

Stock Code: 2373

Aurora Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

To Aurora Corporation:

Opinions

Aurora Corporation's Parent Company Only Balance Sheets as of December 31, 2021 and 2020, in addition to the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to the Parent Company Only Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2021 and 2020, have been audited by the CPAs.

In our opinion, the Parent Company Only Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of Aurora Corporation as of December 31, 2021 and 2020, as well as the parent company only financial performance and parent company only cash flows from January 1 to December 31, 2021 and 2020.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Aurora Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of Aurora Corporation for the year ended December 31, 2021. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements of Aurora Corporation for the year ended December 31, 2021 are stated as follows:

Sales revenue and sales revenue of key subsidiaries accounted for using the equity method.

The main businesses of Aurora Corporation and its key subsidiaries accounted for using the equity method include the trade and lease of Multi-Functional Photocopiers (MFPs) and sales of system furniture. In particular, sales revenue from sales of system furniture in Taiwan and mainland China increased significantly in 2021 as compared to that in 2020; such increase in the overall impact to the financial statements is material. The main risk lies in whether revenue actually occurs. Accordingly, we identify the risk of revenue recognition arising from fraud as a key audit matter in accordance with the Statements on Auditing Standards in relation to significant risk.

For the accounting policies related to revenue recognition, please refer to Note IV (XIV).

We understood and tested the effectiveness of the design and implementation of internal controls in the recognition of sales revenue. We have also selected appropriate samples from the sales details, reviewed the original contracts, documents and customs declaration forms from external forwarders or signed by customers to check whether the recipients are the trading parties, and reviewed whether there is a significant amount of return and allowance subsequent to the balance sheet date to confirm whether there is any material misstatement of sales revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing Aurora Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Aurora Corporation 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 Aurora Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of Aurora Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Conclude on the appropriateness of the 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 Aurora Corporation's ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only 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 auditors' report. However, future events or conditions may cause Aurora Corporation to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Aurora Corporation to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of Aurora Corporation.

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.

From the matters communicated with those charged with governance, we determine the key audit matters of Aurora Corporation's Parent Company Only Financial Statements for the year ended December 31, 2021. We describe 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 interest benefits of such communication.

