- an investment in equity securities designated as at fair value through other comprehensive income ;

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Company's functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when :

- (i) It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle ;
- (ii) It is held primarily for the purpose of trading ;
- (iii) It is expected to be realized within twelve months after the reporting period ; or
- (iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when :

- (i) It is expected to be settled within the Company's normal operating cycle ;
- (ii) It is held primarily for the purpose of trading ;
- (iii) The liability is due to be settled within twelve months after the reporting period ; or

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- (iv) The Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

All other liabilities are classified as non-current.

- (e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in their fair value.

Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned, and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose.

- (f) Financial assets

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

- (i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- 1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows ; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets ;
- how the performance of the portfolio is evaluated and reported to the Company's management ;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed ;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 180 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The replacement cost of raw material is its net realizable value.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries not causing losing controls, are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Group's date of transition to the Standards, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows :

Buildings	1-50 years
Machine	1-7 years
Instrument equipment	0-3 years
Miscellaneous equipment	1-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments ;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;
- 3) amounts expected to be payable under a residual value guarantee ; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when :

- 1) there is a change in future lease payments arising from the change in an index or rate ;
or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee ; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset ; or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option ; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- 3) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- 4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows :

Computer software cost 3-5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provision

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of good

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The Company grants its main customers the right to return the product within certain period. Therefore, the Company reduces its revenue by the amount of expected returns and discounts, and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns and discounts at the time of sale. Also, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns and discounts.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Services

Revenue from providing services is recognized in the accounting period in which performance obligation is satisfied.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

The Company is using market interest rate to calculate the fair value of the loan, and recognizes the difference between the amount received and the fair value as deferred revenues. The deferred revenues will then be amortized as other income on a systematic basis.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(r) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

Non-controlling equity interest is measured either at fair value at acquisition-date or at the share of the acquirer's identifiable net assets in each acquisition.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Business combinations under common control are accounted for in the non-consolidated accounts prospectively from the date the Company acquires the ownership interest. Assets and liabilities of the merged entities are recognized at their carrying amount in the non-consolidated financial statements.

(t) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(u) Operating segments

Please refer to the consolidated financial report of Pegatron Corporation for the years ended December 31, 2021 and 2020 for operating segments information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the non-consolidated financial statements is as follows:

- Please refer to the consolidated financial statement for the years ended December 31, 2021 and 2020 for judgment regarding control of subsidiaries.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

- Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 150	150
Cash in banks	21,421,306	18,567,834
Time deposits	1,000,000	3,900,000
Cash equivalent-repurchase bonds	<u>166,098</u>	<u>3,239,860</u>
	<u>\$ 22,587,554</u>	<u>25,707,844</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- (i) The above cash and cash equivalents were not pledged as collateral. Pledged time deposits were accounted for under other financial assets. Please refer to Notes 6(k) and 8 for details.
- (ii) Please refer to Note 6(x) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Shares of stock of listed companies	\$ 566,105	442,890
Non-current mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Shares of stock of listed companies	220,850	218,750
Beneficiary certificates	<u>471,075</u>	<u>328,865</u>
Total	<u>\$ 1,258,030</u>	<u>990,505</u>

- (i) Please refer to Note 6(w) for re-measurement at fair value recognized in profit or loss.
- (ii) Please refer to Note 6(x) for credit risk and market risk.
- (iii) The aforesaid financial assets were not pledged as collateral.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equity instruments at fair value through other comprehensive income :		
Shares of stock of listed companies	<u>\$ 1,015,597</u>	<u>497,030</u>

(i) Equity instruments at fair value through other comprehensive income

The Company holds these equity instruments, which are not held for trading, and are for long-term strategic purposes, at designated fair value through other comprehensive income.

For the year ended December 31, 2021 and 2020, the Company has recognized the dividend income of \$16,259 thousand and \$9,941 thousand, respectively. Dividends are recognized as other income—non-operating income and expenses. Please refer to Note 6(w).

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The Company realized a cumulative loss of \$150,000 thousand from liquidation of the stock of unlisted companies, which is included in other comprehensive income. The cumulative loss was converted to retained earnings.

No strategic investments were disposed for the year ended December 31, 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

- (ii) Please refer to Note 6(x) for credit risk and market risk.
 - (iii) The aforesaid financial assets were not pledged as collateral.
- (d) Notes and accounts receivable, net
- (i) The components of notes and accounts receivables were as follows :

	December 31, 2021	December 31, 2020
Notes and accounts receivables-measured at amortized cost	\$ 231,805,932	184,233,225
Accounts receivables-related parties	246,808,995	228,475,966
Less : Allowance for impairment	<u>17,399</u>	<u>33,535</u>
	<u>\$ 478,597,528</u>	<u>412,675,656</u>

The Company assesses its portion of accounts receivable held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and therefore, such assets are recognized as accounts receivable at fair value through other comprehensive income.

- (ii) Credit loss

The Company applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information.

The loss allowance provision was determined as follows :

	December 31, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 462,697,637	0%~0.001%	(2,327)
Overdue 0 to 30 days	9,741,802	0%~1%	(9,449)
Overdue 31 to 120 days	6,102,564	0%~50%	(3,720)
Overdue 121 to 365 days	<u>72,924</u>	0%~100%	<u>(1,903)</u>
	<u>\$ 478,614,927</u>		<u>(17,399)</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 410,718,671	0%~0.001%	(1,861)
Overdue 0 to 30 days	1,220,574	0%~1%	(8,564)
Overdue 31 to 120 days	730,458	0%~50%	(15,228)
Overdue 121 to 365 days	39,457	0%~100%	(7,882)
Over 365 days past due	31	0%~100%	-
	\$ 412,709,191		(33,535)

The movement in the allowance for notes and accounts receivable was as follows :

	For the years ended December 31	
	2021	2020
Balance at January 1	\$ 33,535	1,524,216
Impairment losses (reversed) recognized	(16,136)	10,771
Amounts written off	-	(1,501,452)
Balance at December 31	\$ 17,399	33,535

Based on historical default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due. Also, the payment term of the receivables from related parties depend on the Company's capital movement, and there's no penalty interest due for late payment. The Company's management believes that there's no significant change on the credit quality of the aforesaid receivables which are past due but not impaired, thus they assess the receivables can be recovered. In addition, the Company does not hold any collateral and of other credit enhancement to mitigate the credit risk of the foresaid receivables.

The aforesaid financial assets were not pledged as collateral.

- (iii) Please refer to Note 6(x) for the Company's notes receivable and accounts receivable exposure to credit risk and currency risk.
- (iv) Accounts receivable factoring

The Company entered into separate factoring agreements with different financial institutions to sell its accounts receivables. The Company derecognized the above accounts receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

As of December 31, 2021 and 2020, the relevant information on accounts receivables factored by the Company, but unsettled, were as follows :

December 31, 2021						
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced (thousands) Paid	Collateral	Range of Interest Rate	Significant Factoring Terms
ANZ (Note 1 and 2)	\$ -	USD 760,000	USD -	None	0.40%~ 0.41%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

December 31, 2020						
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced (thousands) Paid	Collateral	Range of Interest Rate	Significant Factoring Terms
ANZ (Note 1 and 2)	\$ -	USD 760,000	USD -	None	0.52%~ 0.58%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

Note 1: In October 2017, the Company signed a one year joint accounts receivable factoring agreement with ANZ Bank and six other banks where each bank will factor on pro-rata basis.

Note 2: Part of the participating banks had withdrawn from the joint accounts receivable factoring agreement in 2020, resulting in the factoring line decreased to USD\$760,000 thousand.

For the years ended December 31, 2021 and 2020, the Company recognized a fee and interest on bank advance payment of \$629 thousand and \$2,686 thousand, respectively, from the factoring of accounts receivable, which was accounted under finance costs in the statement of comprehensive income. Please refer to Note 6(w).

(e) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	\$ 460,024	530,310
Less : Allowance for impairment	-	-
	<u>\$ 460,024</u>	<u>530,310</u>

Please refer to Note 6(x) for credit risk.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(f) Inventories

	December 31, 2021	December 31, 2020
Merchandise	\$ 35,066,581	32,957,593
Finished goods	979,775	668,258
Work in process	529,903	333,076
Raw materials	<u>4,652,762</u>	<u>2,521,470</u>
Subtotal	41,229,021	36,480,397
Less: Allowance for inventory market decline and obsolescence	<u>1,122,653</u>	<u>649,064</u>
Total	<u>\$ 40,106,368</u>	<u>35,831,333</u>

For the years ended December 31, 2021 and 2020, the components of cost of goods sold were as follows :

	For the years ended December 31	
	2021	2020
Cost of goods sold	\$ 1,152,286,231	1,228,608,278
Provision on inventory market price decline	473,589	30,425
Loss on disposal of inventory	100,843	104,303
Unallocated manufacturing overhead	<u>-</u>	<u>-</u>
	<u>\$ 1,152,860,663</u>	<u>1,228,743,006</u>

For the year ended December 31, 2021 and 2020, the Company recognized an inventory valuation loss because of the decreasing value from the carrying amount to the net realized value, and converted the amount to cost of goods sold.

As of December 31, 2021 and 2020, the aforesaid inventories were not pledged as collateral.

(g) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Subsidiary	<u>\$ 177,850,696</u>	<u>147,643,776</u>
Credit balance of investments accounted for using equity method-subsiary	<u>\$ 9,563</u>	<u>-</u>

(i) Subsidiaries

Please refer to the consolidated financial statement for the years ended December 31, 2021 and 2020.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- (ii) For the years ended December 31, 2021, the Company had participated in the capital increase of PEGATRON HOLDING LTD, PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED, PEGATRON VIETNAM COMPANY LIMITED, PEGATRON TECHNOLOGY TEXAS INC, PEGATRON ELECTRONICS INC. and PEGATRON TECHNOLOGY INDIA PRIVAT LIMITED with the amounts of USD30,000 thousand (approximately NTD855,975 thousand), USD9,000 thousand (approximately NTD250,704 thousand), USD75,000 thousand (approximately NTD2,103,421 thousand), USD1,000 thousand (approximately NTD27,812 thousand), USD10,000 thousand (approximately NTD278,125 thousand), and INR10,450,000 thousand (approximately NTD4,071,910 thousand), respectively. For the years ended December 31, 2020, the Company had participated in the capital increase of PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED, PEGATRON VIETNAM COMPANY LIMITED, PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED and PEGASUS ACE LIMITED with the amounts of USD6,000 thousand (approximately NTD178,755 thousand), USD30,000 thousand (approximately NTD870,094 thousand), INR550,000 thousand (approximately NTD215,713 thousand) and USD0.1 thousand (approximately NTD3 thousand), respectively.
- (iii) For the years ended December 31, 2021 and 2020, the Company received the cash dividends of \$2,690,579 thousand and \$1,735,133 thousand, respectively, as well as the cash capital reductions of \$835,722 thousand for the year ended December 31, 2020, from its investee companies accounted for under equity method.
- (iv) Pursuant to a resolution made in the Company's Extraordinary General Meeting on September 30, 2020, CASETEK HOLDINGS LIMITED, CAYMAN (CASETEK) will complete a triangular merger with the Company and its wholly owned subsidiary, PEGASUS ACE LIMITED. The Company acquired all non-controlling interest of CASETE in accordance with the merger agreement on January 15, 2021, the date of merger.

The effects of the changes in the Company's interests in CASETEK were as follows:

	January 15, 2021
Carrying amount of non-controlling interest on acquisition	\$ 12,283,355
Consideration paid to non-controlling interest	(14,274,713)
Exchange differences on translation of foreign financial statements	<u>1,832,185</u>
Capital surplus differences between the consideration and the carrying amounts the subsidiaries acquired or disposed	<u><u>\$ (159,173)</u></u>

- (v) On January 15, 2021, the investee company, CASETEK, reduced its capital to the original shareholder (one of the Company's subsidiaries) and issued new shares to the Company in accordance with the agreement, resulting in a decrease of the Company's shareholdings in ASUSPOWER INVESTMENT CO., LTD, ASUS INVESTMENT CO., LTD. and ASUSTEK INVESTMENT CO., Ltd., an increase of the Company's shareholding in CASETEK, wherein the effect of changes in equity have no significant changes to the equity of parent company.

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Notes to the Non-Consolidated Financial Statements

(vi) As of December 31, 2021 and 2020, the investments in aforesaid equity-accounted investees were not pledged as collateral.

(h) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows :

	Land	Buildings	Machinery equipment	Instrument equipment	Other facilities	Construction in progress and equipment under test	Total
Cost or deemed cost:							
Balance at January 1, 2021	\$ 5,150,822	3,928,464	429,126	448,738	1,788,048	118,016	11,863,214
Additions	211,592	166,155	87,067	160,053	621,586	94,313	1,340,766
Disposals and obsolescence	-	(11,419)	(46,278)	(65,998)	(212,866)	-	(336,561)
Reclassifications	-	70,945	(21,973)	(3,961)	219,643	(138,073)	126,581
Balance at December 31, 2021	<u>\$ 5,362,414</u>	<u>4,154,145</u>	<u>447,942</u>	<u>538,832</u>	<u>2,416,411</u>	<u>74,256</u>	<u>12,994,000</u>
Balance at January 1, 2020	\$ 4,377,733	3,073,557	329,544	390,357	1,010,117	263,672	9,444,980
Additions	773,089	677,268	195,046	155,714	908,208	146,747	2,856,072
Disposals and obsolescence	-	(14,959)	(88,552)	(97,873)	(283,389)	-	(484,773)
Reclassifications	-	192,598	(6,912)	540	153,112	(292,403)	46,935
Balance at December 31, 2020	<u>\$ 5,150,822</u>	<u>3,928,464</u>	<u>429,126</u>	<u>448,738</u>	<u>1,788,048</u>	<u>118,016</u>	<u>11,863,214</u>
Depreciation and impairment loss :							
Balance at January 1, 2021	\$ -	1,021,753	77,203	178,337	403,381	-	1,680,674
Depreciation for the year	-	270,189	72,145	164,291	584,163	-	1,090,788
Disposals and obsolescence	-	(11,419)	(20,448)	(64,484)	(209,785)	-	(306,136)
Reclassifications	-	(772)	-	-	315	-	(457)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,279,751</u>	<u>128,900</u>	<u>278,144</u>	<u>778,074</u>	<u>-</u>	<u>2,464,869</u>
Balance at January 1, 2020	\$ -	869,144	42,693	144,473	265,163	-	1,321,473
Depreciation for the year	-	165,340	75,109	130,914	410,021	-	781,384
Disposals and obsolescence	-	(7,674)	(40,247)	(97,050)	(273,375)	-	(418,346)
Reclassifications	-	(5,057)	(352)	-	1,572	-	(3,837)
Balance at December 31, 2020	<u>\$ -</u>	<u>1,021,753</u>	<u>77,203</u>	<u>178,337</u>	<u>403,381</u>	<u>-</u>	<u>1,680,674</u>
Carrying value :							
Balance at December 31, 2021	<u>\$ 5,362,414</u>	<u>2,874,394</u>	<u>319,042</u>	<u>260,688</u>	<u>1,638,337</u>	<u>74,256</u>	<u>10,529,131</u>
Balance at January 1, 2020	<u>\$ 4,377,733</u>	<u>2,204,413</u>	<u>286,851</u>	<u>245,884</u>	<u>744,954</u>	<u>263,672</u>	<u>8,123,507</u>
Balance at December 31, 2020	<u>\$ 5,150,822</u>	<u>2,906,711</u>	<u>351,923</u>	<u>270,401</u>	<u>1,384,667</u>	<u>118,016</u>	<u>10,182,540</u>

(i) Please refer to Note 6(w) for gain or loss on disposal of property, plant and equipment.

(ii) As of December 31, 2021 and 2020, the property, plant and equipment were not pledged as collateral.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(i) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows :

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 61,790	155,855	217,645
Additions	2,354	349,256	351,610
Reductions	<u>(3,452)</u>	<u>(1,790)</u>	<u>(5,242)</u>
Balance at December 31, 2021	<u>\$ 60,692</u>	<u>503,321</u>	<u>564,013</u>
Balance at January 1, 2020	\$ 17,692	196,544	214,236
Additions	45,549	158,860	204,409
Reductions	<u>(1,451)</u>	<u>(199,549)</u>	<u>(201,000)</u>
Balance at December 31, 2020	<u>\$ 61,790</u>	<u>155,855</u>	<u>217,645</u>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 17,795	32,875	50,670
Depreciation for the year	13,917	75,448	89,365
Reductions	<u>(3,041)</u>	<u>(1,789)</u>	<u>(4,830)</u>
Balance at December 31, 2021	<u>\$ 28,671</u>	<u>106,534</u>	<u>135,205</u>
Balance at January 1, 2020	\$ 5,582	70,168	75,750
Depreciation for the year	13,664	79,241	92,905
Reductions	<u>(1,451)</u>	<u>(116,534)</u>	<u>(117,985)</u>
Balance at December 31, 2020	<u>\$ 17,795</u>	<u>32,875</u>	<u>50,670</u>
Carrying value:			
Balance at December 31, 2021	<u>\$ 32,021</u>	<u>396,787</u>	<u>428,808</u>
Balance at January 1, 2020	<u>\$ 12,110</u>	<u>126,376</u>	<u>138,486</u>
Balance at December 31, 2020	<u>\$ 43,995</u>	<u>122,980</u>	<u>166,975</u>

(j) Intangible assets

The intangible assets of the Company consisted of computer software and golf certificate. The movements in the costs, amortization, and impairment loss of the Company were as follows :

Costs:	
Balance at January 1, 2021	\$ 229,960
Additions	101,036
Disposals	(145,677)
Reclassifications	<u>(238)</u>
Balance at December 31, 2021	<u>\$ 185,081</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Balance at January 1, 2020	\$	430,789
Additions		48,121
Disposals		(249,066)
Reclassifications		<u>116</u>
Balance at December 31, 2020	\$	<u>229,960</u>
Amortization and Impairment Loss:		
Balance at January 1, 2021	\$	137,551
Amortization for the year		74,454
Disposals		(145,460)
Reclassifications		<u>14</u>
Balance at December 31, 2021	\$	<u>66,559</u>
Balance at January 1, 2020	\$	287,134
Amortization for the year		99,483
Disposals		<u>(249,066)</u>
Balance at December 31, 2020	\$	<u>137,551</u>
Carrying amounts:		
Balance at December 31, 2021	\$	<u>118,522</u>
Balance at January 1, 2020	\$	<u>143,655</u>
Balance at December 31, 2020	\$	<u>92,409</u>

- (i) The amortization of intangible assets and impairment losses are respectively included in the statement of comprehensive income. Please refer to Note 12 for details.
- (ii) As of December 31, 2021 and 2020, the intangible assets were not pledged as collateral.
- (k) Other financial assets and other assets

Other financial assets and other assets were as follows :

	December 31, 2021	December 31, 2020
Other financial assets-current	\$ 22,414,111	32,988,093
Other financial assets-noncurrent	29,275	3,147,346
Other current assets	473,003	737,658
Other noncurrent assets	<u>-</u>	<u>5,253</u>
	<u>\$ 22,916,389</u>	<u>36,878,350</u>

- (i) Other financial assets are assets that do not qualify as cash equivalents which consisted of time deposits, restricted time deposits, repurchase bonds and guarantee deposits. Please refer to Note 8 for details.
- (ii) Other current assets consisted of prepayments, temporary payments, right to returned goods and others.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iii) Other noncurrent assets consisted of prepayments for construction.

(l) Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	\$ <u>48,168,420</u>	<u>59,130,238</u>
Interest rate	<u>0.32%~4.54%</u>	<u>0.30%~4.25%</u>

The Company's assets were not pledged as guarantee for the Company's credit loan facility.

(m) Long-term loans

The details were as follows:

	<u>December 31, 2021</u>			
	<u>Currency</u>	<u>Interest rate</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank loans	NTD	0.35%~0.80%	2025	\$ 3,159,260
Less : Current portion				<u>(336,111)</u>
Total				<u>\$ 2,823,149</u>
	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Interest rate</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank loans	NTD	0.35%~0.80%	2025	\$ 3,146,170
Less : Current portion				<u>-</u>
Total				<u>\$ 3,146,170</u>

Government low-interest loan

For the year ended December 31, 2020, the Company obtained government low-interest loans. The loans were measured at its fair value by applying the market interest rate. The deferred differences between the amounts paid and the fair value were classified as other current liabilities and other non-current liabilities, respectively.

(n) Bonds payable

The Company's unsecured ordinary corporate bonds were as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Ordinary corporate bonds issued	\$ 36,900,000	25,500,000
Unamortized discount on bonds payable	<u>(30,405)</u>	<u>(21,818)</u>
Bonds payable, end of the year	36,869,595	25,478,182
Less: current portion	<u>(2,000,000)</u>	<u>(1,000,000)</u>
	<u>\$ 34,869,595</u>	<u>24,478,182</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	For the years ended December 31	
	2021	2020
Interest expense	\$ 241,708	217,205

On May 9, 2017, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds amounting to no more than \$15,000,000 thousand, which were approved and declared effective by the Taipei Exchange (TPEX) on July 4, 2017 and December 29, 2017, respectively. The offering information and main rights and obligations were as follows :

Item	1st unsecured ordinary bonds issued in 2017
1. Issuing amount	The Bonds are issued at \$7,000,000 thousand, which comprise Tranche A, Tranche B and Tranche C. The issuing amounts of Tranche A, Tranche B and Tranche C are \$3,000,000 thousand, \$2,000,000 thousand and \$2,000,000 thousand, respectively.
2. Par value	Each unit is valued at \$1,000 thousand.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A, Tranche B and Tranche C has 3-year term, 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from July 13, 2017 and matures on July 13, 2020. The issuance period of Tranche B commences from July 13, 2017 and matures on July 13, 2022. The issuance period of Tranche C commences from July 13, 2017 and matures on July 13, 2024.
5. Coupon rate	Tranche A, B and C bear annual coupon rates of 0.91%, 1.06% and 1.20%, respectively.
6. Repayment	Tranche A, Tranche B and Tranche C are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

Item	2nd unsecured ordinary bonds issued in 2017
1. Issuing amount	The Bonds are issued at \$8,000,000 thousand, which comprise Tranche A, Tranche B and Tranche C. The issuing amounts of Tranche A, Tranche B and Tranche C are \$1,000,000 thousand, \$4,500,000 thousand and \$2,500,000 thousand, respectively.
2. Par value	Each unit is valued at \$1,000.
3. Offering price	The Bonds are issued by par value at the issuance date.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Item</u>	<u>2nd unsecured ordinary bonds issued in 2017</u>
4.Issuance period	Each of Tranche A, Tranche B and Tranche C has 3-year term, 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from January 10, 2018 and matures on January 10, 2021. The issuance period of Tranche B commences from January 10, 2018 and matures on January 10, 2023. The issuance period of Tranche C commences from January 10, 2018 and matures on January 10, 2025.
5.Coupon rate	Tranche A, B and C bear annual coupon rates of 0.78%, 0.92% and 1.08%, respectively.
6.Repayment	Tranche A, Tranche B and Tranche C are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.

On March 14, 2019, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds, which were approved and declared effective by the Taipei Exchange (TPEX) on June 3, 2019, the offering information and main rights and obligations were as follows :

<u>Item</u>	<u>1st unsecured ordinary bonds issued in 2019</u>
1.Issuing amount	The Bonds are issued at \$8,500,000 thousand, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A and Tranche B are \$6,000,000 thousand and \$2,500,000 thousand, respectively.
2.Par value	Each unit is valued at \$1,000 thousand.
3.Offering price	The Bonds are issued by par value at the issuance date.
4.Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from June 13, 2019 and matures on June 13, 2024. The issuance period of Tranche B commences from June 13, 2019 and matures on June 13, 2026.
5.Coupon rate	Tranche A, and B bear annual coupon rates of 0.85% and 0.95%, respectively.
6.Repayment	Tranche A, and Tranche B are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.

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Notes to the Non-Consolidated Financial Statements

On March 26, 2020, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds with the total maximum amount of \$10,000,000 thousand, which have been approved and declared effective by the Taipei Exchange (TPEX) on October 12, 2020 and December 29, 2020, respectively. The offering Information and main rights and obligations were as follows :

<u>Item</u>	<u>1st unsecured ordinary bonds issued in 2020</u>
1.Issuing amount	The Bonds are issued at \$5,000,000 thousand.
2.Par value	Each unit is valued at \$1,000 thousand.
3.Offering price	The Bonds are issued by par value at the issuance date.
4.Issuance period	The Bonds have 5-year term. The issuance period of the Bonds commences from October 21, 2020 and matures on October 21, 2025.
5.Coupon rate	The Bonds bear annual coupon rates of 0.65%.
6.Repayment	The Bonds are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.
<u>Item</u>	<u>2nd unsecured ordinary bonds issued in 2020</u>
1.Issuing amount	The Bonds are issued at \$3,500,000 thousand, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A, and Tranche B are \$2,200,000 thousand and \$1,300,000 thousand, respectively.
2.Par value	Each unit is valued at \$1,000 thousand.
3.Offering price	The Bonds are issued by par value at the issuance date.
4.Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from January 8, 2021 and matures on January 8, 2026. The issuance period of Tranche B commences from January 8, 2021 and matures on January 8, 2028.
5.Coupon rate	Tranche A, and B bear annual coupon rates of 0.43% and 0.58%, respectively.
6.Repayment	Tranche A, and Tranche B are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.

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Notes to the Non-Consolidated Financial Statements

On September 16, 2021, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds with the total maximum amount of \$20,000,000 thousand, which have been approved and declared effective by the Taipei Exchange (TPEX) on November 23, 2021.

The offering Information and main rights and obligations was as follows :

<u>Item</u>	<u>1st unsecured ordinary bonds issued in 2021</u>
1. Issuing amount	The Bonds are issued at \$8,900,000 thousand, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A, and Tranche B are \$7,500,000 thousand and \$1,400,000 thousand, respectively.
2. Par value	Each unit is valued at \$1,000 thousand.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from December 2, 2021 and matures on December 2, 2026. The issuance period of Tranche B commences from December 2, 2021 and matures on December 2, 2028.
5. Coupon rate	Tranche A, and B bear annual coupon rates of 0.56% and 0.65%, respectively.
6. Repayment	Tranche A, and Tranche B are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

(o) Lease liabilities

The Company's lease liabilities were as follows :

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	\$ <u>103,027</u>	<u>41,509</u>
Non-current	\$ <u>328,299</u>	<u>126,533</u>

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

The amounts recognized in profit or loss were as follows :

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>4,011</u>	<u>2,490</u>
Expenses relating to short-term leases	\$ <u>3,495</u>	<u>4,917</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The amounts recognized in the statement of cash flows for the Company was as follows :

	For the years ended December 31	
	2021	2020
Total cash outflow for leases	\$ 95,413	99,479

The Company leases land and buildings. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. According to the lease contracts, some leases shall not be rent, sub-leased or by any other means totally or partially transferred to third parties, unless obtain the lessor's approval. Some leases do not contain renewal option, and no restrictions were disposed in the contracts. Some leases provide for additional rent payments that are based on changes in the facts or circumstances after the lease commencement date.

The Company leases partial offices and parking lots that are shortterm leases. The Company has chosen to apply the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

The Company's defined benefit obligations and fair value of plan assets were as follows :

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 41,235	46,071
Fair value of plan assets	(13,486)	(12,742)
Net defined benefit liabilities	\$ 27,749	33,329

The Company's employee benefit liabilities were as follows :

	December 31, 2021	December 31, 2020
Short-term employee benefits	\$ 229,356	198,103
Cash-settled share-based payment liabilities	158,988	201,972
Total employee benefit liabilities	\$ 388,344	400,075

The Company makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

As of December 31, 2021, the Company's contributions to the pension funds which amounted to \$13,486 thousand were deposited with Bank of Taiwan. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows :

	For the years ended December 31	
	2021	2020
Defined benefit obligation, January 1	\$ 46,071	39,144
Current service costs and interest	3,002	2,337
Re-measurement of the net defined benefit liability		
– Actuarial loss arising from changes in demographic assumptions	(486)	2,385
– Actuarial gain arising from changes in financial assumptions	(3,517)	4,623
– Experience adjustment	(3,835)	(2,418)
Defined benefit obligation, December 31	<u>\$ 41,235</u>	<u>46,071</u>

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows :

	For the years ended December 31	
	2021	2020
Fair value of plan assets, January 1	\$ 12,742	11,760
Interests revenue	55	108
Re-measurement of the net defined benefit liability		
– Experience adjustment	172	372
Benefits paid by the plan	517	502
Fair value of plan assets, December 31	<u>\$ 13,486</u>	<u>12,742</u>

4) Expenses recognized in profit or loss

The Company's pension expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows :

	For the years ended December 31	
	2021	2020
Current service cost	\$ 2,804	1,977
Net interest on net defined benefit liability	143	252
	<u>\$ 2,947</u>	<u>2,229</u>
Operating expense	<u>\$ 2,947</u>	<u>2,229</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- 5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows :

	For the years ended December 31	
	2021	2020
Cumulative amount, January 1	\$ 4,460	8,678
Recognized during the year	8,010	(4,218)
Cumulative amount, December 31	<u>\$ 12,470</u>	<u>4,460</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows :

	December 31, 2021	December 31, 2020
Discount rate	0.81 %	0.43 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$517 thousand.

The weighted average lifetime of the defined benefit plans is 21 years.

- 7) Sensitivity Analysis

As of December 31, 2021 and 2020, the changes in the principal actuarial assumptions will impact on the present value of defined benefit obligation as follows :

	Impact on the present value of defined benefit obligation	
	Increase by 0.50%	Decrease by 0.50%
December 31, 2021		
Discount rate	(4,073)	4,592
Future salary increase rate	4,465	(4,010)
December 31, 2020		
Discount rate	(4,877)	5,535
Future salary increase rate	5,361	(4,784)

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2021 and 2020 amounted to \$334,180 thousand and \$327,700 thousand, respectively.

(q) Income Tax

- (i) The components of income tax expense for the years ended December 31, 2021 and 2020 were as follows :

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current income tax expense		
Current period incurred	\$ 872,162	884,217
Prior years income tax adjustment	68,280	(78,596)
10% surtax on undistributed earnings	71,813	110,809
Deferred tax expense		
The origination and reversal of temporary differences	<u>(494,204)</u>	<u>303,785</u>
Income tax expense	<u>\$ 518,051</u>	<u>1,220,215</u>

- (ii) The amounts of income tax recognized directly in equity for the years ended December 31, 2021 and 2020 were as follows :

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit before income tax	\$ <u>21,063,694</u>	<u>21,427,813</u>
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned	4,212,739	4,285,563
Permanent differences	(1,329,254)	(700,891)
Changes in unrecognized temporary differences	(2,505,527)	(2,396,670)
Prior years income tax adjustment	68,280	(78,596)
10% surtax on undistributed earnings	<u>71,813</u>	<u>110,809</u>
Income tax expense	<u>\$ 518,051</u>	<u>1,220,215</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2021 and 2020, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The aggregate temporary differences associated with investments in subsidiaries	\$ <u>80,360,437</u>	<u>67,832,800</u>
Unrecognized deferred tax liabilities	\$ <u>16,072,087</u>	<u>13,566,560</u>

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows :

	<u>Gain on foreign investments</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:			
Balance at January 1, 2021	\$ 120,378	593	120,971
Recognized in loss (profit)	<u>(120,378)</u>	<u>(593)</u>	<u>(120,971)</u>
Balance at December 31, 2021	\$ <u>-</u>	<u>-</u>	<u>-</u>
Balance at January 1, 2020	\$ -	-	-
Recognized in loss (profit)	<u>120,378</u>	<u>593</u>	<u>120,971</u>
Balance at December 31, 2020	\$ <u>120,378</u>	<u>593</u>	<u>120,971</u>
	<u>Gain or loss on valuation of inventory</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:			
Balance at January 1, 2021	\$ 129,813	365,148	494,961
Recognized in profit (loss)	<u>94,718</u>	<u>278,515</u>	<u>373,233</u>
Balance at December 31, 2021	\$ <u>224,531</u>	<u>643,663</u>	<u>868,194</u>
Balance at January 1, 2020	\$ 123,728	554,047	677,775
Recognized in profit (loss)	<u>6,085</u>	<u>(188,899)</u>	<u>(182,814)</u>
Balance at December 31, 2020	\$ <u>129,813</u>	<u>365,148</u>	<u>494,961</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iv) Status of approval of income tax

The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority (the year 2018 has not been approved).

(r) Share capital and other interests

(i) Ordinary shares

Reconciliation of shares outstanding for 2021 and 2020 was as follows :

(In thousands of shares)	Ordinary Shares	
	2021	2020
Beginning balance at January 1	2,662,874	2,611,092
Issuance of restricted shares of stock	7,574	52,411
Retirement of restricted shares of stock	(1,316)	(629)
Ending balance at December 31	<u>2,669,132</u>	<u>2,662,874</u>

For the year ended December 31, 2021 and 2020, the Company issued 7,574 thousand and 52,411 thousand restricted shares of stock, respectively, at par value of \$10, amounting to \$75,740 and \$524,110 thousand, respectively. The registration procedures had been completed, and all share proceeds from outstanding capital have been collected. For the related information, please refer to Note 6(s).

For the years ended December 31, 2021 and 2020, the Company had retired 1,316 and 629 thousand shares, respectively, of restricted stock to employees. The authorized capital of the Company consisted of both 3,000,000 thousand shares, with par value of \$10 per share, and its outstanding capital were consisted of 2,669,132 and 2,662,874 thousand common shares of stock, as of December 31, 2021 and 2020, respectively. All share proceeds from outstanding capital have been collected.

As of December 31, 2021 and 2020, the restricted Company shares of stock issued to employees have expired, of which 256 thousand and 0 thousand shares, respectively, have not been retired.

(ii) Global depositary receipts

ASUSTeK GDRs holders who surrendered their ASUSTeK GDRs on or after the Effective Date of Spin-off and Merger in Taiwan will receive new ASUSTeK GDRs and the Company's entitlement. The Company's entitlement represents the rights to receive 60,819,026 of the Company's common shares in Taiwan.

The Company may issue new GDRs with no more than 60,819,020 of the Company's common shares and deliver them to ASUSTeK GDR holders pursuant to the "Guidelines for Offering and Issuing by Issuer of Overseas Securities". As of December 31, 2021 and 2020, the Company has listed, in total, 253 thousand and 709 thousand units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. As each unit of these GDRs represents 5 common shares of the Company, the Company has listed Company shares totaling 1,267 and 3,544 thousand shares of stock, respectively. Major terms and conditions for GDRs were as follows :

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

1) Voting Rights

Holders of GDRs may exercise voting rights with respect to the common shares in the manner set out in “Terms and Conditions of the Global Depositary Shares – Voting Rights,” as such provisions may be amended from time to time to comply with applicable ROC law.

2) Dividend Distributions, Pre-emptive Rights, and Other Rights

Holders of GDRs have same rights on dividend distribution and share distribution as the Company’s existing common shareholders.

(iii) Capital surplus

The components of the capital surplus were as follows :

	December 31, 2021	December 31, 2020
From issuance of share capital	\$ 66,983,778	66,397,897
From conversion of convertible bonds	11,073,663	11,073,663
From treasury stock transactions	47,865	47,865
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,273,401	2,432,574
Changes in equity of associates accounted for using the equity method	20,862	-
Changes in ownership interest in subsidiaries	1,441,117	1,441,117
Employee stock options	1,304	1,304
Restricted stock to employees	1,069,401	1,204,010
Other	409,917	409,917
	<u>\$ 83,321,308</u>	<u>83,008,347</u>

According to the R.O.C. Company Act, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting a deficit. The aforementioned realized capital surplus includes share premiums and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves that can be capitalized shall not exceed 10% of the total common stock outstanding.

(iv) Retained earnings

The Company’s Articles of Incorporation require that after tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to a resolution of a shareholder's meeting.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

According to the R.O.C. Company Act, the Company should distribute dividends and bonus, or all or part of the legal reserve and capital surplus, stipulated by the Company Act, as cash dividends based on the resolution of the Board of Directors with two-thirds directors present and approved by one-half of the present directors.

In order to bring about stability in the payment of dividends, the Company distributes dividends depending on the level of earnings of each year. The Company is facing a rapidly changing industrial environment. In consideration of the Company's long term operating plan and funding needs, the Company adopts a stable dividends policy. Therefore, dividend distributions should not be less than 10% of distributable earnings. The Company distributes dividends of at least 10% of the aggregate dividends, if the distributions include cash dividends.

1) Legal reserve

When a company incurs profit, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, of up to 25% of the actual share capital.

2) Special reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholder's equity. For the year 2019 earnings distribution in 2020, the amount to be reclassified to special reserve shall be a portion of current-period earnings and undistributed prior-period earnings. As for the year 2020 earnings distribution in 2021, the amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

The amount of cash dividend on the appropriations of earnings for 2020 had been approved during the board meeting on March 25, 2021. Other distribution items for 2020 had been approved in the general meeting of the shareholders held on August 4, 2021. Furthermore, earnings distribution for 2019 was decided by the resolution adopted, at the general meeting of shareholders held on June 19, 2020. These relevant dividend distribution to shareholders were as follows :

	For the years ended December 31	
	2020	2019
Common stock dividends per share (dollars)		
—Cash	\$ 4.50	4.50

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(v) Other equity interest (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2021	\$ (15,808,892)	(57,309)	(1,146,659)	(17,012,860)
Exchange differences on subsidiaries accounted for using equity method	(3,722,550)	-	-	(3,722,550)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(1,832,185)	-	-	(1,832,185)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	518,567	-	518,567
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(20,319)	-	(20,319)
Unrealized losses on subsidiaries accounted for using equity method from financial assets measured at fair value through other comprehensive income	-	3,839	-	3,839
Deferred compensation cost arising from issuance of restricted stock	-	-	433,958	433,958
Balance at December 31, 2021	<u>\$ (21,363,627)</u>	<u>444,778</u>	<u>(712,701)</u>	<u>(21,631,550)</u>
Balance at January 1, 2020	\$ (10,982,396)	(303,654)	(8,287)	(11,294,337)
Exchange differences on subsidiaries accounted for using equity method	(4,826,496)	-	-	(4,826,496)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(54,673)	-	(54,673)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	153,680	-	153,680
Unrealized losses on subsidiaries accounted for using equity method from financial assets measured at fair value through other comprehensive income	-	147,338	-	147,338
Deferred compensation cost arising from issuance of restricted stock	-	-	(1,138,372)	(1,138,372)
Balance at December 31, 2020	<u>\$ (15,808,892)</u>	<u>(57,309)</u>	<u>(1,146,659)</u>	<u>(17,012,860)</u>

(s) Share-based payment

Information on share-based payment transactions as of December 31, 2021 and 2020 were as follows:

	<u>Equity-settled share-based payment</u>	
	<u>Restricted stock to employee</u>	
	<u>Issued in 2020</u>	<u>Issued in 2016</u>
Thousand units granted	60,000	40,000
Contractual life	4 years	3 years
Vesting period	Note B	Note A
Actual turnover rate of employees	3.11% and 0.81%	8.65% and 3.10%
Estimated future turnover rate for each of the three years of employees	6.50%~25.51%,	-

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Note A : Employees are entitled to receive 20%, 40%, and 40% of the restricted stock in the first, second and third year, respectively, of their service.

Note B : Employees are entitled to receive 25%, 25%, 25%, and 25% of the restricted stock in the first, second, third and fourth year, respectively, of their service.

On June 21, 2016, the shareholders approved a resolution passed during their meeting to award 40,000 thousand new restricted shares of stock to those full-time employees who meet certain requirement of the Company. The restricted stock has been declared effective by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On May 9, 2017, the Board of Directors approved to issue 38,191 thousand shares of restricted shares of stock with fair value of NT\$89.7 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was July 11, 2017. The actual issuance number for the capital increase was 37,808 thousand shares. On July 27, 2017, the registration procedures were completed. On September 15, 2017, Board of Directors of the Company approved to issue secondary new restricted shares of stock totaling 2,192 thousand shares with fair value of \$88.5 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was October 19, 2017. The actual issuance number for the capital increase was 2,192 thousand shares, and the registration procedures were completed.

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of NT\$ 10 per share provided that these employees continue to work for the Company for the following three years. 20%, 40% and 40% of the restricted shares of stock is vested in year 1, 2 and 3, respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares of stock are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

On June 19, 2020, the shareholders approved a resolution passed during their meeting to award 60,000 thousand new restricted shares of stock to those full-time employees who meet certain requirement of the Company. The restricted stock has been declared effective by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On September 22, 2020, the Board of Directors approved to issue 53,103 thousand shares of restricted shares of stock with fair value of NT\$63.2 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was December 8, 2020. The actual issuance number for the capital increase was 52,411 thousand shares. On January 4, 2021, the registration procedures were completed. On May 11, 2021, Board of Directors of the Company approved to issue secondary new restricted shares of stock totaling 7,589 thousand shares with fair value of \$69.3 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was June 11, 2021. The actual issuance number for the capital increase was 7,574 thousand shares. On July 12, 2021, the registration procedures were completed.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of NT\$10 per share provided that these employees continue to work for the Company for the following three years. 25%, 25%, 25% and 25% of the restricted shares of stock is vested in year 1, 2, 3 and 4, respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares of stock are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price and cancel the shares thereafter.