Deloitte & Touche

Chi Rui-Chuan, CPA

Hsieh Chien-Hsin, CPA

Financial Supervisory Commission Approval

No. Jin-Guan-Zheng-Shen No. 1060023872

Securities and Futures Commission Approval

No. Tai-Cai-Zheng-6 No. 0920123784

March 16, 2022

Aurora Corporation
Parent Company Only Balance Sheets
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current Assets				
1100	Cash (Note VI)	\$ 167,091	1	\$ 173,009	1
1150	Notes receivable (Notes IV ,VII and XX)	74,211	1	83,048	1
1170	Accounts receivable (Notes IV ,VII and XX)	134,406	1	154,015	1
1180	Accounts receivable - related parties (Notes IV, VII,XX and XXVII)	67,966	-	72,492	1
1200	Other receivables (Notes XLVII and XXVII)	66,985	-	64,483	-
130X	Inventories (Notes IV and VIII)	634,381	5	503,546	4
1479	Other current assets (Note XIV)	<u>77,620</u>	<u>1</u>	<u>44,024</u>	<u>-</u>
11XX	Total current assets	<u>1,222,660</u>	<u>9</u>	<u>1,094,617</u>	<u>8</u>
	Non-current assets				
1550	Investments accounted for using the equity method (Notes IV and IX)	10,780,872	82	10,576,456	82
1600	Property, plant, and equipment (Notes IV, X, XXVII, and XXVIII)	776,296	6	803,052	6
1755	Right-of-use assets (Notes IV, XI, and XXVII)	156,847	1	158,776	1
1760	Investment properties (Notes IV, XII, and XXVIII)	71,018	1	71,493	1
1805	Goodwill (Notes IV and XIII)	38,147	-	38,147	-
1821	Other intangible assets (Notes IV and XIII)	10,560	-	10,468	-
1840	Deferred tax assets (Notes IV and XXII)	81,158	1	78,942	1
1920	Refundable deposits (Note XXVII)	<u>47,979</u>	<u>-</u>	<u>40,298</u>	<u>1</u>
15XX	Total non-current assets	<u>11,962,877</u>	<u>91</u>	<u>11,777,632</u>	<u>92</u>
1XXX	Total assets	<u>\$ 13,185,537</u>	<u>100</u>	<u>\$ 12,872,249</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term loans (Note XV)	\$ 3,125,822	24	\$ 2,283,652	18
2110	Short-term notes and bills payable (Note XV)	-	-	299,655	2
2130	Contract liabilities - current (Notes IV and XX)	179,273	1	137,276	1
2170	Accounts payable (Notes XVI and XXVII)	341,786	2	332,640	3
2200	Other payables (Notes XVII and XXVII)	265,792	2	269,697	2
2230	Current tax liabilities (Notes IV and XXII)	93,739	1	42,340	-
2280	Lease liabilities - current (Notes IV, XI and XXVII)	78,661	1	73,819	1
2300	Other current liabilities (Note XVII)	<u>63,044</u>	<u>-</u>	<u>48,949</u>	<u>-</u>
21XX	Total current liabilities	<u>4,148,117</u>	<u>31</u>	<u>3,488,028</u>	<u>27</u>
	Non-current liabilities				
2540	Long-term loans (Note XV)	650,000	5	1,000,000	8
2570	Deferred income tax liabilities (Notes IV and XXII)	298,724	2	258,436	2
2580	Lease liabilities - non-current (Notes IV, XI and XXVII)	79,269	1	86,217	1
2640	Net defined benefit liabilities - non-current (Notes IV and XVIII)	412,894	3	410,001	3
2645	Guarantee deposits received (Note XXVII)	<u>1,018</u>	<u>-</u>	<u>878</u>	<u>-</u>
25XX	Total non-current liabilities	<u>1,441,905</u>	<u>11</u>	<u>1,755,532</u>	<u>14</u>
2XXX	Total liabilities	<u>5,590,022</u>	<u>42</u>	<u>5,243,560</u>	<u>41</u>
	Equity (Note XIX)				
	Capital Stock				
3110	Capital stock - common shares	<u>2,362,025</u>	<u>18</u>	<u>2,362,025</u>	<u>18</u>
3200	Capital surplus	<u>1,939,269</u>	<u>15</u>	<u>1,941,799</u>	<u>15</u>
	Retained earnings				
3310	Legal reserve	1,880,146	14	1,731,715	13
3320	Special reserve	852,220	6	852,220	7
3350	Unappropriated earnings	<u>1,379,923</u>	<u>11</u>	<u>1,504,059</u>	<u>12</u>
3300	Total retained earnings	<u>4,112,289</u>	<u>31</u>	<u>4,087,994</u>	<u>32</u>
3400	Other equity	<u>(26,242)</u>	<u>-</u>	<u>28,697</u>	<u>-</u>
3500	Treasury shares	<u>(791,826)</u>	<u>(6)</u>	<u>(791,826)</u>	<u>(6)</u>
3XXX	Total equity	<u>7,595,515</u>	<u>58</u>	<u>7,628,689</u>	<u>59</u>
	Total liabilities and equity	<u>\$ 13,185,537</u>	<u>100</u>	<u>\$ 12,872,249</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

Aurora Corporation
Parent Company Only Statement of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenue (Notes IV, XX, and XXVII)				
4110	Sales revenue	\$ 3,307,517	101	\$ 3,199,689	101
4170	Sales returns	(13,753)	(1)	(15,836)	(1)
4190	Sales discounts and allowances	(8,635)	-	(9,240)	-
4000	Total operating revenue	<u>3,285,129</u>	<u>100</u>	<u>3,174,613</u>	<u>100</u>
5000	Operating costs (Notes VIII, XXI, and XXVII)	<u>1,798,923</u>	<u>55</u>	<u>1,692,644</u>	<u>53</u>
5900	Gross profit	1,486,206	45	1,481,969	47
5910	Unrealized gains from sales of associates	(61,580)	(2)	(61,664)	(2)
5920	Realized gains from sales of associates	<u>63,900</u>	<u>2</u>	<u>65,300</u>	<u>2</u>
5950	Realized gross profit	<u>1,488,526</u>	<u>45</u>	<u>1,485,605</u>	<u>47</u>
	Operating expenses (Notes XXI and XXVII)				
6100	Selling and marketing expenses	677,783	20	660,298	21
6200	General and administrative expenses	393,309	12	411,772	13
6450	Expected credit losses (Notes IV and VII)	<u>1,546</u>	-	<u>12</u>	-
6000	Total operating expenses	<u>1,072,638</u>	<u>32</u>	<u>1,072,082</u>	<u>34</u>
6900	Net operating income	<u>415,888</u>	<u>13</u>	<u>413,523</u>	<u>13</u>
	Non-operating income and expenses (Notes IV, IX, XXI, and XXVII)				
7100	Interest income	134	-	113	-
7190	Other income	86,929	2	84,225	3
7020	Other gains and losses	(1,689)	-	(1,527)	-
7050	Finance costs	(26,023)	(1)	(26,190)	(1)
7070	Share of profit or loss of subsidiaries and associates accounted for using the equity method	<u>1,140,198</u>	<u>35</u>	<u>1,179,744</u>	<u>37</u>
7000	Total non-operating income and expenses	<u>1,199,549</u>	<u>36</u>	<u>1,236,365</u>	<u>39</u>