(i) Determining the fair value of equity instruments granted

The Company adopted the Black-Scholes model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows :

	Equity-settled share-based payment			
	Restricted stock to employee			
	Issued in 2020-2	Issued in 2020-1	Issued in 2016-2	Issued in 2016-1
Fair value at grant date	05/11/2021	09/22/2020	09/15/2017	05/09/2017
Stock price at grant date	\$ 69.30	63.20	88.50	89.70
Exercise price	10.00	10.00	10.00	10.00
Expected life of the option	4 years	4 years	3 years	3 years
Current market price	69.30	63.20	88.50	89.70
Expected volatility	25.25%~28.65%	27.76%~31.92%	22.46%	33.31%
Expected dividend yield	-%	-%	-%	-%
Risk-free interest rate	(Note A)	(Note B)	(Note C)	(Note D)

Note A : The risk-free interest rate is 0.1006% for the 1st year, 0.1486% for the 2nd year, 0.1865% for the 3rd year and 0.2244% for the 4th year.

Note B : The risk-free interest rate is 0.1202% for the 1st year, 0.1690% for the 2nd year, 0.2123% for the 3rd year and 0.2556% for the 4th year.

Note C : The risk-free interest rate is 0.13% for the period between three and six month.

Note D : The risk-free interest rate is 0.16% for the period between six and nine month.

(ii) Restricted stock to employee

For the years ended December 31, 2021 and 2020, 1,572 and 329 thousand shares of the restricted shares of stock issued to employees have expired, which were converted to capital surplus of \$15,663 thousand and \$3,076 thousand, respectively. As of December 31, 2021 and 2020, the Company has deferred compensation cost arising from issuance of restricted stock of \$712,701 thousand and \$1,146,659 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Company recognized and reversed salary cost of \$73,837 thousand and \$51,730 thousand from the distribution of cash dividends to estimated non-vesting restricted shares of stock distributed to employees from prior period earnings. Such salary cost was credited/debited to retained earnings.

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Notes to the Non-Consolidated Financial Statements

(iii) Expenses recognized in profit or loss

The Company incurred expenses of share-based arrangements for the years ended December 31, 2021 and 2020 as follows :

	For the years ended December 31	
	2021	2020
Expenses resulting from the issuance of restricted stock to employees	\$ 972,947	649,807

(t) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows :

	For the years ended December 31	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders	\$ 20,545,643	20,207,598
Weighted-average number of ordinary shares	2,666,276	2,614,021
	\$ 7.71	7.73
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$ 20,545,643	20,207,598
Weighted-average number of ordinary shares	2,666,276	2,614,021
Effect of potentially dilutive ordinary shares		
Employee stock bonus	28,292	31,279
Weighted-average number of ordinary shares (diluted)	2,694,568	2,645,300
	\$ 7.62	7.64

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2021	2020
Primary geographical markets		
Europe	\$ 556,127,747	560,649,731
U.S.A.	441,393,100	492,150,035
Taiwan	97,955,563	93,968,296
China	20,258,323	17,868,816
Japan	12,198,488	25,410,773
Other countries	40,199,881	56,733,854
	\$ 1,168,133,102	1,246,781,505

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(ii) Contract balances

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Accounts receivable	\$ 231,805,932	184,233,225	189,015,899
Less: Allowance for impairment	<u>17,399</u>	<u>33,535</u>	<u>1,524,216</u>
Total	<u>\$ 231,788,533</u>	<u>184,199,690</u>	<u>187,491,683</u>
Contract liabilities	<u>\$ 733,952</u>	<u>724,708</u>	<u>671,460</u>

Please refer to Note 6(d) for details on accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the year ended December 31, 2021 and 2020.

(v) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 7% of the profit as employee compensation and less than 0.7% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$1,605,000 thousand and \$1,633,000 thousand, and directors' remuneration amounting to \$159,000 thousand and \$162,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. Such amounts were recognized as operating costs or operating expenses during 2021 and 2020. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss. The numbers of shares to be distributed for 2021 and 2020 were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the non-consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income from bank deposits	\$ <u>120,434</u>	<u>264,961</u>

(ii) Other income

The components of other income were as follows:

	For the years ended December 31	
	2021	2020
Rent income	\$ 129,442	131,461
Technical service income	539,647	501,406
Government grants	32,566	10,104
Dividend income	36,480	23,357
Other income	<u>154,427</u>	<u>241,188</u>
	\$ <u>892,562</u>	<u>907,516</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2021	2020
Gains on disposals of property, plant and equipment	\$ 1,056	355
Foreign exchange gains	2,616,325	1,588,402
Gains on lease modifications	7	326
Net profits on evaluation of financial assets measured at fair value through profit or loss	96,293	199,105
Provisions and others	<u>(1,635,444)</u>	<u>-</u>
	\$ <u>1,078,237</u>	<u>1,788,188</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2021	2020
Interest expenses	\$ 566,392	842,869
Finance expense—bank fees and factoring fees, etc	<u>9,997</u>	<u>9,085</u>
	\$ <u>576,389</u>	<u>851,954</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure.

2) Credit risk concentrations

As of December 31, 2021 and 2020, the accounts receivable from the Company's top three customers were amounted to \$298,616,017 thousand and \$286,388,390 thousand, representing 62% and 69% of accounts receivable, respectively, which exposes the Company to credit risk.

3) Accounts receivable of credit risk

For credit risk exposure of notes and accounts receivables, please refer to Note 6(d).

Other financial assets at amortized cost includes other receivables and time deposits, etc.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to Note 4(f) for the Company determines whether credit risk is to be low risk).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2021					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 51,327,680	51,368,420	48,504,531	1,300,000	1,563,889
Unsecured ordinary corporate bonds	36,869,595	36,900,000	2,000,000	4,500,000	30,400,000
Non-interest bearing liabilities	477,851,700	477,851,700	477,788,188	63,512	-
Lease liabilities	<u>431,326</u>	<u>431,326</u>	<u>103,027</u>	<u>91,747</u>	<u>236,552</u>
	<u>\$ 566,480,301</u>	<u>566,551,446</u>	<u>528,395,746</u>	<u>5,955,259</u>	<u>32,200,441</u>
December 31, 2020					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 62,276,408	62,330,238	59,130,238	336,111	2,863,889
Unsecured ordinary corporate bonds	25,478,182	25,500,000	1,000,000	2,000,000	22,500,000
Non-interest bearing liabilities	397,408,477	397,408,477	397,360,350	48,127	-
Lease liabilities	<u>168,042</u>	<u>168,042</u>	<u>41,509</u>	<u>35,929</u>	<u>90,604</u>
	<u>\$ 485,331,109</u>	<u>485,406,757</u>	<u>457,532,097</u>	<u>2,420,167</u>	<u>25,454,493</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The liquidity of the aforesaid bank loans, bonds payable, and lease liabilities, does not include the interest expense on cash outflow. The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to currency risk were due from its foreign currency denominated financial assets and liabilities as follows:

(Unit: Foreign currency / NTD in Thousands)

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 18,024,479	27.6830	498,971,652	15,151,606	28.4965	431,767,740
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	18,645,043	27.6830	516,150,725	15,666,576	28.4965	446,442,583

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Company's functional currency as of December 31, 2021 and 2020 would have increased or decreased the before-tax net income by \$171,791 thousand and \$146,748 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains or losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange losses, including both realized and unrealized, amounted to \$2,616,325 thousand and \$1,588,402 thousand, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments at the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The Company's internal management reported the increase/decrease in the interest rates and the exposure to change in interest rates of 1% is considered by management to be a reasonable change of interest rate.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

If the interest rate increases / decreases by 1%, the Company's net income will decrease /increase by \$0 and \$91,189 thousand for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constantly. This is mainly due to the Company's variable rate borrowing and cash advances for accounts receivable factoring.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below :

<u>Price of securities at the reporting date</u>	For the years ended December 31			
	2021		2020	
	Other comprehensive income (Loss)	Net Income (Loss)	Other comprehensive income (Loss)	Net Income (Loss)
Increase 3%	\$ 30,468	23,609	14,911	19,849
Decrease 3%	\$ (30,468)	(23,609)	(14,911)	(19,849)

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>1,258,030</u>	<u>786,955</u>	<u>-</u>	<u>471,075</u>	<u>1,258,030</u>
Financial assets at fair value through other comprehensive income					
Stock of listed companies	\$ <u>1,015,597</u>	<u>1,015,597</u>	<u>-</u>	<u>-</u>	<u>1,015,597</u>
Financial assets at amortized cost					
Cash and cash equivalents	\$ 22,587,554	-	-	-	-
Notes and accounts receivable	478,597,528	-	-	-	-
Other receivables	460,024	-	-	-	-
Other financial assets	<u>22,443,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>524,088,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

3) Valuation techniques for financial instruments measured at fair value :

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

It is based on the valuation model accepted by the most market users, ex: Discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate.

Fair value of structured financial instruments is based on appropriated valuation model, ex: Black-Scholes model, or other valuation model, ex: Monte Carlo simulation.

4) Transfers between Level 1 and Level 2

There have been no transfers from each level for the years ended December 31, 2021 and 2020.

5) Reconciliation of Level 3 fair values

	Non derivative mandatorily measured at fair value through profit or loss
Opening balance, January 1, 2021	\$ 328,865
Total gains and losses recognized:	
In profit or loss	(24,814)
Purchased	167,024
Ending Balance, December 31, 2021	<u><u>\$ 471,075</u></u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	Non derivative mandatorily measured at fair value through profit or loss
Opening balance, January 1, 2020	\$ 259,706
Total gains and losses recognized:	
In profit or loss	(25,345)
Purchased	<u>94,504</u>
Ending Balance, December 31, 2020	<u><u>\$ 328,865</u></u>

For the years ended December 31, 2021 and 2020, total gains and losses that were included in “other gains and losses” were as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Total gains and losses recognized:		
In profit or loss, and including “other gains and losses”	<u><u>\$ (24,814)</u></u>	<u><u>(25,345)</u></u>

- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – private fund”.

Most of the Company’s financial assets in Level 3 have only one significant unobservable input, while its financial assets without an active market have more than one significant unobservable inputs. The significant unobservable inputs of financial assets without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows :

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-private fund	Net Asset Value Method	Net Asset Value	Not applicable

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(vii) Offsetting of financial assets and financial liabilities

The Company has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 105,203,391	86,380,572	18,822,819	-	-	18,822,819

December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 86,380,572	86,380,572	-	-	-	-

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 85,181,577	66,048,341	19,133,236	-	-	19,133,236

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amounts (e)=(c)-(d)
				Financial Instruments (Note)	Cash collateral instruments	
Accounts Receivable and Payable	\$ 66,048,341	66,048,341	-	-	-	-

Note : The master netting arrangement and non-cash collateral were included.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying non-consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash, accounts receivables and equity securities. Also, the Company deposits cash in different financial institutions. The Company manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk on cash and equity securities.

The Company transacted only with the approved third parties with good financial conditions and reputation. For those customers with poor financial situation, the Company would transfer the risk through acquiring guarantees or transacting by L/C. Therefore, the Company believes that there is no significant credit risk.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

1) Accounts receivables and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

Under its customer credibility evaluation policies, the Company evaluates the customer's credibility and collectability of notes and account receivables regularly before doing business. Thus, management is not expecting any significant uncollectible accounts.

The major customers of the Company are concentrated in the high-tech computer industry. As the customers of the Company have good credits and profit records, the Company evaluates the financial conditions of these customers continually to reduce credit risk from accounts receivable. Moreover, the Company also periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. Thus, management is not expecting any significant issue on credit risk.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantee

The Company's policies were prepared in accordance with Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies. As of December 31, 2021, please refer to Note 13(a) and table 2 for the Company's endorsement and guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has sufficient cash and cash equivalents to meet its funding requirements for its operation and when all its obligations become due and payable. It is not expecting any significant liquidity risk.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The functional currency of the Company is the New Taiwan Dollars (NTD). The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency. The currencies used in these transactions are denominated in NTD, EUR, and USD.

The Company's purchases and sales are denominated mainly in US dollars, which exposes the Company's current and future cash flows to foreign currency assets to the risk of market exchange rate fluctuations in market exchange rates. The company follows the principle of natural hedging, the currency held by the company is consistent with the actual foreign exchange demand of the company's import and export transactions, the company's overall internal positions (foreign currency income and expense) are self-levelling as the principle, and spot foreign exchange tools are used to avoid exchange rates risk.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's interest rate risk arises from short-term loans and accounts receivable factoring bearing floating interest rates. Future cash flow will be affected by a change in market interest rate. The Company decreases the interest rate risk through negotiating with banks aperiodically.

3) Price floating risk on equity instruments

The equity securities held by the Company are classified as financial assets measured at fair value through profit or loss and fair value through other comprehensive income. As these assets are measured at fair value, the Company is exposed to the market price fluctuation risk in the equity securities market.

The Company's investment portfolios of equity instruments are reviewed regularly by management, and significant investment decision is approved by the Board of Directors.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(z) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, paid-in capital, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company used the debt-to-equity ratio, interest bearing liability-to-equity ratio and other financial ratio to maintain an optimal capital structure and raise returns on equity.

The Company's debt to equity ratios at the balance sheet date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 590,132,296	509,378,402
Less: cash and cash equivalents	<u>(22,587,554)</u>	<u>(25,707,844)</u>
Net debt	567,544,742	483,670,558
Total capital	<u>166,604,545</u>	<u>162,594,581</u>
Adjusted capital (Note)	<u>\$ 734,149,287</u>	<u>646,265,139</u>
Debt to equity ratio	<u>77.31%</u>	<u>74.84%</u>

Note : Total capital includes share capital, capital surplus, retained earnings, other equity and net debt.

Management believes that there were no significant changes in the Company's approach to capital management for the years ended December 31, 2021 and 2020.

(aa) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the year ended December 31, 2021 and 2020, were as follows :

Reconciliation of liabilities arising from financing activities was as follows :

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2021</u>
			<u>Foreign exchange movement</u>	<u>Other</u>	
Short-term loans	\$ 59,130,238	(10,961,818)	-	-	48,168,420
Other payables-related parties	5,685,052	272,669	243,271	-	6,200,992
Other payables-restricted employee stock	201,972	(16,964)	-	(26,020)	158,988
Bonds payable	25,478,182	11,385,600	-	5,813	36,869,595
Long-term loans	3,146,170	-	-	13,090	3,159,260
Lease liabilities	<u>168,042</u>	<u>(87,907)</u>	<u>-</u>	<u>351,191</u>	<u>431,326</u>
Total liabilities from financing activities	<u>\$ 93,809,656</u>	<u>591,580</u>	<u>243,271</u>	<u>344,074</u>	<u>94,988,581</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Foreign exchange movement	Other	
Short-term loans	\$ 38,674,200	20,456,038	-	-	59,130,238
Other payables-related parties	4,497,000	1,289,017	(100,965)	-	5,685,052
Other payables-restricted employee stock	94,337	(3,292)	-	110,927	201,972
Bonds payable	23,480,339	1,994,000	-	3,843	25,478,182
Long-term loans	-	3,200,000	-	(53,830)	3,146,170
Lease liabilities	139,046	(92,072)	-	121,068	168,042
Total liabilities from financing activities	<u>\$ 66,884,922</u>	<u>26,843,691</u>	<u>(100,965)</u>	<u>182,008</u>	<u>93,809,656</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the non-consolidated financial statements.

Name of related party	Relationship with the Company	Notes
CASETEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	The Company's subsidiary	
CORE-TEK (SHANGHAI) LIMITED	The Company's subsidiary	
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	The Company's subsidiary	
AZURE WAVE TECHNOLOGIES, INC.	The Company's subsidiary	
EZWAVE TECHNOLOGIES, INC.	The Company's subsidiary	
AZURE LIGHTING TECHNOLOGIES, INC.	The Company's subsidiary	
AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	The Company's subsidiary	
AZURE LIGHTING TECHNOLOGIES, INC. (YANGZHOU)	The Company's subsidiary	
AIGALE CORPORATION (SHANGHAI)	The Company's subsidiary	
AMA PRECISION INC.	The Company's subsidiary	
POWTEK (SHANGHAI) LTD.	The Company's subsidiary	
PIOTEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
PEGAGLOBE (KUNSHAN) CO., LTD.	The Company's subsidiary	
PEGAGLOBE INVESTMENT (JIANGSU) CO., LTD.	The Company's subsidiary	Note 8
DIGITEK (CHONGQING) LTD.	The Company's subsidiary	
CHONGQING ZUANSHUO TRADING CO., LTD.	The Company's subsidiary	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
PROTEK (SHANGHAI) LTD.	The Company's subsidiary	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	The Company's subsidiary	
RUNTOP (SHANGHAI) CO., LTD.	The Company's subsidiary	Note 5
ASUSPOWER INVESTMENT CO., LTD.	The Company's subsidiary	

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Notes to the Non-Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
ASUS INVESTMENT CO., LTD.	The Company's subsidiary	
ASUSTEK INVESTMENT CO., LTD.	The Company's subsidiary	
ASROCK INCORPORATION	The Company's subsidiary	
ASRock Rack Incorporation	The Company's subsidiary	
ASRock Industrial Computer Corporation	The Company's subsidiary	
ASJade Technology Inc.	The Company's subsidiary	Note 10
Soaring Asia Limited	The Company's subsidiary	
KINSUS INTERCONNECT TECHNOLOGY CORP.	The Company's subsidiary	
KINSUS INVESTMENT CO., LTD.	The Company's subsidiary	
PEGAVISION CORPORATION	The Company's subsidiary	
FUYANG TECHNOLOGY CORPORATION	The Company's subsidiary	
FUYANG ELECTRONICS (SUZHOU) CO., LTD.	The Company's subsidiary	
BeautyTech Platform Corporation	The Company's subsidiary	Note 2
PEGAVISION (SHANGHAI) LIMITED	The Company's subsidiary	
Pegavision (Jiangsu) Limited.	The Company's subsidiary	Note 11
Mayin Investment Co., Ltd.	The Company's subsidiary	Note 9
FacialBeau International Corporation	The Company's subsidiary	Note 10
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	The Company's subsidiary	
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	The Company's subsidiary	
KINSUS TRADING (SUZHOU) CORP.	The Company's subsidiary	
STARLINK ELECTRONICS CORPORATION	The Company's subsidiary	
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	The Company's subsidiary	
RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	The Company's subsidiary	
RI-MING (SHANGHAI) CO., LTD.	The Company's associate	Note 7
SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	The Company's associate	Note 7
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	The Company's associate	Note 7
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD.	The Company's associate	Note 7
Luxcase Precision Technology (Yancheng) Co., Ltd.	The Company's associate	Note 7
Rida Intelligent Manufacture Technology (Rugao) Co., ltd.	The Company's associate	
RIH KUAN METAL CORPORATION	The Company's subsidiary	
KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.	The Company's subsidiary	
ASFLY TRAVEL SERVICE LIMITED	The Company's subsidiary	
PEGA INTERNATIONAL LIMITED	The Company's subsidiary	
Lumens Digital Optics Inc. (Lumens Optics)	The Company's subsidiary	
Lumens (Suzhou) Digital Image Inc.	The Company's subsidiary	
HUA-YUAN INVESTMENT LIMITED	The Company's subsidiary	
AMA Holdings Limited	The Company's subsidiary	Note 1
APLUS PRECISION LIMITED (CAYMAN)	The Company's subsidiary	

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
Aquamax Vision Corporation	The Company's subsidiary	Note 3
ASIAROCK TECHNOLOGY LIMITED	The Company's subsidiary	
ASLINK PRECISION CO., LTD.	The Company's subsidiary	
ASRock America, Inc.	The Company's subsidiary	
ASROCK EUROPE B.V.	The Company's subsidiary	
ASUSPOWER CORPORATION	The Company's subsidiary	
Azurewave Technologies (USA) Inc.	The Company's subsidiary	
Azwave Holding (Samoa) Inc.	The Company's subsidiary	
Calrock Holdings, LLC.	The Company's subsidiary	
CASETEK HOLDINGS LIMITED (CAYMAN)	The Company's subsidiary	
CASETEK HOLDINGS LIMITED	The Company's subsidiary	
CASETEK SINGAPORE PTE. LTD.	The Company's associate	Note 7
COTEK HOLDINGS LIMITED	The Company's subsidiary	
DIGITEK GLOBAL HOLDINGS LIMITED	The Company's subsidiary	
Firstplace International Limited	The Company's subsidiary	
FUYANG FLEX HOLDING LTD.	The Company's subsidiary	
GRAND UPRIGHT TECHNOLOGY LIMITED	The Company's subsidiary	
KAEDAR HOLDINGS LIMITED	The Company's subsidiary	
KAEDAR TRADING LTD.	The Company's subsidiary	
KINSUS CORP. (USA)	The Company's subsidiary	
KINSUS HOLDING (CAYMAN) LIMITED	The Company's subsidiary	
KINSUS HOLDING (SAMOA) LIMITED	The Company's subsidiary	
Leader Insight Holdings Limited	The Company's subsidiary	
Lumens Digit Image Inc.	The Company's subsidiary	
Lumens Integration Inc.	The Company's subsidiary	
MAGNIFICENT BRIGHTNESS LIMITED	The Company's subsidiary	
MEGA MERIT LIMITED	The Company's subsidiary	
PEGATRON Czech s.r.o.	The Company's subsidiary	
PEGATRON HOLDING LTD.	The Company's subsidiary	
PEGATRON HOLLAND HOLDING B.V.	The Company's subsidiary	
PEGATRON JAPAN INC.	The Company's subsidiary	
PEGATRON LOGISTIC SERVICE INC.	The Company's subsidiary	
PEGATRON Mexico, S.A. de C.V.	The Company's subsidiary	
PEGATRON SERVICE AUSTRALIA PTY. LTD.	The Company's subsidiary	
PEGATRON SERVICE KOREA LLC	The Company's subsidiary	
Pegatron Service Singapore Pte. Ltd.	The Company's subsidiary	
PEGASUS ACE LIMITED	The Company's subsidiary	Notes 3 and 6

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
PEGATRON SERVICOS DE INFORMATICA LTDA.	The Company's subsidiary	
PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	The Company's subsidiary	Note 2
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	The Company's subsidiary	Note 3
PEGATRON TECHNOLOGY SERVICE INC.	The Company's subsidiary	
PEGATRON USA, Inc.	The Company's subsidiary	
PEGATRON VIETNAM COMPANY LIMITED	The Company's subsidiary	Note 2
PEGATRON TECHNOLOGY TEXAS INC.	The Company's subsidiary	Note 10
PEGATRON ELECTRONICS INC.	The Company's subsidiary	Note 10
PEGAVISION HOLDINGS CORPORATION	The Company's subsidiary	Note 4
PEGAVISION JAPAN Inc.	The Company's subsidiary	
PIOTEK HOLDING LIMITED	The Company's subsidiary	
PIOTEK HOLDINGS LTD. (CAYMAN)	The Company's subsidiary	
PIOTEK(H.K.) TRADING LIMITED	The Company's subsidiary	
POWTEK HOLDINGS LIMITED	The Company's subsidiary	
PROTEK GLOBAL HOLDINGS LTD.	The Company's subsidiary	
PT. PEGATRON TECHNOLOGH INDONESIA	The Company's subsidiary	
RIH LI INTERNATIONAL LIMITED	The Company's subsidiary	
RITENG USA INC	The Company's subsidiary	
SLITEK HOLDINGS LIMITED	The Company's subsidiary	
TOP QUARK LIMITED	The Company's subsidiary	
UNIHAN HOLIDNG LTD.	The Company's subsidiary	
UNITED NEW LIMITED	The Company's subsidiary	
ADVANTECH CO., LTD.	Other related party	

Note 1: It was written off in the 2nd quarter of 2020.

Note 2: It was established in the 2nd quarter of 2020.

Note 3: It was established in the 3rd quarter of 2020.

Note 4: It completed its delisting application in September 2020.

Note 5: It was sold to a non-related party in the 1st quarter of 2021.

Note 6: It was merged in the 1st quarter of 2021.

Note 7: It was no longer the Company's subsidiary but the Company's associate's subsidiary as of February 3, 2021. For more details, please refer to Note 4(c).

Note 8: It was established in the 2nd quarter of 2021.

Note 9: It was established in the 3rd quarter of 2021.

Note 10: It was established in the 4th quarter of 2021.

Note 11: It was established in the 1st quarter of 2021.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(b) Significant Transactions with related parties

(i) Sale of Goods to Related Parties

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	Sales	
	For the years ended December 31	
	2021	2020
Subsidiaries	\$ 12,477,015	5,838,303
Other related parties	34,623	-
	\$ 12,511,638	5,838,303
	Receivables from related parties	
	December 31, 2021	December 31, 2020
Subsidiaries, PROTEK (SHANGHAI) LTD.	\$ 102,069,459	93,386,147
Subsidiaries, PEGAGLOBE (KUNSHAN) CO., LTD.	65,386,391	94,709,929
Subsidiaries, DIGITEK (CHONGQING) LTD.	52,659,300	15,441,939
Subsidiaries, Other	26,693,845	24,937,951
	\$ 246,808,995	228,475,966

Prices charged for sales transactions with associates were not significantly different from those of non-related parties. The average sales term for notes and accounts receivables pertaining to such sales transactions ranged from two to three months. Receivables from related parties were not secured with collaterals, and did not require provisions for credit losses based on the result of management's evaluation.

(ii) Purchase of Goods from Related Parties

The amounts of significant purchase transactions and outstanding balances between the Company and related parties were as follows:

	Purchases	
	For the years ended December 31	
	2021	2020
Subsidiaries	\$ 98,403,839	40,957,337
Associates	270,015	-
	\$ 98,673,854	40,957,337

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	Payables to Related Parties	
	December 31, 2021	December 31, 2020
Subsidiaries, PEGAGLOBE (KUNSHAN) CO., LTD.	\$ 84,342,828	108,888,894
Subsidiaries, PROTEK (SHANGHAI) LTD.	74,677,470	35,448,023
Subsidiaries, DIGITEK (CHONGQING) LTD.	49,357,663	12,594,314
Subsidiaries, Other	6,909,453	7,746,204
Associates	182,274	-
	<u>\$ 215,469,688</u>	<u>164,677,435</u>

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other normal vendors. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to four months, which is similar to that of other normal vendors.

- (iii) Warranty repair expense (from) paid to Related Parties

	For the years ended December 31	
	2021	2020
Subsidiaries	<u>\$ (13,678)</u>	<u>60,829</u>

- (iv) Other income and losses from Related Parties

	For the years ended December 31	
	2021	2020
Subsidiaries	<u>\$ 12,529</u>	<u>20,804</u>

- (v) Rental revenue

For the years ended December 31, 2021 and 2020, the Company incurred subsidiaries transactions of \$102,497 thousand and \$113,783 thousand, respectively, which were accounted for as rental revenue. Lease terms with associates were not significantly different from those of non-related parties.

- (vi) Other related party transactions recorded as expenses

For the years ended December 31, 2021 and 2020, the Company incurred subsidiaries transactions recorded as expenses such as rental expense, royalty payment, storage expense, and professional service fee, etc, aggregating to \$312,170 thousand and \$189,507 thousand, respectively.

- (vii) Purchase and sales of real estate property and other assets

For the years ended December 31, 2021 and 2020, molds and equipment purchased from subsidiaries are amounted to \$131,236 thousand and \$214,480 thousand, respectively.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(viii) Other related party transactions accounted for as assets and liabilities in the balance sheet

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Other receivables		
Subsidiaries	\$ <u>22,332</u>	<u>14,867</u>
Other payables		
Subsidiaries	\$ <u>349,383</u>	<u>595,579</u>
Other current liabilities		
Subsidiaries	\$ <u>10,727</u>	<u>1,019</u>
Other non-current liabilities		
Subsidiaries	\$ <u>10,438</u>	<u>10,438</u>

(ix) Borrowings from related parties

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Subsidiaries	\$ <u>6,200,992</u>	<u>5,685,052</u>
Interest rate	<u>0%</u>	<u>0%</u>
Interest expense	\$ <u>-</u>	<u>-</u>

(x) As of December 31, 2021, please refer to Note 13 for endorsements and guarantees for related party.

(c) Key management personnel compensation

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 194,089	226,350
Post-employment benefits	2,403	2,513
Share-based payments	<u>156,847</u>	<u>149,711</u>
	\$ <u>353,339</u>	<u>378,574</u>

Please refer to Note 6(s) for further explanations related to share-based payment transactions.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(8) Pledged assets:

As of December 31, 2021 and 2020, pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other financial asset-restricted deposits	Deposits for customs duties	\$ 114,111	108,093
Other financial asset-refundable deposits	Deposits for performance guarantee	<u>29,276</u>	<u>27,346</u>
		<u>\$ 143,387</u>	<u>135,439</u>

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows :

(i) Promissory notes and certificates of deposit obtained for business purpose were as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
NTD	<u>\$ 10,490</u>	<u>16,391</u>

(b) Significant contingent liability :

AIG Specialty Insurance Company, as assignee and subrogee of the Group's customer, filed a lawsuit against the Company in the United States District Court for the Northern District of Georgia, seeking damages based on certain quality issue occurred on the products sold by the Company. The Court found that the Company is liable for the products in issue through a summary judgement order. The specific amount of the damages will be decided by the Jury in the subsequent trial proceeding. The Company has reached a settlement with AIG Specialty Insurance Company for USD \$59,000 thousand as of December 31, 2021. The Company has recognized relevant provision. The Court administratively closed this case till March 14, 2022. As of the release date of the non-consolidated financial statements, the Company is in the process of negotiating and finalizing the formal settlement agreement with the Plaintiff AIG Specialty Insurance Company.

(10) Losses due to major disasters: None.

(11) Subsequent events: None

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(12) Other:

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

By function	For the years ended December 31					
	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefit						
Salary	\$ 2,268,678	8,491,275	10,759,953	1,776,997	9,118,235	10,895,232
Labor and health insurance	212,716	522,623	735,339	154,898	491,115	646,013
Pension	64,103	273,024	337,127	57,449	272,480	329,929
Remuneration of directors	-	159,000	159,000	-	162,000	162,000
Others	320,541	529,192	849,733	267,764	600,769	868,533
Depreciation	723,448	456,705	1,180,153	500,399	373,890	874,289
Amortization	52,042	22,412	74,454	56,497	42,986	99,483

For the years ended December 31, 2021 and 2020, the information on the number of employees and employee benefit expense of the Company is as follows :

	2021	2020
Number of employees	<u><u>8,519</u></u>	<u><u>7,881</u></u>
Number of directors (non-employee)	<u><u>8</u></u>	<u><u>8</u></u>
Average employee benefit expense	<u><u>\$ 1,490</u></u>	<u><u>1,618</u></u>
Average employee salary expense	<u><u>\$ 1,264</u></u>	<u><u>1,384</u></u>
Percentage of average employee salary expense	<u><u>(8.67)%</u></u>	
Remuneration for supervisors	<u><u>\$ -</u></u>	<u><u>-</u></u>

Compensation policies are as follows:

In accordance with Article 26 of the Company's Articles of Incorporation, the remuneration to directors should not exceed 0.7% of the profit before tax, while taking the operating performance of the Company and the participation of each director into consideration. There will be regular evaluations concerning the reasonability of compensation policies. Furthermore, the remunerations to managers and employees will be appropriated at the rate stated in the Company's Articles of Incorporation, while taking into consideration the operating performance of the Company, economic indicators and industry level.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

No.	Item	Table
1	Loans to other parties	Table 1
2	Guarantees and endorsements for other parties	Table 2
3	Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)	Table 3
4	Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 4
5	Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 5
6	Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 6
7	Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 7
8	Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 8
9	Trading in derivative instruments	None

(b) Information on investees:

Please refer to Table 9 for the information on investees for the year ended December 31, 2021.

(c) Information on investment in mainland China:

- (i) Please refer to Table 10 for names of investee, main businesses and products, total amount of capital surplus, method of investment, investment flows, net income (losses) of the investee, percentage of ownership and the upper limit on investment.
- (ii) Please refer to information on significant transactions for either directly or indirectly through a third area, with investee companies in the Mainland Area. The transactions were eliminated in the consolidated financial statements.

(d) Major shareholders:

Shareholding	Shares	Percentage
Shareholder's Name		
ASUSTEK COMPUTER INCORPORATION	448,506,484	16.80 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2021.

Notes to the Non-Consolidated Financial Statements

Table 1: Loans to other parties
December 31, 2021

														Expressed in thousands of NTD		
Number (Note 1)	Name of lender	Name of borrower	Account name (Note 2)	Related party	Highest balance of financing to other parties during the period	Actual usage amount during the period	Range of interest rates during the period	Nature of loan (Note 3)	Transaction amount for business between two parties (Note 4)	Reasons for short-term financing (Note 5)	Loss allowance	Collateral		Individual funding loan limits (Note 6)	Maximum limit of fund financing (Note 6)	
					Ending balance							Item	Value			
1	MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Other Receivables	Y	1,384,150	1,384,150	1,384,150	2.59%	2	-	Fund accommodation	-	-	14,964,672	29,929,345	
1	MAINTEK COMPUTER (SUZHOU) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Other Receivables	Y	2,768,300	-	-	0.92%	2	-	Fund accommodation	-	-	11,971,738	29,929,345	
2	ASUSPOWER CORPORATION	PEGATRON CORPORATION	Other Receivables	Y	5,877,996	4,650,744	4,650,744	0.00%	2	-	Fund accommodation	-	-	5,905,922	5,905,922	
2	ASUSPOWER CORPORATION	ASUS INVESTMENT CO., LTD.	Other Receivables	Y	581,343	581,343	581,343	0.00%	2	-	Fund accommodation	-	-	1,771,777	3,543,553	
2	ASUSPOWER CORPORATION	ASUSPOWER INVESTMENT CO., LTD.	Other Receivables	Y	609,026	609,026	609,026	0.00%	2	-	Fund accommodation	-	-	1,771,777	3,543,553	
3	CASETEK HOLDINGS LIMITED	PEGATRON CORPORATION	Other Receivables	Y	1,093,479	1,065,796	1,065,796	0.00%	2	-	Fund accommodation	-	-	5,724,128	5,724,128	
4	KAEDAR TRADING LTD.	PEGATRON VIETNAM COMPANY LIMITED	Other Receivables	Y	498,294	-	-	1.00%	2	-	Fund accommodation	-	-	518,308	518,308	
4	KAEDAR TRADING LTD.	PEGATRON CORPORATION	Other Receivables	Y	525,977	484,453	484,453	0.00%	2	-	Fund accommodation	-	-	518,308	518,308	
5	PROTEK (SHANGHAI) LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Other Receivables	Y	4,152,450	-	-	0.92%	2	-	Fund accommodation	-	-	5,537,507	11,075,014	
6	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Short-Term Accounts Receivable	Y	5,427,438	3,690,658	3,690,658	1.00%	2	-	Business operation	-	-	3,448,052	3,448,052	
6	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	Long-Term Accounts Receivable	Y	130,259	130,259	130,259	1.00%	2	-	Business operation	-	-	8,620,129	8,620,129	
7	RIH LI International Limited	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Short-Term Accounts Receivable	Y	9,689,050	4,567,695	4,567,695	1.00%	2	-	Business operation	-	-	14,018,280	14,018,280	
8	KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Short-Term Accounts Receivable	Y	347,356	-	-	1.00%	2	-	Business operation	-	-	343,021	343,021	
9	CASETEK HOLDINGS LIMITED(CAYMAN)	CASETEK SINGAPORE PTE. LTD.	Short-Term Accounts Receivable	Y	4,844,525	-	-	0.00%	2	-	Business operation	-	-	14,820,445	14,820,445	
10	Azwave Holding (Samoa) Inc.	AIGALE CORPORATION (SHANGHAI)	Other Receivables	Y	27,683	27,683	-	0.00%	2	-	Cash flow adequacy	-	-	846,875	846,875	

Note 1: The number column is organized as follows:

- (1) Number 0 represents the issuer.
- (2) Consolidated subsidiaries are organized in order from number 1.

Note 2 : If the nature of accounts receivable(including affiliated enterprises and related parties), shareholder transactions, advance payments, temporary payments, etc., are loans, the amount will be disclosed in the table.

Note 3 : Reference for the Nature of loan column

- (1)1: the borrower has business contact with the creditor
- (2)2: the borrower has short-term financing necessities

Note 4 : Fill in business contact amount if nature of loan conforms to situation 1.

Note 5 : Fill in the reasons and the use of the fund if nature of loan conforms to situation 2.

Note 6 : Calculation for the maximum limit of fund financing

Notes to the Non-Consolidated Financial Statements

Maximum limit of fund financing

According to our(MAINTEK COMPUTER (SUZHOU) CO., LTD.) policy for loans granted, the maximum limit of fund financing to all parties is 100% of our(MAINTEK COMPUTER (SUZHOU) CO., LTD.) net assets.

While granting loans to the Company, Taiwan subsidiaries and subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 40% of MAINTEK COMPUTER (SUZHOU) CO., LTD.'s net assets.

According to our(ASUSPOWER CORPORATION) policy for loans granted, the maximum limit of fund financing to all parties is 60% of our(ASUSPOWER CORPORATION) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of ASUSPOWER CORPORATION's net assets.

According to our(CASETEK HOLDINGS LIMITED) policy for loans granted, the maximum limit of fund financing to all parties is 30% of our(CASETEK HOLDINGS LIMITED) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of CASETEK HOLDINGS LIMITED's net assets.

According to our(KAEDAR TRADING LIMITED) policy for loans granted, the maximum limit of fund financing to all parties is 30% of our(KAEDAR TRADING LIMITED) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of KAEDAR TRADING LIMITED's net assets.

According to our(PROTEK (SHANGHAI) LTD.) policy for loans granted, the maximum limit of fund financing to all parties is 30% of our(PROTEK (SHANGHAI) LTD.) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of PROTEK (SHANGHAI) LTD.'s net assets.

According to our(RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.) policy for loans granted, except for foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company and CASETEK HOLDINGS LIMITED(CAYMAN),

when there is a short-term financing need, the maximum limit of fund financing to which is 100% of our(RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.) net assets, the maximum limit of fund financing to all other parties is 40% of our(RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.) net assets.

According to our(RIH LI International Limited) policy for loans granted, except for foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company and CASETEK HOLDINGS LIMITED(CAYMAN),

when there is a short-term financing need, the maximum limit of fund financing to which is 100% of our(RIH LI International Limited) net assets, the maximum limit of fund financing to all other parties is 40% of our(RIH LI International Limited) net assets.

According to our(KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.) policy for loans granted, except for foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company and CASETEK HOLDINGS LIMITED(CAYMAN),

when there is a short-term financing need, the maximum limit of fund financing to which is 100% of our(KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.) net assets, the maximum limit of fund financing to all other parties is 40% of our(KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.) net assets.

According to our(CASETEK HOLDINGS LIMITED(CAYMAN)) policy for loans granted, the maximum limit of fund financing to all parties is 40% of our(CASETEK HOLDINGS LIMITED(CAYMAN)) net assets.

According to our(AZWAVE HOLDING (SAMOA) INC.) policy for loans granted to foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company is as follows: maximum limit of fund financing to which is 40% of our net assets.

Maximum limit of fund financing to single party

According to our(MAINTEK COMPUTER (SUZHOU) CO., LTD.) policy for loans granted, the maximum limit of fund financing to single party is 50% of our(MAINTEK COMPUTER (SUZHOU) CO., LTD.) net assets.

While granting loans to the Company, Taiwan subsidiaries and subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 40% of MAINTEK COMPUTER (SUZHOU) CO., LTD.'s net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of MAINTEK COMPUTER (SUZHOU) CO., LTD.'s net assets.

According to our(ASUSPOWER CORPORATION) policy for loans granted, the maximum limit of fund financing to a single party is 30% of our(ASUSPOWER CORPORATION) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of ASUSPOWER CORPORATION's net assets.

According to our(CASETEK HOLDINGS LIMITED) policy for loans granted, the maximum limit of fund financing to a single party is 15% of our(CASETEK HOLDINGS LIMITED) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of CASETEK HOLDINGS LIMITED's net assets.

According to our(KAEDAR TRADING LIMITED) policy for loans granted, the maximum limit of fund financing to a single party is 15% of our(KAEDAR TRADING LIMITED) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of KAEDAR TRADING LIMITED's net assets.

According to our(PROTEK (SHANGHAI) LTD.) policy for loans granted, the maximum limit of fund financing to a single party is 15% of our(PROTEK (SHANGHAI) LTD.) net assets.

While granting loans to the Company and foreign subsidiaries which are not wholly-owned by the Company are as follows: maximum limit of fund financing to which is 100% of PROTEK (SHANGHAI) LTD.'s net assets.

According to our(RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.) policy for loans granted, except for foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company and CASETEK HOLDINGS LIMITED(CAYMAN),

when there is a short-term financing need, the maximum limit of fund financing to which is 100% of our(RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.) net assets, the maximum limit of fund financing to other single party is 40% of our(RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.) net assets.

According to our(RIH LI International Limited) policy for loans granted, except for foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company and CASETEK HOLDINGS LIMITED(CAYMAN), when there is a short-term financing need,

the maximum limit of fund financing to which is 100% of our(RIH LI International Limited) net assets, the maximum limit of fund financing to other single party is 40% of our(RIH LI International Limited) net assets.

According to our(KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.) policy for loans granted, except for foreign subsidiaries whose voting shares are directly or indirectly wholly-owned by the Company and CASETEK HOLDINGS LIMITED(CAYMAN),

when there is a short-term financing need, the maximum limit of fund financing to which is 100% of our(KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.) net assets, the maximum limit of fund financing to other single party is 40% of our(KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.) net assets.

According to our(CASETEK HOLDINGS LIMITED(CAYMAN)) policy for loans granted, the maximum limit of fund financing to which is 40% of our(CASETEK HOLDINGS LIMITED(CAYMAN)) net assets.

According to our(AZWAVE HOLDING (SAMOA) INC.) policy for loans granted to a foreign subsidiary whose voting shares are directly or indirectly wholly-owned by the Company is as follows: maximum limit of fund financing to a subsidiary is 40% of our(AZWAVE HOLDING (SAMOA) INC.) net assets.

Note 7 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date. (exchange rate on December 31, 2021 was USD/NTD: 27.683 ; CNY/NTD: 4.34195)

Notes to the Non-Consolidated Financial Statements

Table 2: Guarantees and endorsements for other parties
December 31, 2021

Expressed in thousands of NTD

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 4) (Note 5)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland
1	AZURE WAVE TECHNOLOGIES, INC.	AZURE LIGHTING TECHNOLOGIES, INC. (2)	1,042,683	470,611	138,415	-	-	6.64%	1,042,683	Y	N	Y
2	ASROCK INCORPORATION	ASIAROCK TECHNOLOGY LIMITED (2)	5,789,798	2,224,360	2,214,640	1,660,980	-	26.78%	5,789,798	Y	N	N

Note 1 : The number column is organized as follow:

- (1) Number 0 represents the issuer.
- (2) Subsidiaries are numbered in order from number 1.

Note 2 : Relationship with the endorser / guarantor:

- (1) Having business relationship.
- (2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
- (3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
- (4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
- (5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
- (7) Performance guarantees for pre-sale contracts under the Consumer Protection Act.

Note 3 : Ceiling on total endorsements / guarantees

According to AZURE WAVE TECHNOLOGIES, INC.'s policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 50% of the Company's net assets.

According to ASROCK INCORPRATION's policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 70% of the Company's net assets.

Ceiling on endorsements/ guarantees provided for a single party

According to AZURE WAVE TECHNOLOGIES, INC.'s policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 50% of the Company's net assets.

According to ASROCK INCORPRATION's policy of endorsements and guarantees, the endorsements and guarantees of the Company to the wholly-owned corporate should not exceed 70% of the Company's net assets.

Note 4 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date. (exchange rate on December 31, 2021 is USD/NTD: 27.683)

Note 5 : The amount is approved by the Board of Directors.

Notes to the Non-Consolidated Financial Statements

Table 3: Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2021

Name of holder	Marketable securities (Note 1)			Relationship with company (Note 2)	Account title	Ending balance			Expressed in thousands of NTD	
	Category	Name	Shares			Carrying value (Note 3)	Percentage of ownership (%)	Fair value (Note 3)	Maximum Ownership	Note
PEGATRON CORPORATION	Stock	ABILITY ENTERPRISE CO.,LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	33,135,300	1,015,597	11.52%	1,015,597	11.74%	
"	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	financial asset measured at fair value through profit or loss-Non current	3,500,000	220,850	0.53%	220,850	0.53%	
"	Fund	China Renewable Energy Fund, LP(CREF)	-	financial asset measured at fair value through profit or loss-Non current	-	471,075	N/A	471,075	N/A	
"	Stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY	-	financial asset measured at fair value through profit or loss-Current	470,000	289,050	0.00%	289,050	0.00%	
"	Stock	DELTA ELECTRONICS, INC.	-	financial asset measured at fair value through profit or loss-Current	290,000	79,750	0.01%	79,750	0.01%	
"	Stock	MEDIATEK INC.	-	financial asset measured at fair value through profit or loss-Current	155,000	184,450	0.01%	184,450	0.01%	
"	Stock	Airtac International Group	-	financial asset measured at fair value through profit or loss-Current	12,603	12,855	0.01%	12,855	0.03%	
ASUSPOWER CORPORATION	Stock	Tesla, Inc.	-	financial asset measured at fair value through profit or loss-Current	100	2,925	0.00%	2,925	0.00%	
PROTEK (SHANGHAI) LTD.	Stock	LUXSHARE ICT CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	39,845,105	8,253,001	0.56%	8,253,001	0.57%	
"	Stock	Contemporary Amperex Technology Co. Limited	-	financial asset measured at fair value through profit or loss-Current	3,000	7,479	0.00%	7,479	0.00%	
"	Bond	LUXSHARE ICT CO., LTD.(Convertible Bond)	-	financial asset measured at fair value through profit or loss-Current	170,816	92,543	N/A	92,543	N/A	
"	Stock	Ark Semiconductor Corp. Ltd.	-	financial asset measured at fair value through profit or loss-Non current	-	147,631	6.34%	147,631	6.34%	
ASUSPOWER INVESTMENT CO., LTD.	Stock	SPORTON INTERNATIONAL INC.	-	financial asset measured at fair value through profit or loss-Current	272,265	59,082	0.28%	59,082	0.28%	
"	Stock	WIN SEMICONDUCTORS CORP.	-	financial asset measured at fair value through profit or loss-Current	395,000	147,928	0.09%	147,928	0.09%	
"	Stock	Topoint Technology Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	-	-	0.00%	-	0.78%	
"	Stock	ABILITY ENTERPRISE CO., LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	6,495	199	0.00%	199	0.00%	
"	Stock	ZOWIE Technology Corporation	-	financial asset measured at fair value through other comprehensive income-Non current	90,973	-	0.33%	-	0.46%	
"	Stock	Syntronix CO., LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	6,778	-	0.02%	-	0.02%	
"	Stock	Valens Semiconductor Ltd.	-	financial asset measured at fair value through profit or loss-Non current	3,092,412	659,176	3.15%	659,176	4.03%	
"	Stock	Cognito Health Inc	-	financial asset measured at fair value through other comprehensive income-Non current	1,136,363	-	1.61%	-	1.61%	

Notes to the Non-Consolidated Financial Statements

Expressed in thousands of NTD

Name of holder	Marketable securities (Note 1)		Relationship with company (Note 2)	Account title	Ending balance			Fair value (Note 3)	Maximum Ownership	Note
	Category	Name			Shares	Carrying value (Note 3)	Percentage of ownership (%)			
ASUS INVESTMENT CO., LTD.	Stock	SPEED TECH CORPORATION	-	financial asset measured at fair value through profit or loss-Current	8,000,000	659,200	4.70%	659,200	4.73%	
"	Stock	TAIWAN UNION TECHNOLOGY CORPORATION	-	financial asset measured at fair value through profit or loss-Current	277,000	28,254	0.10%	28,254	0.10%	
"	Stock	GLOBAL PMX CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	46,000	8,326	0.04%	8,326	0.04%	
"	Stock	TONG HSING ELECTRONIC INDUSTRIES ,LTD.	-	financial asset measured at fair value through profit or loss-Current	45,000	13,388	0.03%	13,388	0.03%	
"	Stock	Lightel Technlogies Inc.	-	financial asset measured at fair value through other comprehensive income-Non current	2,000,000	46,224	7.66%	46,224	7.66%	
"	Stock	PT Sat Nusapersada Tbk	-	financial asset measured at fair value through other comprehensive income-Non current	531,434,100	241,285	10.00%	241,285	10.00%	
"	Fund	New Economy Ventures LP	-	financial asset measured at fair value through other comprehensive income-Non current	-	41,784	N/A	41,784	N/A	
"	Stock	Neuroblade	-	financial asset measured at fair value through profit or loss-Non current	33,268	55,921	0.80%	55,921	0.80%	
"	Stock	Reed Semiconductor	-	financial asset measured at fair value through profit or loss-Non current	819,616	33,427	2.07%	33,427	2.07%	
ASUSTEK INVESTMENT CO., LTD.	Stock	ACCTON TECHNOLOGY CORPORATION	-	financial asset measured at fair value through profit or loss-Current	9,000	2,340	0.00%	2,340	0.01%	
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Mega Diamond Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	21,355,432	270,736	N/A	270,736	N/A	
"	Fund	Jih Sun Money Market	-	financial asset measured at fair value through profit or loss-Current	17,776,549	266,419	N/A	266,419	N/A	
KINSUS INVESTMENT CO., LTD.	Fund	Taishin Ta-Chong Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	829,070	11,897	N/A	11,897	N/A	
"	Stock	Ethos Original Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	5,000,000	50,000	7.49%	50,000	7.49%	
"	Stock	Li Chang Finery Inc.	-	financial asset measured at fair value through other comprehensive income-Non current	20,408	1,000	0.63%	1,000	0.70%	
Mayin Investment Co., Ltd	Fund	Mega Diamond Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	946,873	12,004	N/A	12,004	N/A	
PEGAVISION CORPORATION	Fund	FSITC Money Market	-	financial asset measured at fair value through profit or loss-Current	3,556,527	55,024	N/A	55,024	N/A	
Lumens Digital Optics Inc. (Lumens Optics)	Fund	Fuh Hwa Money Market	-	financial asset measured at fair value through profit or loss-Current	71,899,897	1,047,215	N/A	1,047,215	N/A	
"	Fund	CAPITAL MONEY MARKET FUND	-	financial asset measured at fair value through profit or loss-Current	3,779,372	61,592	N/A	61,592	N/A	
HUA-YUAN INVESTMENT LIMITED	Stock	Chicony Power Technology Co. Ltd.	-	financial asset measured at fair value through profit or loss-Current	418,644	32,696	0.11%	32,696	0.16%	
"	Stock	Ethos Original Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	5,000,000	50,617	7.49%	50,617	7.49%	
"	Stock	Fusheng Precision CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	220,000	42,680	0.17%	42,680	0.61%	

Notes to the Non-Consolidated Financial Statements

Expressed in thousands of NTD

Name of holder	Marketable securities (Note 1)		Relationship with company (Note 2)	Account title	Ending balance			Maximum Ownership	Note
	Category	Name			Shares	Carrying value (Note 3)	Percentage of ownership (%)		
HUA-YUAN INVESTMENT LIMITED	Stock	NEW SMART TECHNOLOGY CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	500,000	7,704	2.50%	7,704	4.05%
"	Stock	KING YUAN ELECTRONICS CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	75,000	3,360	0.01%	3,360	0.03%
"	Stock	Excellence Optoelectronics Inc	-	financial asset measured at fair value through profit or loss-Current	330,000	9,108	0.18%	9,108	0.18%
"	Stock	BizLink Holding Inc.	-	financial asset measured at fair value through profit or loss-Current	40,000	10,440	0.03%	10,440	0.03%
RIH KUAN METAL CORPORATION	Stock	Ethos Original Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	5,000,000	46,169	7.49%	46,169	7.49%

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments : recognition and measurement'.

Note 2: If the issuer of the security isn't a related party, the cell is blank.

Note 3: The account balance for securities measured at fair value has deducted accumulated impairment.

Notes to the Non-Consolidated Financial Statements

Table 4: Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock
December 31, 2021

Expressed in thousands of NTD															
Name of company	Marketable securities			Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Gain (loss) on disposal	Ending Balance	
	Category	Name	Account name			Shares	Amount	Shares	Amount	Shares	Price	Cost		Shares	Amount
PEGATRON CORPORATION	Stock	PEGATRON VIETNAM COMPANY LIMITED	Equity investments under equity method	-	-	-	849,297	-	2,103,421 (Note 4)	-	-	48,780 (Note 3)	-	-	2,665,892
PEGATRON CORPORATION	Stock	PEGATRON TECHNOLOGY INDIA	Equity investments under equity method	-	-	54,994,500	211,238	1,044,895,500	4,071,910 (Note 4)	-	-	238,046 (Note 2) 193,157 (Note 3)	-	1,099,890,000	3,760,945
PEGATRON CORPORATION	Stock	CASETEK HOLDINGS LIMITED(CAYMAN)	Equity investments under equity method	-	-	4,808,794	396,426	-	6,374,782 (Note 2)	-	-	329,046 (Note 2) 2,299,111 (Note 3)	-	1	37,051,112
PEGATRON CORPORATION	Stock	Pegatron Holding Ltd.	Equity investments under equity method	-	-	961,906,463	87,961,996	30,000,000	20,862 (Note 9) 163,139,578 (Note 4) 245,016,974 (Note 7)	412,965,345	-	855,975 (Note 4) 7,032,726 (Note 2)	2,615,192 (Note 3)	991,906,463	93,235,505
ASUS INVESTMENT CO., LTD.	Stock	PEGATRON Mexico, S.A. DE C.V.	Equity investments under equity method	-	-	-	176,989	-	330,913 (Note 4) 43,464 (Note 2)	-	-	6,790 (Note 3)	-	-	544,576
PEGAVISION CORPORATION	Fund	Yuanta Wan Tai Money Market	financial asset measured at fair value through profit or loss-Current	-	-	33,387,513	509,270	28,763,573	439,000 (Note 4)	62,151,086	948,577	948,270 (Note 6)	307	-	-
Lumens Digital Optics Inc. (Lumens Optics)	Fund	Fuh Hwa Money Market	financial asset measured at fair value through profit or loss-Current	-	-	73,096,336	1,063,113	84,543,799	1,231,000 (Note 4)	85,740,238	1,248,467	1,236,966 (Note 6) 9,932 (Note 5)	11,501	71,899,897	1,047,215

Note 1 : If the securities is invested in foreign currency, the amount in the table has been transferred to NTD. (The exchange rate as of December 31, 2021: USD/NTD: 27.683)

Note 2 : The investment profit or loss related to the investee is measured by equity method.

Note 3 : The amount is exchange gains or losses.

Note 4 : Which is investment added this year.

Note 5 : Which is adjustments related to financial assets based on the fair value method.

Note 6 : Which is disposal of investment this year.

Note 7 : Which is effect of the corporate restructuring this year.

Note 8 : Which is adjustments on accumulated loss.

Note 9 : Which is adjustments on capital surplus.

Notes to the Non-Consolidated Financial Statements

Table 5: Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock
December 31, 2021

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	
							Owner	Relationship with the Company	Date of transfer	Amount			Others
PEGATRON VIETNAM COMPANY LIMITED	Plant	2021.01.27	2,161,895	On the basis of the contract	Jianxing Vietnam Construction Development Co., Ltd.	None	None	None	None	None	After bargaining, the price will be approved by the chairman of the board of directors to determine.	For production and business use	None
PEGATRON VIETNAM COMPANY LIMITED	Plant (electrical and air-conditioning engineering)	2021.05.05	712,122	On the basis of the contract	MIC-TECH (VN) CO., LTD. (MARKTECH)	None	None	None	None	None	After bargaining, the price will be approved by the chairman of the board of directors to determine.	For production and business use	None
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	Plant use rights	2021.01.28	381,779	On the basis of the contract	Chengalpattu Logistics Parks Private Limited , Mahindra World City Developers Private Limited	None	None	None	None	None	After bargaining, the price will be approved by the chairman of the board of directors to determine.	For business use	None
KINSUS INTERCONNECT TECHNOLOGY CORP.	Land and buildings (including machinery equipment and clean room)	2021.02.05	4,409,385	On the basis of the contract	WINTEK CORPORATION	None	None	None	None	None	Tender	For capacity expansion and company operation planning.	None
KINSUS INTERCONNECT TECHNOLOGY CORP.	Buildings	2021.10.25 2021.11.10	1,536,000	On the basis of the contract	Fan Da Construction Co., Ltd	None	None	None	None	None	Bargain	For capacity expansion and company operation planning.	None

Note 1 : If the securities is invested in foreign currency, the amount in the table has been transferred to NTD. (The exchange rate as of December 31, 2021: INR/NTD: 0.3715216 ; VND/NTD: 0.00121764)

Notes to the Non-Consolidated Financial Statements

Table 6: Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock
December 31, 2021

Name of company	Type of property	Transaction date	Acquisutin date	Book value	Transaction amount	Status of payment	Gain from disposal	Counter-party	Nature of relationship	Price reference	Expressed in thousands of NTD	
											Purpose of acquisition and condition	Other terms
KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.	Land use rights , houses and buildings	2021.03.25	Febuary 2004 to October 2012	104,980	464,589	Execute in accordance with the terms of the contract	359,609	Suzhou Heyuan Biomedical Technology Development Co., Ltd.	Non-related party	Bargain	Asset activation	None

Note 1 : If the securities is invested in foreign currency, the amount in the table has been transferred to NTD. (The exchange rate as of December 31, 2021:CNY/NTD: 4.34195)

Notes to the Non-Consolidated Financial Statements

Table 7: Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock
December 31, 2021

Expressed in thousands of NTD

Name of company	Related party	Nature of relationship	Transaction		Percentage of total purchases (sales)	Transactions with terms different from others		Notes/accounts receivables (payables)		Note
			Purchases (sales)	Amount		Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivables (payables)	
PEGATRON CORPORATION	ASIAROCK TECHNOLOGY LIMITED	Note 2	Purchase	(342,455)	(0.03%)	Note 4	Open Account 90 days	-	140,512	0.03%
PEGATRON CORPORATION	PEGATRON Czech s.r.o.	Note 2	Sale	(1,124,803)	(0.10%)		120 days on delivery	-	313,594	0.07%
PEGATRON CORPORATION	AZURE WAVE TECHNOLOGIES, INC.	Note 2	Sale	156,039	0.01%		Open Account 60 days	-	(22,785)	(0.01%)
PEGATRON CORPORATION	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 2	Sale	50,444,423	4.39%	Note 4	Open Account 60 days	-	(84,342,828)	(18.39%)
PEGATRON CORPORATION	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 2	Purchase	17,025,928	1.48%	Note 4	Open Account 60 days	-	-	- %
PEGATRON CORPORATION	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 2	Sale	(959,521)	(0.08%)	Note 4	Open Account 60 days	-	12,658,305	2.64%
PEGATRON CORPORATION	DIGITEK (CHONGQING) LTD.	Note 2	Sale	2,050,329	0.18%	Note 4	Open Account 60 days	-	(49,357,663)	(10.76%)
PEGATRON CORPORATION	PROTEK (SHANGHAI) LTD.	Note 2	Sale	22,469,483	1.95%	Note 4	Open Account 60 days	-	(74,677,470)	(16.29%)
PEGATRON CORPORATION	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 2	Purchase	336,486	0.03%		Open Account 60 days	-	(42,235)	(0.01%)
PEGATRON CORPORATION	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 2	Purchase	(543,513)	(0.05%)		Open Account 60 days	-	2,027,331	0.42%
PEGATRON CORPORATION	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 2	Purchase	4,480,308	0.39%	Note 4	Open Account 60 days	-	(1,513,047)	(0.33%)
PEGATRON CORPORATION	POWTEK (SHANGHAI) LTD.	Note 2	Purchase	(8,488,945)	(0.73%)		120 days on delivery	-	2,774,444	0.58%
PEGATRON CORPORATION	PT. PEGATRON TECHNOLOGY INDONESIA	Note 2	Sale	1,887,335	0.16%	Note 4	120 days on delivery	-	(5,232,825)	(1.14%)
PEGATRON CORPORATION	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	Note 2	Sale	(584,310)	(0.05%)	Note 4	Open Account 60 days	-	908,037	0.08%
PEGATRON CORPORATION	PEGATRON VIETNAM COMPANY LIMITED	Note 2	Purchase	(127,326)	(0.01%)	Note 4	Open Account 60 days	-	408,828	0.03%
PEGATRON CORPORATION	PEGATRON TECHNOLOGY SERVICE INC.	Note 2	Sale	(110,246)	(0.01%)		90 days on delivery	-	21,432	0.00%
PEGATRON CORPORATION	Rida Intelligent Manufacture Technology (Rugao) Co., Ltd.	Note 2	Purchase	189,644	0.02%		Open Account 60 days	-	(132,164)	(0.03%)
PEGATRON TECHNOLOGY SERVICE INC.	PEGATRON CORPORATION	Note 1	Sale	110,246	20.47%		90 days on delivery	-	(21,432)	(76.82%)
PEGATRON VIETNAM COMPANY LIMITED	PEGATRON CORPORATION	Note 1	Sale	127,326	36.34%		90 days on delivery	-	(408,828)	(50.81%)
PT. PEGATRON TECHNOLOGY INDONESIA	PEGATRON CORPORATION	Note 1	Purchase	(1,887,335)	(8.19%)		120 days on delivery	-	5,232,825	100.00%
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	PEGATRON CORPORATION	Note 1	Purchase	584,310	100.00%		Open Account 60 days	-	(908,037)	(76.64%)
PEGATRON Czech s.r.o.	PEGATRON CORPORATION	Note 1	Sale	1,124,803	74.40%		120 days on delivery	-	(313,594)	(79.38%)
Rida Intelligent Manufacture Technology (Rugao) Co., Ltd.	PEGATRON CORPORATION	Note 1	Sale	(189,644)	N/A		Open Account 60 days	-	132,164	N/A
POWTEK (SHANGHAI) LTD.	PEGATRON CORPORATION	Note 3	Purchase	8,488,945	81.82%		120 days on delivery	-	(2,774,444)	(57.07%)
POWTEK (SHANGHAI) LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 1	Purchase	1,874,027	18.06%		120 days on delivery	-	(2,087,510)	(273.76%)
PROTEK (SHANGHAI) LTD.	PEGATRON CORPORATION	Note 1	Sale	(22,469,483)	(5.72%)		Open Account 60 days	-	74,677,470	84.70%
PROTEK (SHANGHAI) LTD.	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 3	Sale	(35,436,119)	(9.02%)		Open Account 60 days	-	13,124,996	14.89%
PROTEK (SHANGHAI) LTD.	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 3	Purchase	681,797	0.20%		Open Account 60 days	-	(55,714)	(0.05%)
PROTEK (SHANGHAI) LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Sale	267,595	0.08%		Open Account 60 days	-	(21,407)	(0.02%)
PEGAGLOBE (KUNSHAN) CO., LTD.	PEGATRON CORPORATION	Note 1	Purchase	(50,444,423)	(15.93%)		Open Account 60 days	-	84,342,828	98.74%
PEGAGLOBE (KUNSHAN) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Purchase	(681,797)	(0.22%)		Open Account 60 days	-	55,714	0.07%
PEGAGLOBE (KUNSHAN) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Sale	35,436,119	11.85%		Open Account 60 days	-	(13,124,996)	(16.10%)
MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Purchase	1,902,705	0.63%		Open Account 60 days	-	(1,281,550)	(1.55%)
MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Purchase	(3,713,139)	(1.18%)		Open Account 60 days	-	1,779,896	2.59%
MAINTEK COMPUTER (SUZHOU) CO., LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	3,869,905	1.29%		Open Account 60 days	-	(976,633)	(1.18%)
MAINTEK COMPUTER (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Purchase	(17,025,928)	(5.41%)		Open Account 60 days	-	-	- %
MAINTEK COMPUTER (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Sale	959,521	2.06%		Open Account 60 days	-	(12,658,305)	(15.31%)
COTEK ELECTRONICS (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	(1,902,705)	(13.41%)		Open Account 60 days	-	1,281,550	24.01%
COTEK ELECTRONICS (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	3,713,139	33.12%		Open Account 60 days	-	(1,779,896)	(33.58%)
COTEK ELECTRONICS (SUZHOU) CO., LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	(167,286)	(1.18%)		Open Account 60 days	-	54,061	1.01%
COTEK ELECTRONICS (SUZHOU) CO., LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	141,970	1.27%		Open Account 60 days	-	(26,412)	(0.50%)
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Purchase	543,513	4.90%		Open Account 60 days	-	(2,027,331)	(38.25%)
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Purchase	(4,480,308)	(31.57%)		Open Account 60 days	-	1,513,047	28.35%
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Purchase	(267,595)	(1.89%)		Open Account 60 days	-	21,407	0.40%
COTEK ELECTRONICS (SUZHOU) CO., LTD.	DIGITEK (CHONGQING) LTD.	Note 3	Sale	(435,805)	(3.07%)		Open Account 60 days	-	62,512	1.17%
COTEK ELECTRONICS (SUZHOU) CO., LTD.	POWTEK (SHANGHAI) LTD.	Note 3	Sale	(1,874,027)	(13.21%)		Open Account 60 days	-	2,087,510	39.11%

Notes to the Non-Consolidated Financial Statements

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Name of company	Related party	Nature of relationship	Transaction		Percentage of total purchases (sales)	Transactions with terms different from others			Notes/accounts receivables (payables)	
			Purchases (sales)	Amount		Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivables (payables)
DIGITEK (CHONGQING) LTD.	KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	Note 3	Purchase	1,093,641	1.08%	Open Account 60 days	-	-	(187,550)	(0.35%)
DIGITEK (CHONGQING) LTD.	PEGATRON CORPORATION	Note 1	Sale	(2,050,329)	(2.01%)	Open Account 60 days	-	-	49,357,663	99.79%
DIGITEK (CHONGQING) LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	227,579	0.22%	Open Account 60 days	-	-	(39,702)	(0.07%)
DIGITEK (CHONGQING) LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Purchase	435,805	0.43%	Open Account 60 days	-	-	(62,512)	(0.13%)
CASETEK COMPUTER (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	(3,869,905)	(77.71%)	Open Account 60 days	-	-	976,633	75.29%
CASETEK COMPUTER (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Sale	(336,486)	(6.76%)	Open Account 60 days	-	-	42,235	3.26%
CASETEK COMPUTER (SUZHOU) CO., LTD.	DIGITEK (CHONGQING) LTD.	Note 3	Sale	(227,579)	(4.57%)	Open Account 60 days	-	-	39,702	3.06%
CASETEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Sale	167,286	5.14%	Open Account 60 days	-	-	(54,061)	(4.21%)
CASETEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Purchase	(141,970)	(2.85%)	Open Account 60 days	-	-	26,412	2.04%
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	DIGITEK (CHONGQING) LTD.	Note 3	Purchase	(1,093,641)	(75.74%)	Open Account 60 days	-	-	187,550	59.69%
PIOTEK COMPUTER (SUZHOU) CO., LTD.	PIOTEK (HK) TRADING LIMITED	Note 3	Purchase	(131,168)	(5.61%)	Open Account 60 days	Incomparable due to different product specification	No comparable non-related party	7,170	1.07%
PIOTEK (HK) TRADING LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	131,168	100.00%	Open Account 60 days	Incomparable due to different product specification	No comparable non-related party	(7,170)	(100.00%)
INSUS INTERCONNECT TECHNOLOGY CORP.	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP	Note 2	Sale	3,133,718	25.66%	Open Account 60 days	Incomparable due to different product specification	Open Account 30-90 days	(611,152)	(25.18)%
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP	INSUS INTERCONNECT TECHNOLOGY CORP.	Note 1	Sale	(3,133,718)	(84.85%)	Open Account 60 days	Incomparable due to different product specification	No comparable non-related party	611,152	86.20%
PEGAVISION CORPORATION	Pegavision Japan Inc.	Note 2	Sale	(1,850,825)	(35.85%)	Open Account 90 days	Same as other clients	Telex transfer-Open Account 90 days	301,885	35.20%
PEGAVISION CORPORATION	Gemvision Technology (Zhejiang) Limited.	Note 2	Purchase	(211,692)	(4.10%)	Open Account 180 days	Same as other clients	Telex transfer-Open Account 90 days	85,662	9.99%
PEGAVISION CORPORATION	AQUAMAX CORPORATION	Note 2	Purchase	(411,064)	(7.96%)	Open Account 120 days	Same as other clients	Telex transfer-Open Account 90 days	139,387	16.25%
Pegavision Japan Inc.	PEGAVISION CORPORATION	Note 1	Sale	1,850,825	100.00%	Open Account 90 days	No other comparable vendors	No other comparable vendors	(301,885)	(100.00%)
Gemvision Technology (Zhejiang) Limited.	PEGAVISION CORPORATION	Note 1	Purchase	211,692	100.00%	Open Account 180 days	No other comparable vendors	No other comparable vendors	(85,662)	(100.00%)
AQUAMAX CORPORATION	PEGAVISION CORPORATION	Note 1	Purchase	411,064	96.97%	Open Account 120 days	No other comparable vendors	No other comparable vendors	(139,387)	(99.40%)
MEGA MERIT LIMITED	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	471,114	97.20%	Open Account 60-90 days	-	-	(1,495)	(5.49%)
MEGA MERIT LIMITED	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(158,242)	(17.59%)	Open Account 60-90 days	-	-	-	- %
RIH KUAN METAL CORPORATION	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(470,834)	(11.47%)	Open Account 60-90 days	-	-	-	- %
RIH KUAN METAL CORPORATION	RI-MING (SHANGHAI) CO., LTD	Note 3	Purchase	648,339	18.44%	Open Account 90-120 days	-	-	55	0.27%
RIH KUAN METAL CORPORATION	Luxcase Precision Technology (Yancheng) Co., Ltd.	Note 3	Purchase	1,254,905	35.69%	Open Account 60-90 days	-	-	-	- %
RIH KUAN METAL CORPORATION	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	1,592,611	45.30%	Open Account 60-90 days	-	-	(24,195)	(100.00%)
ASROCK INCORPORATION	ASIAROCK TECHNOLOGY LIMITED	Note 2	Purchase	10,345,855	95.84%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(543,189)	(81.74%)
ASROCK INCORPORATION	ASROCK AMERICA, INC.	Note 2	Sale	(3,731,808)	(25.67%)	Open Account 90 days	Same as other clients	Same as other clients	767,816	44.94%
ASROCK INCORPORATION	ASROCK EUROPE B.V.	Note 2	Sale	(3,896,085)	(26.80%)	Open Account 45 days	Same as other clients	Same as other clients	59,480	3.48%
ASRock Industrial Computer Corporation	ASIAROCK TECHNOLOGY LIMITED	Note 3	Purchase	337,206	43.32%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(99,914)	(26.13%)
ASRock Industrial Computer Corporation	ASROCK EUROPE B.V.	Note 3	Sale	(168,933)	(13.60%)	Open Account 60 days	Same as other clients	Same as other clients	9,435	8.33%
ASRock Rack Incorporation	ASIAROCK TECHNOLOGY LIMITED	Note 3	Purchase	2,032,823	80.94%	Open Account 60 days	No other comparable	No other comparable	(102,159)	(21.52%)
ASRock Rack Incorporation	ASROCK EUROPE B.V.	Note 3	Sale	(159,217)	(5.03%)	Open Account 60 days	Same as other clients	Same as other clients	28,321	5.77%
ASRock Rack Incorporation	ASROCK AMERICA, INC.	Note 3	Sale	(352,551)	(11.14%)	Open Account 90 days	Same as other clients	Same as other clients	121,325	24.73%
ASIAROCK TECHNOLOGY LIMITED	PEGATRON CORPORATION	Note 1	Purchase	342,455	1.93%	Open Account 90 days	Same as other clients	Same as other clients	(140,512)	(3.50%)

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Name of company	Related party	Nature of relationship	Transaction		Percentage of total purchases (sales)	Transactions with terms different from others		Notes/accounts receivables (payables)		Note	
			Purchases (sales)	Amount		Payment terms	Unit price	Payment terms	Ending balance		Percentage of total notes/accounts receivables (payables)
ASIA ROCK TECHNOLOGY LIMITED	ASROCK INCORPORATION	Note 1	Sale	(10,345,855)	(73.30%)	Open Account 60 days	No other comparable vendors	No other comparable vendors	543,189	61.29%	
ASIA ROCK TECHNOLOGY LIMITED	ASRock Industrial Computer Corporation	Note 3	Sale	(337,206)	(2.39%)	Open Account 60 days	No other comparable vendors	No other comparable vendors	99,914	11.27%	
ASIA ROCK TECHNOLOGY LIMITED	ASRock Rack Incorporation	Note 3	Sale	(2,032,823)	(14.40%)	Open Account 60 days	No other comparable vendors	No other comparable vendors	102,159	11.53%	
ASROCK AMERICA, INC.	ASROCK INCORPORATION	Note 1	Purchase	3,731,808	91.37%	Open Account 90 days	No other comparable vendors	No other comparable vendors	(767,816)	(86.35%)	
ASROCK AMERICA, INC.	ASRock Rack Incorporation	Note 3	Purchase	352,551	8.63%	Open Account 90 days	No other comparable vendors	No other comparable vendors	(121,325)	(13.65%)	
ASROCK EUROPE B.V.	ASROCK INCORPORATION	Note 1	Purchase	3,896,085	92.23%	Open Account 45 days	No other comparable vendors	No other comparable vendors	(59,480)	(61.17%)	
ASROCK EUROPE B.V.	ASRock Industrial Computer Corporation	Note 3	Purchase	168,933	4.00%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(9,435)	(9.70%)	
ASROCK EUROPE B.V.	ASRock Rack Incorporation	Note 3	Purchase	159,217	3.77%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(28,321)	(29.13%)	
AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	AZURE WAVE TECHNOLOGIES, INC.	Note 1	Sale	(1,984,542)	(45.00%)	Open Account 30-60 days	Same as non-related party	shorter than non-related party	527,505	26.00%	
AZURE WAVE TECHNOLOGIES, INC.	PEGATRON CORPORATION	Note 1	Sale	(156,039)	(2.00%)	Open Account 60-90 days	Same as non-related party	Same as non-related party	22,785	1.00%	
AZURE WAVE TECHNOLOGIES, INC.	AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	Note 2	Purchase	1,984,542	30.00%	Open Account 30-60 days	Same as non-related party	shorter than non-related party	(522,177)	(23.00%)	
Lumens Digital Optics Inc. (Lumens Optics)	Lumens Integration Inc.	Note 2	Sale	(389,791)	(34.00%)	Depend on funding need Open Account 75 days	-	-	116,452	69.00%	
Lumens Integration Inc.	Lumens Digital Optics Inc. (Lumens Optics)	Note 1	Purchase	389,791	96.00%	Depend on funding need Open Account 75 days	-	-	(116,452)	(99.00%)	

Note 1 : Parent company

Note 2 : Subsidiary measured by equity method.

Note 3 : Affiliate

Note 4 : To avoid counting the sales revenue twice, the Company has subtracted the repeated part of purchase and sales.

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Table 8: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock
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Expressed in thousands of NTD

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
PEGATRON CORPORATION	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Subsidiary measured by equity method	2,027,331	2.77 Times	-	-	-	-
"	PROTEK (SHANGHAI) LTD.	Subsidiary measured by equity method	102,069,459	3.40 Times	-	-	-	-
"	POWTEK (SHANGHAI) LTD.	Subsidiary measured by equity method	2,774,444	4.10 Times	-	-	-	-
"	PEGAGLOBE (KUNSHAN) CO., LTD.	Subsidiary measured by equity method	65,386,390	3.20 Times	-	-	-	-
"	DIGITEK (CHONGQING) LTD.	Subsidiary measured by equity method	52,659,300	2.94 Times	-	-	-	-
"	PEGATRON Czech s.r.o.	Subsidiary measured by equity method	313,594	7.17 Times	-	-	-	-
"	ASIAROCK TECHNOLOGY LIMITED	Subsidiary measured by equity method	140,512	2.83 Times	-	-	806	-
"	PT. PEGATRON TECHNOLOGY INDONESIA	Subsidiary measured by equity method	7,259,536	3.01 Times	-	-	-	-
"	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Subsidiary measured by equity method	12,658,305 (Note 2)	3.99 Times	-	-	-	-
"	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	Subsidiary measured by equity method	908,037	2.01 Times	-	-	-	-
"	PEGATRON VIETNAM COMPANY LIMITED	Subsidiary measured by equity method	408,828	1.92 Times	-	-	-	-
ASUSPOWER CORPORATION	PEGATRON CORPORATION	Parent Company	4,650,744	N/A (Note 1)	-	-	-	-
"	ASUS INVESTMENT CO., LTD.	Affiliate	581,343	N/A (Note 1)	-	-	-	-
"	ASUSPOWER INVESTMENT CO., LTD.	Affiliate	609,026	N/A (Note 1)	-	-	-	-
CASETEK HOLDINGS LIMITED	PEGATRON CORPORATION	Parent Company	1,065,796	N/A (Note 1)	-	-	-	-
KAEDAR TRADING LTD.	PEGATRON CORPORATION	Parent Company	484,453	N/A (Note 1)	-	-	-	-
DIGITEK (CHONGQING) LTD.	PEGATRON CORPORATION	Parent Company	49,357,663	3.29 Times	-	-	8,595,997	-
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Parent Company	1,513,047	4.47 Times	-	-	691,085	-
"	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Affiliate	1,281,550	2.71 Times	-	-	-	-
"	POWTEK (SHANGHAI) LTD.	Affiliate	2,087,510	1.80 Times	-	-	-	-
"	Pegatron Electronics Inc.	Affiliate	281,034	1.58 Times	-	-	-	-
PEGAGLOBE (KUNSHAN) CO., LTD.	PEGATRON CORPORATION	Parent Company	84,342,828	3.17 Times	-	-	18,823,396	-
PROTEK (SHANGHAI) LTD.	PEGATRON CORPORATION	Parent Company	74,677,470	6.44 Times	-	-	12,417,816	-
"	PEGAGLOBE (KUNSHAN) CO., LTD.	Affiliate	13,124,996	2.08 Times	-	-	-	-
"	PEGATRON TECHNOLOGY INDIA PRIVATE LIMIT	Affiliate	216,939	- Times	-	-	-	-
MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Affiliate	1,779,896	3.04 Times	-	-	-	-
"	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Affiliate	1,384,150	N/A (Note 1)	-	-	-	-
PT. PEGATRON TECHNOLOGY INDONESIA	PEGATRON CORPORATION	Parent Company	5,232,825	4.51 Times	-	-	1,981,356	-
CASETEK COMPUTER (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Affiliate	976,633	4.95 Times	-	-	-	-
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	DIGITEK (CHONGQING) LTD.	Affiliate	187,550	6.84 Times	-	-	-	-
CASETEK HOLDINGS LIMITED(CAYMAN)	MEGA MERIT LIMITED	Subsidiary measured by equity method	172,991	N/A (Note 1)	-	-	-	-
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	3,690,670	N/A (Note 1)	-	-	-	-
"	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD	Affiliate	130,249	N/A (Note 1)	-	-	-	-
Rida Intelligent Manufacture Technology (Rugao) Co., Ltd.	PEGATRON CORPORATION	Parent Company	132,164	2.87 Times	-	-	36,206	-
RIH LI International Limited	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Subsidiary measured by equity method	4,567,695	N/A (Note 1)	-	-	-	-
"	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Subsidiary measured by equity method	203,636	N/A (Note 1)	-	-	-	-
ASIAROCK TECHNOLOGY LIMITED	ASROCK AMERICA, INC.	Subsidiary measured by equity method	767,816	3.38 Times	-	-	100,904	-
ASIAROCK TECHNOLOGY LIMITED	ASIAROCK TECHNOLOGY LIMITED	Parent Company	543,189	7.11 Times	-	-	378,577	-
"	ASRock Rack Incorporation	Affiliate	102,159	6.43 Times	-	-	367	-
ASRock Rack Incorporation	ASROCK AMERICA, INC.	Affiliate	121,325	3.40 Times	-	-	-	-
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP	KINSUS INTERCONNECT TECHNOLOGY CORP.	Parent Company	611,152	6.98 Times	-	-	-	-
PEGAVISION CORPORATION	Pegavision Japan Inc.	Subsidiary measured by equity method	301,885	5.64 Times	-	-	-	-
"	AQUAMAX CORPORATION	Subsidiary measured by equity method	139,387	5.82 Times	-	-	-	-
Lumens Digital Optics Inc. (Lumens Optics)	Lumens Integration Inc.	Subsidiary measured by equity method	116,452	3.78 Times	-	-	-	-
FUYANG TECHNOLOGY CORPORATION	FUYANG ELECTRONICS (SUZHOU) CO., LTD.	Subsidiary measured by equity method	190,250	0.00 Times	-	-	-	-
AZURE LIGHTING TECHNOLOGIES, INC.	AZURE WAVE TECHNOLOGIES, INC.	Parent Company	527,505	4.97 Times	-	-	473,380	-

Note 1 : Since the receivables are not caused by selling and purchasing transactions, the turnover rate is not applicable.

Note 2 : Offsetting of account receivables and payables.

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Table 9: Information on investees
December 31, 2021

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
PEGATRON CORPORATION	ASUSPOWER INVESTMENT CO., LTD.	Taipei	Investment holding	13,033,429	13,033,429	932,844,700	100.00%	10,343,374	1,393,189	1,393,189	
"	ASUS INVESTMENT CO., LTD.	Taipei	Investment holding	16,184,982	16,184,982	979,254,600	100.00%	11,660,148	1,685,201	1,685,201	
"	ASUSTEK INVESTMENT CO., LTD.	Taipei	Investment holding	14,593,543	14,593,543	951,278,300	100.00%	7,613,944	775,275	775,275	
"	Pegatron Holding Ltd.	Cayman Islands	Investment holding	34,318,691	33,462,716	991,906,463	100.00%	93,235,505	7,032,726	7,032,726	
"	PEGATRON USA, INC.	CA, USA	Repairing and marketing center in Northern America	16,085	16,085	50,000	100.00%	17,179	109	109	
"	PEGATRON HOLLAND HOLDING B.V.	Wijchen, NETHERLANDS	Investment holding	1,278,287	1,278,287	-	100.00%	2,894,729	213,612	213,612	
"	AMA PRECISION INC.	Taipei	Research and design of computer components	408,394	408,394	33,500,000	100.00%	433,482	1,717	1,717	
"	AZURE WAVE TECHNOLOGIES, INC.	New Taipei City	Manufacture of office machine, electrical components, computer and related products. Sale of precision instrument and photographic equipment.	525,750	525,750	35,750,000	23.76%	492,197	308,878	73,400	
"	Unihan Holding Ltd.	Cayman Islands	Investment holding	5,823,962	5,823,962	170,110,010	100.00%	5,734,488	252,739	252,739	
"	CASETEK HOLDINGS LIMITED(CAYMAN)	Cayman Islands	Investment holding	14,717,122	442,409	1	100.00%	37,051,112	6,374,782	6,374,782	
"	PEGATRON SERVICE AUSTRALIA PTY. LTD.	Australia	Investment holding	139,088	139,088	6,000,000	100.00%	201,423	31,064	31,064	
"	PT. PEGATRON TECHNOLOGY INDONESIA	Indonesia	Data storage and processing equipment, manufacturing wired and wireless communication	1,249,369	1,249,369	39,999	100.00%	1,246,851	84,163	84,163	
"	PEGATRON VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication	2,973,516	870,095	-	100.00%	2,665,892	(238,046)	(238,046)	
"	PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication	429,459	178,755	-	100.00%	221,520	(132,030)	(132,030)	
"	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication	4,287,623	215,713	1,099,890,000	99.99%	3,760,945	(329,079)	(329,046)	
"	Pegatron Technology Texas Inc.	TX, USA	Sales and repair service center in North America	27,813	-	100	100.00%	(9,563)	(37,669)	(37,669)	
"	Pegatron Electronics Inc.	TX, USA	Sales and repair service center in North America	278,125	-	1,000	100.00%	277,907	1,089	1,089	
ASUSPOWER INVESTMENT CO., LTD.	STARLINK ELECTRONICS CORPORATION	New Taipei City	Manufacture of computer components and industrial plastics. Sale and manufacture of electronic materials.	135,144	135,144	15,000,000	50.00%	241,645	5,831	Not required to disclose	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan	Manufacture of computer components. Sale and manufacture of electronic materials. Enterprise management consulting.	727,473	727,473	55,556,221	12.32%	3,581,096	3,858,984	Not required to disclose	
"	ASROCK INCORPORATION	Taipei	Manufacture of data processing equipment, storage equipment and wireless communication equipment. Installation and sale of computer and electronic materials.	82,626	82,626	2,791,000	2.27%	186,907	2,381,060	Not required to disclose	
"	AZURE WAVE TECHNOLOGIES, INC.	New Taipei City	Manufacture of office machine, electrical components, computer and related products. Sale of precision instrument and photographic equipment.	154,000	154,000	7,000,000	4.65%	96,313	308,878	Not required to disclose	
"	Lumens Digital Optics Inc. (Lumens Optics)	Hsinchu	Development, manufacture and sale of projector and related product.	508,932	508,932	10,043,490	50.22%	1,106,358	175,046	Not required to disclose	
"	PEGAVISION CORPORATION	Taoyuan	Manufacture of medical equipment	70,721	70,721	5,480,121	7.83%	429,490	1,248,574	Not required to disclose	
"	ASUSPOWER CORPORATION	Virgin Islands	Investment holding and commercial affairs	3,752,682	3,752,682	109,000,000	31.23%	1,844,419	(520)	Not required to disclose	
"	PEGATRON TECHNOLOGY SERVICE INC.	Kentucky, USA	Repairing and marketing center in Northern America	94,475	94,475	2,800	100.00%	1,151,855	35,161	Not required to disclose	
"	PEGATRON LOGISTIC SERVICE INC.	CA, USA	Transferring and marketing center in Northern America	30	30	1,000	100.00%	11,014	-	Not required to disclose	
"	Huawei Investment Co., Ltd.	Taipei	Investment holding	48,780	48,780	-	48.78%	262,149	(130,059)	Not required to disclose	
"	PEGA INTERNATIONAL LIMITED	Taipei	Design service and commercial affairs	31,885	31,885	-	100.00%	27,003	(5,815)	Not required to disclose	
"	PEGATRON JAPAN Inc.	Japan	Repairing and marketing center in Japan	27,287	27,287	-	100.00%	483,206	176,779	Not required to disclose	
"	PEGATRON Mexico, S.A. DE C.V.	Chihuahua, Mexico	Manufacturing consumer electronics and electronic parts	456,761	231,424	-	40.51%	370,832	73,060	Not required to disclose	
"	PEGATRON SERVICE SINGAPORE PTE. LTD.	Singapore	Repairing and marketing center in Singapore	23,990	23,990	1,000,000	100.00%	380,623	47,001	Not required to disclose	
"	PT. PEGATRON TECHNOLOGY INDONESIA	Indonesia	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole selling of computer equipment and electronic components	31	31	1	0.00%	32	111,033	Not required to disclose	

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
ASUS INVESTMENT CO., LTD.	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	429	22	110,000	0.01%	376	(329,079)	Not required to disclose	
"	STARLINK ELECTRONICS CORPORATION	New Taipei City	Manufacture of computer components and industrial plastics. Sale and manufacture of electronic materials.	90,000	90,000	9,000,000	30.00%	144,987	5,831	Not required to disclose	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan	Manufacture of computer components. Sale and manufacture of electronic materials. Enterprise management consulting.	938,098	938,098	60,128,417	13.34%	3,875,832	3,858,984	Not required to disclose	
"	ASROCK INCORPORATION	Taipei	Manufacture of data storage, data processing equipment and communication equipment. Sale of computer equipment and electronic material.	155,718	155,718	57,217,754	46.55%	3,831,708	2,381,060	Not required to disclose	
"	Lumens Digital Optics Inc. (Lumens Optics)	Hsinchu	Development, manufacture and sale of projector and related product.	7,338	7,338	587,079	2.94%	64,671	175,046	Not required to disclose	
"	ASUSPOWER CORPORATION	Virgin Islands	Investment holding and commercial affairs	3,488,741	3,488,741	103,000,000	29.51%	1,742,838	(520)	Not required to disclose	
ASUS INVESTMENT CO., LTD.	ASFLY TRAVEL SERVICE LIMITED	Taipei	Travel industry	6,000	6,000	-	100.00%	5,768	2,558	Not required to disclose	
"	HUA-YUAN INVESTMENT LIMITED	Taipei	Investment holding	500,000	500,000	-	100.00%	592,256	57,443	Not required to disclose	
"	PEGATRON Mexico, S.A. DE C.V.	Chihuahua, Mexico	Manufacturing consumer electronics and electronic parts	700,851	369,938	-	59.49%	544,576	73,060	Not required to disclose	
"	FUYANG TECHNOLOGY CORPORATION	Hsinchu	Manufacture of wire, cable and electronic components. Sale of electronic material.	464,711	464,711	32,088,436	17.83%	162,530	78,080	Not required to disclose	
ASUSTEK INVESTMENT CO., LTD.	STARLINK ELECTRONICS CORPORATION	New Taipei City	Manufacture of computer components and industrial plastics. Sale and manufacture of	60,000	60,000	6,000,000	20.00%	96,658	5,831	Not required to disclose	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan	Manufacture of computer components. Sale and manufacture of electronic materials. Enterprise	794,252	794,252	58,233,091	12.92%	3,753,660	3,858,984	Not required to disclose	
"	ASROCK INCORPORATION	Taipei	Manufacture of data processing equipment, storage equipment and wire communication equipment.	223,939	223,939	7,453,405	6.06%	499,137	2,381,060	Not required to disclose	
"	AZURE WAVE TECHNOLOGIES, INC.	New Taipei City	Manufacture of office machine, electrical components, computer and related products. Sale	98,487	98,487	6,696,930	4.45%	92,170	308,878	Not required to disclose	
"	Lumens Digital Optics Inc. (Lumens Optics)	Hsinchu	Development, manufacture and sale of projector and related product.	5,117	5,117	409,427	2.05%	45,101	175,046	Not required to disclose	
"	PEGAVISION CORPORATION	Taoyuan	Manufacture of medical equipment	64,292	64,292	4,934,434	7.05%	386,723	1,248,574	Not required to disclose	
"	ASUSPOWER CORPORATION	Virgin Islands	Investment holding and commercial affairs	4,652,885	4,652,885	137,000,000	39.26%	2,318,665	(520)	Not required to disclose	
"	FUYANG TECHNOLOGY CORPORATION	Hsinchu	Manufacture of wire, cable and electronic components. Sale of electronic materials.	929,422	929,422	64,176,872	35.65%	324,970	78,080	Not required to disclose	
PEGATRON SERVICE SINGAPORE PTE. LTD.	PEGATRON SERVICE KOREA LLC.	Korea	Repairing and marketing center in Korea	41,525	41,525	360,000	100.00%	217,791	23,774	Not required to disclose	
Pegatron Holding Ltd.	MAGNIFICENT BRIGHTNESS LIMITED	Virgin Islands	Investment holding and commercial affairs	7,208,123	7,208,123	177,961,090	100.00%	29,800,103	2,445,680	Not required to disclose	
"	PROTEK GLOBAL HOLDINGS LTD.	Virgin Islands	Investment holding and commercial affairs	8,288,249	8,288,249	308,100,000	100.00%	36,736,002	1,528,656	Not required to disclose	
"	ASLINK PRECISION CO., LTD.	Cayman Islands	Investment holding and commercial affairs	6,234,398	5,403,908	229,711,968	100.00%	16,287,020	2,163,438	Not required to disclose	
"	DIGITEK GLOBAL HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	1,357,810	1,357,810	49,050,000	100.00%	6,616,116	583,306	Not required to disclose	
"	COTEK HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	1,910,542	1,910,542	81,275,000	100.00%	1,841,989	312,200	Not required to disclose	
"	TOP QUARK LIMITED	HongKong	Investment holding	293,287	293,287	9,550,000	100.00%	271,440	151,360	Not required to disclose	
"	POWTEK HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	363,907	363,907	8,050,000	100.00%	1,287,519	157,837	Not required to disclose	
"	PIOTEK HOLDINGS LTD.(CAYMAN)	Cayman Islands	Investment holding	2,554,407	2,554,407	92,000,000	49.00%	75,476	(482,797)	Not required to disclose	
"	GRAND UPRIGHT TECHNOLOGY LTD.	Samoa	Investment holding and commercial affairs	36,714	36,714	5,000,000	100.00%	308,115	(45,307)	Not required to disclose	
KINSUS INTERCONNECT TECHNOLOGY CORP.	KINSUS CORP. (USA)	CA, USA	Design substrate, analyze market strategy, development new customer and new technology.	13,842	13,842	500,000	100.00%	66,944	8,359	Not required to disclose	
"	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investment holding	4,603,924	4,603,924	166,308,720	100.00%	2,378,249	329,154	Not required to disclose	
"	KINSUS INVESTMENT CO., LTD.	Taoyuan	Investment holding	1,600,000	1,600,000	160,000,000	100.00%	2,678,046	407,075	Not required to disclose	
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Taoyuan	Manufacture of medical equipment	252,455	252,455	21,233,736	30.33%	1,664,138	1,248,574	Not required to disclose	
"	FUYANG TECHNOLOGY CORPORATION	Hsinchu	Manufacture of wire, cable and electronic components. Sale of electronic material.	929,422	929,422	64,176,872	35.65%	325,005	78,080	Not required to disclose	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investment holding	1,993,176	1,993,176	72,000,000	100.00%	2,317,122	575,377	Not required to disclose	
"	PIOTEK HOLDINGS LTD.(CAYMAN)	Cayman Islands	Investment holding	2,610,756	2,610,756	95,755,000	51.00%	78,564	(482,789)	Not required to disclose	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Virgin Islands	Investment holding	3,871,213	3,871,213	139,840,790	100.00%	154,028	(482,789)	Not required to disclose	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	HongKong	Commercial affairs	720	720	200,000	100.00%	64,723	(5,572)	Not required to disclose	
PEGAVISION CORPORATION	AQUAMAX CORPORATION	Taoyuan	Sale of medical equipment	-	40,000	-	- %	0	18,766	Not required to disclose	
"	PEGAVISION JAPAN INC.	Japan	Sale of medical equipment	2,381	2,381	198	100.00%	59,801	21,135	Not required to disclose	
"	Mayin Investment Co., Ltd.	Taoyuan	Investment holding	120,003	-	12,000,000	100.00%	164,344	44,525	Not required to disclose	
Mayin Investment Co., Ltd.	AQUAMAX CORPORATION	Taoyuan	Selling medical appliances	40,000	-	4,000,000	100.00%	56,036	18,766	Not required to disclose	
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taoyuan	Selling cosmetics	27,500	-	2,750,000	55.00%	27,331	(307)	Not required to disclose	
AQUAMAX CORPORATION	Aquamax Vision Corporation	CA, USA	Sale of medical equipment	30,451	16,610	11,000,000	100.00%	12,346	(16,325)	Not required to disclose	

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
FUYANG TECHNOLOGY CORPORATION	FUYANG FLEX HOLDING LTD.	Cayman Islands	Investment holding and commercial affairs	1,357,292	1,357,292	44,000,000	100.00%	29,647	(206,617)	Not required to disclose	
ASIAROCK TECHNOLOGY LIMITED	ASRock Rack Incorporation	Taipei	Manufacture and sale of computer related products	291,278	291,278	27,296,220	59.67%	418,174	66,691	Not required to disclose	
"	ASIAROCK TECHNOLOGY LIMITED	Virgin Islands	Investment holding	1,320,886	1,320,886	40,000,000	100.00%	3,599,438	107,324	Not required to disclose	
"	Leader Insight Holdings Ltd.	Virgin Islands	Investment holding	71,559	71,559	2,100,000	100.00%	102,306	68,350	Not required to disclose	
"	ASRock Industrial Computer Corporation	Taipei	Manufacture and sale of computer related products	239,683	239,683	23,895,700	65.83%	399,697	156,396	Not required to disclose	
"	ASJade Technology Inc.	Taipei	Information software service	103,125	0	8,250,000	78.57%	101,294	(2,331)	Not required to disclose	
"	Yabo Trading Co., Ltd.	HongKong	International trade	532	532	150,000	100.00%	533	-	Not required to disclose	
ASIAROCK TECHNOLOGY LIMITED	ASROCK EUROPE B.V.	Nijmegen, NETHERLANDS	Sale of data storage devices and electronic materials	5,371	5,371	200,000	100.00%	667,437	108,030	Not required to disclose	
"	CalRock Holdings, LLC.	CA, USA	Renting offices	55,366	55,366	2,000,000	100.00%	59,611	(1,132)	Not required to disclose	
"	Orbweb Inc. (BVI)	Virgin Islands	Installation of computer equipment and sale of computer related product.	27,683	27,683	4,000,000	27.59%	-	(2,682)	Not required to disclose	
Leader Insight Holdings Ltd.	First place International Ltd.	Virgin Islands	Investment holding	56,750	56,750	2,050,000	100.00%	102,263	68,350	Not required to disclose	
Firstplace International Ltd.	ASROCK AMERICA, INC.	CA, USA	Sale of data storage devices and electronic materials	55,366	55,366	2,000,000	100.00%	101,335	68,350	Not required to disclose	
Lumens Digital Optics Inc. (Lumens Optics)	Lumens Integration Inc.	CA, USA	Purchase and sale on computer product and computer related product.	33,524	33,524	1,222,000	100.00%	5,351	(23,196)	Not required to disclose	
"	Lumens Digit Image Inc.	Samoa	Investment holding	6,921	6,921	250,000	100.00%	19,916	3,800	Not required to disclose	
PEGATRON TECHNOLOGY SERVICE INC.	PEGATRON SERVIÇOS DE INFORMÁTICA LTDA.	Brasil	Repairing service	17,994	17,994	-	100.00%	6,408	(92)	Not required to disclose	
Unihan Holding Ltd.	CASETEK HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	4,537,265	4,537,265	115,375,668	100.00%	5,724,128	253,980	Not required to disclose	
CASETEK HOLDINGS LIMITED	SLITEK HOLDINGS LIMITED	Samoa	Investment holding and commercial affairs	33,496	33,496	1,210,000	100.00%	908	(1,738)	Not required to disclose	
"	KAEDAR HOLDINGS LIMITED	HongKong	Investment holding and commercial affairs	692,075	692,075	25,000,000	100.00%	985,386	(243,048)	Not required to disclose	
"	KAEDAR TRADING LTD.	Samoa	Investment holding and commercial affairs	138,415	138,415	5,000,000	100.00%	518,308	(50,908)	Not required to disclose	
AZURE WAVE TECHNOLOGIES, INC.	Azwave Holding (Samoa) Inc.	Samoa	Investment holding	2,173,438	1,888,113	70,177,000	100.00%	2,117,187	194,603	Not required to disclose	
"	EZWAVE TECHNOLOGIES, INC.	New Taipei City	Information product service industry	5,015	5,015	500,000	100.00%	(23,110)	(714)	Not required to disclose	
"	AZURE LIGHTING TECHNOLOGIES, INC.	New Taipei City	Sale of electronic materials	25,000	25,000	2,000,000	100.00%	38,406	6,291	Not required to disclose	
"	Azurewave Technologies (USA) INC.	CA, USA	Market development	19,820	19,820	650,000	100.00%	2,154	408	Not required to disclose	
CASETEK HOLDINGS LIMITED(CAYMAN)	RIH LI International Limited	Samoa	Investment holding	21,220,018	27,702,491	581,331,000	100.00%	35,264,410	5,824,587	Not required to disclose	
"	RIH KUAN METAL CORPORATION	Taipei	Sales of iron and aluminum products	279,090	279,090	30,000,000	100.00%	604,202	70,417	Not required to disclose	
"	APLUS PRECISION LIMITED	Cayman Islands	Investing and trading	890,137	890,137	38,300,000	100.00%	857,808	376,410	Not required to disclose	
"	MEGA MERIT LIMITED	Samoa	Trading activities	27,683	27,683	1,000,000	100.00%	49,930	18,527	Not required to disclose	
APLUS PRECISION LIMITED	UNITED NEW LIMITED	Samoa	Investing and trading	1,060,259	1,060,259	38,300,000	100.00%	857,808	376,410	Not required to disclose	
RIH KUAN METAL CORPORATION	Riteng USA, Inc.	CA, USA	Market Research	6,367	6,367	230,000	100.00%	7,257	(423)	Not required to disclose	

Note 1 : Income and expenses for each statement of comprehensive income are translated at average exchange rates of 2021, the others are translated at the spot exchange rate on the financial statement date.

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Table 10: Information on investments in Mainland China
December 31, 2021

1. The names of investees in Mainland China, the main businesses and products, and other information

Expressed in thousands of NTD												
Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 [Note2, (2)]	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
MAINTEK COMPUTER (SUZHOU) CO., LTD. (Note 5)	Manufacture, develop and research and sale of power supplier, new electronic component, computer case, and computer system. Repair of laptop, motherboard and related product.	6,328,057 USD 228,590,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	4,894,354 USD 176,800,000	-	-	4,894,354 USD 176,800,000	2,445,742 USD 87,355,676	100%	2,445,742 USD 87,355,676	29,929,345 USD 1,081,145,284	-
PROTEK (SHANGHAI) LTD.	Develop and research, manufacture, assemble, repair, sale and design of satellite communication equipment, satellite navigation receive equipment and essential component. Sale of cellphone, medium and large sized computer, portable computer, printing machine and electrical component.	8,526,364 USD 308,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	8,526,364 USD 308,000,000	-	-	8,526,364 USD 308,000,000	1,528,722 USD 54,602,060	100%	1,528,722 USD 54,602,060	36,916,714 USD 1,333,551,776	-
PIOTEK COMPUTER (SUZHOU) (Note 7)	Develop and research, manufacture and sale of new type of precision electrical component, circuit board and related product. The company also provides after sale service.	4,614,756 USD 166,700,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,258,089 USD 45,446,280	-	-	1,258,089 USD 45,446,280	(477,212) (USD 17,044,788)	68.68%	(327,729) (USD 11,705,645)	61,333 USD 2,215,540	-
COTEK ELECTRONICS	Develop, manufacture and sale of new electrical component, plug and corresponding precision mold. The company also provides after sale service.	2,242,323 USD 81,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,910,127 USD 69,000,001	-	-	1,910,127 USD 69,000,001	312,080 USD 11,146,698	100%	312,080 USD 11,146,698	1,764,604 USD 63,743,233	-
RUNTOP (SHANGHAI) CO., LTD. (Note 20)	Manufacture and sale of computer components, digital automatic data processing machine, accessories of multimedia computer, power supplier, network switch and data machine.	193,781 USD 7,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	291,903 USD 10,544,482	-	-	291,903 USD 10,544,482	- USD 0	0%	- USD 0	- USD 0	-
POWTEK (SHANGHAI) LTD.	Sale of computer motherboard, computer, laptop, service machine and computer related items. The company also provides after sales service.	221,464 USD 8,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	363,907 USD 13,145,510	-	-	363,907 USD 13,145,510	157,904 USD 5,639,936	100%	157,904 USD 5,639,936	1,287,228 USD 46,498,867	-
DIGITEK (CHONGQING) LTD.	Research and development, manufacture, sale of satellite communication equipment, satellite navigation receive equipment, cellphone, internet related equipment, computer, video decoding equipment, car-used electrical equipment and component. The company also provides export, proxy, repair services.	1,356,467 USD 49,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,356,467 USD 49,000,000	-	-	1,356,467 USD 49,000,000	583,363 USD 20,836,254	100%	583,363 USD 20,836,254	6,630,011 USD 239,497,563	-
PEGAGLOBE (KUNSHAN) CO., LTD.	Manufacture of satellite navigation receiving equipment, cellphone, core equipment, internet detection equipment, large and medium sized computer, easy to carry computers, high end service equipment, large volume light driver and their component.	5,370,502 USD 194,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	5,370,502 USD 194,000,000	-	-	5,370,502 USD 194,000,000	2,152,745 USD 76,890,559	100%	2,152,745 USD 76,890,559	15,488,868 USD 559,508,303	-
Pegaglobe Investment (Jiangsu) Co., Ltd	Investing activities with own capital : Equity investment	830,490 USD 30,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	-	830,490 USD 30,000,000	-	830,490 USD 30,000,000	10,845 USD 387,348	100%	10,845 USD 387,348	841,213 USD 30,387,348	-
CASETEK COMPUTER (SUZHOU) (Note 18)	Manufacture, development and research and sale of computer, computer system and its component. The company also provides after sale service.	1,550,248 USD 56,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,550,248 USD 56,000,000	-	-	1,550,248 USD 56,000,000	533,275 USD 19,047,230	100%	533,275 USD 19,047,230	2,630,383 USD 95,017,979	-
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD. (Note 21)	Manufacture of plastic injection products.	484,453 USD 17,500,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	678,430 USD 24,507,092	-	-	678,430 USD 24,507,092	(195,420) (USD 6,979,907)	100%	(195,420) (USD 6,979,907)	548,525 USD 19,814,524	-

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Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Amount remitted from Taiwan to Mainland China /Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 [Note2, (2)]	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
CORE-TEK (SHANGHAI)LIMITED	Research, manufacture and sale of laptop components and precisionequipment. Design non-metal molds and electronic devices. Thecompany also provides after sale service and consulting service.	332,196 USD 12,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	332,196 USD 12,000,000	-	-	332,196 USD 12,000,000	3,257 USD 116,345	100%	3,257 USD 116,345	206,592 USD 7,462,788	-
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	Research and develop, manufacture and inspect computer andimplication system. Manufacture molds, precision molds, plasticcomponents. Sale of automatic products.	276,830 USD 10,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	276,830 USD 10,000,000	-	-	276,830 USD 10,000,000	12,950 USD 462,551	100%	12,950 USD 462,551	313,401 USD 11,321,056	-
Zhangjiagang East High-tech LTD.	Process, sale and transportation of steel.	166,098 USD 6,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	33,220 USD 1,200,000	-	-	33,220 USD 1,200,000	-	20%	-	-	-
FUYANG ELECTRONICS (SUZHOU) CO., LTD. (Note 13)	Research and develop, manufacture, test, repair and sale ofMultilayer flexible board and computer number signal processor.	1,218,052 USD 44,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,218,052 USD 44,000,000	-	-	1,218,052 USD 44,000,000	(206) (USD 7,372)	67.22%	(139) (USD 4,955)	28 USD 999	-
HONGJIE (SHANGHAI)) PACKING LIMITED (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paperplastics, cushioning material, tray, etc.	138,415 USD 5,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	25,822 USD 932,769	-	-	25,822 USD 932,769	-	-	-	-	-
HONGJIE (SUZHOU) PACKING LIMITED (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paperplastics, cushioning material, tray, etc.	368,460 USD 13,309,984	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	166,811 USD 6,025,762	-	-	166,811 USD 6,025,762	-	-	-	-	-
Suzhou Eslite Packaging LTD. (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paperplastics, cushioning material, tray, etc.	141,183 USD 5,100,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	32,028 USD 1,156,954	-	-	32,028 USD 1,156,954	-	-	-	-	-
HONGJIE (CHONGQING) PACKING LIMITED (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paperplastics, cushioning material, tray, etc.	13,842 USD 500,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	2,118 USD 76,500	-	-	2,118 USD 76,500	-	-	-	-	-
Hongruisheng (Chengdu) packaging LTD. (Note 12)	Manufacture of all kinds of paper boxes, paper materials, paperplastics, cushioning material, tray, etc.	72,253 USD 2,610,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	17,523 USD 633,000	-	-	17,523 USD 633,000	-	-	-	-	-
Heilongjiang Hongjie Packaging LTD. (Note 11)	Manufacture of all kinds of paper boxes, paper materials, paperplastics, cushioning material, tray, etc.	68,100 USD 2,460,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	12,258 USD 442,800	-	-	12,258 USD 442,800	-	-	-	-	-
Suzhou Lianshuo Electronics LTD. (Note 6)	Manufacture of plugs	193,350 USD 6,984,441	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	211,947 USD 7,656,224	-	-	211,947 USD 7,656,224	-	-	-	-	-
Shanghai Yiding Electronics LTD. (Note 8)	Research and develop, manufacture and sale of portable microcomputer, laptop and related products.	858,173 USD 31,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	542,587 USD 19,600,000	-	-	542,587 USD 19,600,000	-	-	-	-	-

Notes to the Non-Consolidated Financial Statements

Expressed in thousands of NTD

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Amount remitted from Taiwan to Mainland China /Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 [Note2, (2)]	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Jinhong Precision Mold (Suzhou) Co., Ltd. (Note 10)	Design, process ,sale and manufacture of non-metal molds.Manufacture and sale of precision molds, standard molds, plasticand hardware.	24,915 USD 900,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	47,476 USD 1,715,000	-	-	47,476 USD 1,715,000	-	-	-	-	-
Honghua Technology (Suzhou) LTD. (Note 9)	Manufacture, research and develop, process non-metal molds,precision molds, standard molds, hardware components, new versionof photoelectric trigger, disk driver and their components.Manufacture of number camera, essential components and providingafter sale service.	177,171 USD 6,400,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	86,814 USD 3,136,000	-	-	86,814 USD 3,136,000	-	-	-	-	-
KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD (Note 19)	Designing, manufacturing and selling electronic components andproviding after-sales services, idle equipments leasing, commissionagency, trading services,	1,494,882 USD 54,000,000	Through setting up company in the third area, the Company then reinvest in the investee in	-	468,547 USD 16,925,453	-	468,547 USD 16,925,453	372,333 USD 13,298,782	100%	372,333 USD 13,298,782	857,553 USD 30,977,616	-
RI TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (Note19)	Designing, manufacturing and selling electronic components andproviding after-sales services, idle equipments leasing, commissionagency, trading services and their relevant corresponding services.	4,290,837 USD 154,999,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	-	8,544,996 USD 308,673,038	-	8,544,996 USD 308,673,038	166,975 USD 5,963,931	100%	170,778 USD 6,099,756	8,620,129 USD 311,387,103	-
RI PRO PRECISION MODEL (SHANGHAI) CO., LTD. (Note 19)	Designing, manufacturing and selling electronic components andproviding after-sales services, idle equipments leasing, commissionagency, trading services and their relevant corresponding services.	83,049 USD 3,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	-	17,460 USD 630,695	-	17,460 USD 630,695	(6,177) (USD 220,631)	100%	(6,177) (USD 220,631)	10,406 USD 375,886	-
Luxcase Precision Technology (Yancheng) Co., Ltd. (Note 19)	Designing, manufacturing and selling electronic components andproviding after-sales services, idle equipments leasing, commissionagency, trading services and their relevant corresponding services.	25,877,226 USD 934,769,575	Through investing in the third area, the Company then reinvest in the investee in Mainland China.	-	17,779,993 USD 642,271,181	-	17,779,993 USD 642,271,181	4,292,131 USD 153,303,988	48.17%	1,611,478 USD 57,557,888	22,272,009 USD 804,537,402	-

2. Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2021 (Note 16 and 19)	Investment Amounts Authorized by Investment Commission, MOEA (Note 15, 19 and 21)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
57,324,018 USD 2,070,729,981	61,138,372 USD 2,208,516,847	116,560,126

Notes to the Non-Consolidated Financial Statements

US dollar exchange rate : year end exchange rate 27.683 ; average exchange rate 27.99752

Note 1 : Investment methods are classified into the following three categories:

- (1) Through company in the third area, the Company transferred money to invest in the investee in Mainland China.
- (2) Through setting up company in the third area, the Company then invest in the investee in Mainland China.
- (3) Through investing in the third area, the Company then reinvest in the investee in Mainland China.

Note 2 : The basis for investment income (loss) recognition:

- (1) If the company is under preparation status, there is no income or loss.
- (2) The basis for investment income (loss) recognition can be classified to three categories:
 1. Financial statements are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 2. Financial statements which were based on the audited and attested by R.O.C. parent company's CPA.
 3. Others: The financial statements of significant subsidiaries were audited by CPA; and the self-assessed financial statements of non-significant subsidiaries were not audited by CPA.

Note 3 : The chart is expressed in NTD. Investment profit or loss is converted based on average exchange rate. Book value of the investment is converted based on year-end exchange rate.

Note 4 : Ceiling on investments is the higher of its net asset or 60% of the consolidated net assets.

Note 5 : MAINTEK COMPUTER (SUZHOU) CO., LTD. 's paid-in capital includes capital increase by retained earning of USD51,790,000.

Note 6 : Suzhou Lianshuo Electronics LTD. has completed liquidation process. As of December 31, 2021, the funds have not been remitted.

Note 7 : PIOTEK COMPUTER (SUZHOU) CO., LTD.'s paid-in capital includes capital increase by retained earning of USD27,000,000. The ownership percentage includes shares hold by other subsidiaries.

Note 8 : The Group has disposed of shares of Indeed Holdings Limited(indirectly invested in Shanghai Yiding Electronics LTD.). As of December 31, 2021, the funds have not been remitted.

Note 9 : Honghua Technology (Suzhou) LTD. has completed liquidation process. As of December 31, 2021, the funds have not been remitted.

Note 10 : The Group has disposed shares of Jinhong Precision Mold Industrial (Suzhou) Co., Ltd. . As of December 31, 2021, the funds have not been remitted.

Note 11 : The Group has disposed shares of Heilongjiang Hongjie Packaging LTD. . As of December 31, 2021, the funds have not been remitted.

Note 12 : Hongruisheng (Chengdu) packaging LTD. has completed liquidation process. As of December 31, 2021, the funds have not been remitted.

Note 13 : Accumulated investment amount includes FUYANG TECHNOLOGY CORPORATION transferred out USD26,000,000.

Note 14 : The Group has disposed all shares of E-Packaging. As of December 31, 2021, the funds have not been remitted.

Note 15 : Due to the reinvestment of the Group's investee, China renewable Energy Fund, LP (CREF), in Mainland China, the Group increased its line of credit to USD26,869,078, with the approval from the Investment Commission of MOEA.

Note 16 : The difference of USD17,211,240 between the accumulated amounts of remittance from Taiwan to Mainland China as of December 31, 2021 was the actual amount of investment in Mainland China made by China Renewable Energy Fund, LP(CREF) and Ark Semiconductor Corp. Ltd.

Note 17 : The company, which hasn't contributed yet, applied for the approval of the capital contribution of Pegaglobe Investment(Jiangsu)Co.,Ltd, resulting in the contribution amount, approved by the Investment Commission of MOEA, increased by USD 70,000,000.

Note 18 : CASETEK COMPUTER (SUZHOU) CO., LTD. remitted USD24,000,000 to CASETEK HOLDINGS LIMITED. the remittance have not been remitted back to Taiwan as of December 31, 2021

Note 19 : The merger of CASETEK HOLDINGS LIMITED (CAYMAN) has been approved and completed by the Investment Commission of MOEA, and is included in the investment amount and quota in Mainland China after its accounting and distribution.

Note 20 : The Group has disposed all shares of RUNTOP (SHANGHAI) CO., LTD. As of December 31, 2021, the funds have not been remitted.

Note 21 : Due to the investment of the Group's subsidiary, Ark Semiconductor Corp. Ltd, the Group increased its line of credit to USD5,339,028, with the approval from the Investment Commission of MOEA.

Note 22 : KAEDAR ELECTRONICS (KUNSHAN) CO., LTD. remitted RMB97,200,000 to KAEDAR HOLDINGS LIMITED. the remittance have not been remitted back to Taiwan as of December 31, 2021

PEGATRON CORPORATION
Statement of Accounts Receivable
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party			
PROTEK (SHANGHAI) Ltd.	Loan	\$ 102,069,459	
PEGAGLOBE (KUNSHAN) CO., Ltd.	"	65,386,391	
DIGITEK (CHONGQING) Ltd.	"	52,659,300	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	"	12,658,305	
Other (Note)	"	<u>14,035,540</u>	
Subtotal		<u>246,808,995</u>	
Non-related party			
A	"	131,160,168	
B	"	50,053,465	
C	"	11,584,660	
Other (Note)	"	<u>39,007,639</u>	
Subtotal		231,805,932	
Less: Allowance for impairment		<u>(17,399)</u>	
Subtotal		<u>231,788,533</u>	
Total		<u><u>\$ 478,597,528</u></u>	

Note: The year-end balance of each client doesn't exceed 5 % of the account balance.

PEGATRON CORPORATION

Statement of Inventory

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realized value</u>	
Merchandise	\$ 35,066,581	34,978,821	
Finished goods	979,775	1,044,868	
Work in process	529,903	617,487	
Raw material	4,652,762	4,702,971	Replacement cost has been used as the market price of usual inventory, and net realizable value has been used as the market price of obsolete inventory.
Total	<u>41,229,021</u>	<u>41,344,147</u>	
Less: Allowance for inventory market decline and obsolescence	<u>(1,122,653)</u>		
Net total	<u>\$ 40,106,368</u>		

PEGATRON CORPORATION

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Investment income or loss	Translation adjustment	Capital surplus	Cash Dividend	Unrealized gain or loss of financial instruments	Retained earnings	Re-measurement of defined benefit plans	Realized gross margin	Ending Balance			Market Value or Net Assets Value		
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount									Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount	Collateral
ASUSPOWER INVESTMENT CO., LTD.	932,845	\$ 15,815,279	-	-	-	-	1,393,189	(103,066)	5,887,166	(887,928)	(7,300)	19,614	752	-	932,845	100.00%	10,343,374	11.09	10,343,374	None
ASUS INVESTMENT, LTD.	979,255	\$ 16,462,641	-	-	-	-	1,685,201	(10,947)	5,615,558	(852,768)	(9,180)	705	54	-	979,255	100.00%	11,660,148	11.91	11,660,148	"
ASUSTEK INVESTMENT CO., LTD.	951,278	14,444,927	-	-	-	-	775,275	53,871	7,405,383	(255,845)	-	-	1,099	-	951,278	100.00%	7,613,944	8.00	7,613,944	"
UNIHAN HOLDING LTD.	170,110	6,256,129	-	-	-	-	252,739	(80,342)	-	(694,038)	-	-	-	-	170,110	100.00%	5,734,488	33.71	5,734,488	"
AMA PRECISION INC.	33,500	431,765	-	-	-	-	1,717	-	-	-	-	-	-	-	33,500	100.00%	433,482	12.94	433,482	"
AZURE WAVE TECHNOLOGIES, INC.	35,750	431,985	-	-	-	-	73,400	(13,267)	-	-	-	-	79	-	35,750	23.76%	492,197	27.15	970,613	"
PEGATRON HOLDING LTD.	961,906	87,961,996	30,000	855,975	-	-	7,032,726	(2,615,192)	-	-	-	-	-	-	991,906	100.00%	93,235,505	-	93,235,505	"
PEGATRON USA, INC.	50	17,573	-	-	-	-	109	(503)	-	-	-	-	-	-	50	100.00%	17,179	343.58	17,179	"
Pegatron Holland Holding B.V.	-	2,871,157	-	-	-	-	213,612	(187,074)	-	-	-	-	-	(2,966)	-	100.00%	2,894,729	-	2,894,729	"
CASETEK HOLDINGS LIMITED (CAYMAN)	4,809	396,426	(4,809)	14,274,713 (Note)	-	-	6,374,782	(2,299,111)	8,714,176	-	-	(409,874)	-	-	-	100.00%	37,051,112	-	37,051,112	"
PEGATRON SERVICE AUSTRALIA PTY LTD.	6,000	187,831	-	-	-	-	31,064	(17,472)	-	-	-	-	-	-	6,000	100.00%	201,423	33.57	201,423	"
PT. PEGATRON TECHNOLOGY INDONESIA	40	1,199,588	-	-	-	-	84,163	(35,584)	-	-	-	-	(1,316)	-	40	99.99%	1,246,851	-	1,246,851	"
PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	-	105,944	-	250,704	-	-	(132,030)	(3,098)	-	-	-	-	-	-	-	-	221,520	-	221,520	"
PEGATRON VIETNAM COMPANY LIMITED	-	849,297	-	2,103,421	-	-	(238,046)	(48,780)	-	-	-	-	-	-	-	-	2,665,892	-	2,665,892	"
Pegatron Technology India Private Limited	54,995	211,238	1,044,895	4,071,910	-	-	(329,046)	(193,157)	-	-	-	-	-	-	1,099,890	99.99%	3,760,945	-	3,760,945	"
PEGASUS ACE LIMITED	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	"
PEGATRON TECHNOLOGY TEXAS INC.	-	-	-	27,812	-	-	(37,669)	294	-	-	-	-	-	-	-	100.00%	(9,563)	-	(9,563)	"
PEGATRON ELECTRONICS INC.	-	-	1	278,125	-	-	1,089	(1,307)	-	-	-	-	-	-	1	100.00%	277,907	-	277,907	"
Subtotal		147,643,776		21,862,660			17,182,275	(5,554,735)	(193,931)	(2,690,579)	(16,480)	(389,555)	668	(2,966)			177,841,133			
Add: Credit balance of investments accounted for using equity method		-		-			-	-	-	-	-	-	-	-			9,563			
Total		\$ 147,643,776		21,862,660			17,182,275	(5,554,735)	(193,931)	(2,690,579)	(16,480)	(389,555)	668	(2,966)			177,850,696			

Note: Please refer to Note 6(g) for the details of the current year's addition of CASETEK HOLDINGS LIMITED (CAYMAN).

PEGATRON CORPORATION

Statement of Short-term Loan

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Type</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Note</u>
Unsecured bank loans	\$ <u><u>48,168,420</u></u>	2020.12.04~2022.12.26	0.32%~4.54%	None	

Statement of Account Payable

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party			
PEGAGLOBE (KUNSHAN) CO., LTD	Loan	\$ 84,342,828	
PROTEK (SHANGHAI) LTD	"	74,677,470	
DIGITEK (CHONGQING) LTD	"	49,357,663	
Other (Note)	"	<u>7,091,727</u>	
Subtotal		<u>215,469,688</u>	
Non-related party			
A	"	111,478,470	
B	"	25,569,430	
Other (Note)	"	<u>106,022,627</u>	
Subtotal		<u>243,070,527</u>	
Total		<u>\$ <u>458,540,215</u></u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

Pegatron Corporation
Statement of bonds payable
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(n) for more details.

Statement of Operating Revenue
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue :			
3C electronic products	160,486 thousand units	\$ 1,108,510,058	Note 1
Others		<u>59,623,044</u>	Note 2
		<u>\$ 1,168,133,102</u>	

Note 1: 3C electronic products contain information technology products, consumer electronic products, and communication products.

Note 2: Others contain repair revenue, service revenue, and others.

PEGATRON CORPORATION

Statement of Operating Costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Subtotal</u>	<u>Total</u>
Cost of sales from manufacturing		
Raw material, January 1		\$ 2,521,470
Add: Purchase (Note1)		31,729,077
Transferred-in		9,773,406
Less: Transferred (includes amount transferred to each expense and loss) (Note1)		(1,089,468)
Raw material, December 31		(4,652,762)
Direct labor		1,234,981
Manufacturing expenses		<u>3,775,930</u>
Cost of manufacturing		43,292,634
Add: Work in process, January 1		333,076
Less: Transferred (includes amount transferred to each expense and loss) (Note1)		(234,634)
Work in process, December 31		<u>(529,903)</u>
Cost of finished goods		42,861,173
Add: Finished goods, January 1		668,258
Less: Transferred (includes amount transferred to each expense and loss) (Note1)		(331,171)
Finished goods, December 31		<u>(979,775)</u>
Cost of self-manufactured products		42,218,485
Merchandise, January 1	32,957,593	
Add: Purchase (Note1)	2,127,589,216	
Less: Transferred (includes amount transferred to each expense and loss) (Note1)	(1,013,972,907)	
Merchandise, December 31	<u>(35,066,581)</u>	<u>1,111,507,321</u>
Cost of goods sold		1,153,725,806
Other business costs		(1,439,575)
Allowance for inventory obsolescence		473,589
Loss on disposal of inventory		<u>100,843</u>
Operating costs		<u><u>\$ 1,152,860,663</u></u>

Note1: The product is processed by subsidiary and sold back to the Company. The number includes the sold back price of the product.

PEGATRON CORPORATION
Statement of Operating Expenses
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Sales</u>	<u>Administration</u>	<u>Research and Development</u>	<u>Total</u>
Salary and wages expenses	\$ 1,015,709	1,759,187	6,026,705	8,801,601
Transportation expense	271,044	5,407	7,224	283,675
Insurance expense	131,936	95,247	393,604	620,787
Expected credit loss (reversal gain)	(16,155)	-	19	(16,136)
Depreciation expense	32,903	131,290	292,512	456,705
Amortization	2,691	5,000	14,721	22,412
Pension	32,543	41,635	198,846	273,024
Storage expense	259,148	16,587	85	275,820
Importation expense	168,432	326	4,200	172,958
Other (Note)	<u>71,132</u>	<u>566,447</u>	<u>1,360,366</u>	<u>1,997,945</u>
	<u>\$ 1,969,383</u>	<u>2,621,126</u>	<u>8,298,282</u>	<u>12,888,791</u>

Note: The year-end balance of each item doesn't exceed 5% of the account balance.