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net income before tax	1,615,437	49	1,649,888	52
7950	Tax expenses (Notes IV and XXII)	(223,898)	(7)	(211,579)	(7)
8200	Net income	<u>1,391,539</u>	<u>42</u>	<u>1,438,309</u>	<u>45</u>
	Other comprehensive income (Notes IV, IX, and XIX)				
8310	Components that will not be reclassified to profit or loss				
8311	Gains (losses) on re-measurements of defined benefit plans (Note XVIII)	(21,375)	-	(27,549)	(1)
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(3,789)	-	(1,351)	-
8349	Income tax related to components that will not be reclassified to profit or loss (Note XXII)	<u>4,275</u>	<u>-</u>	<u>5,510</u>	<u>1</u>
		(<u>20,889</u>)	<u>-</u>	(<u>23,390</u>)	<u>-</u>
8360	Components that may be reclassified to profit or loss				
8361	Exchange differences on translation of financial statements of foreign operations	(58,615)	(2)	123,736	4
8370	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>3,676</u>	<u>-</u>	<u>227,287</u>	<u>7</u>
		(<u>54,939</u>)	(<u>2</u>)	<u>351,023</u>	<u>11</u>
8300	Other comprehensive income, net	(<u>75,828</u>)	(<u>2</u>)	<u>327,633</u>	<u>11</u>
8500	Total comprehensive income	<u>\$ 1,315,711</u>	<u>40</u>	<u>\$ 1,765,942</u>	<u>56</u>
	Earnings per share (Note XXIII)				
9710	Basic	<u>\$ 6.19</u>		<u>\$ 6.40</u>	
9810	Diluted	<u>\$ 6.18</u>		<u>\$ 6.39</u>	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

Aurora Corporation

Parent Company Only Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

Code		Capital Stock	Capital surplus	Retained earnings			Other equity		Treasury shares	Total Equity
				Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income		
A1	Balance as of January 1, 2020	\$ 2,362,025	\$ 1,920,710	\$ 1,597,471	\$ 852,220	\$ 1,523,968	(\$ 758,072)	\$ 505,137	(\$ 791,826)	\$ 7,211,633
	Appropriation and distribution of earnings for 2019:									
B1	Legal reserve	-	-	134,244	-	(134,244)	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	(1,369,975)	-	-	-	(1,369,975)
C15	Cash dividends appropriated from capital surplus	-	(47,241)	-	-	-	-	-	-	(47,241)
D1	Net income in 2020	-	-	-	-	1,438,309	-	-	-	1,438,309
D3	Other comprehensive income after tax in 2020	-	-	-	-	(23,390)	143,439	207,584	-	327,633
D5	Total comprehensive income in 2020	-	-	-	-	1,414,919	143,439	207,584	-	1,765,942
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	69,391	-	(69,391)	-	-
Z1	Balance as of December 31, 2020	2,362,025	1,941,799	1,731,715	852,220	1,504,059	(614,633)	643,330	(791,826)	7,628,689
	Appropriation and distribution of earnings for 2020									
B1	Legal reserve	-	-	148,431	-	(148,431)	-	-	-	-
B5	Cash dividends of common stock	-	-	-	-	(1,346,355)	-	-	-	(1,346,355)
C15	Cash dividends appropriated from capital surplus	-	(70,860)	-	-	-	-	-	-	(70,860)
D1	Net income in 2021	-	-	-	-	1,391,539	-	-	-	1,391,539
D3	Other comprehensive income after tax in 2021	-	-	-	-	(20,889)	(67,542)	12,603	-	(75,828)
D5	Total comprehensive income in 2021	-	-	-	-	1,370,650	(67,542)	12,603	-	1,315,711
M1	Changes in capital reserve from dividends paid to subsidiaries	-	68,330	-	-	-	-	-	-	68,330
Z1	Balance as of December 31, 2021	\$ 2,362,025	\$ 1,939,269	\$ 1,880,146	\$ 852,220	\$ 1,379,923	(\$ 682,175)	\$ 655,933	(\$ 791,826)	\$ 7,595,515

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

Aurora Corporation
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

Code		2021	2020
	Cash flows from operating activities		
A00010	Net income before tax	\$ 1,615,437	\$ 1,649,888
A20010	Adjustments:		
A20100	Depreciation expenses	247,177	247,248
A20200	Amortization expenses	6,507	7,490
A20300	Expected credit loss	1,546	12
A20900	Finance costs	26,023	26,183
A21200	Interest income	(134)	(113)
A22500	Loss on disposal of property, plant, and equipment	323	358
A22300	Share of profit or loss of subsidiaries and associates accounted for using the equity method	(1,140,198)	(1,179,744)
A23900	Unrealized gains from associates	61,580	61,664
A24000	Realized gains from associates	(63,900)	(65,300)
A29900	Gains on lease modifications	(601)	(138)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	8,837	(2,285)
A31150	Accounts receivable	18,063	3,732
A31160	Accounts receivable - related parties	4,526	2,073
A31180	Other receivables	(2,502)	(263)
A31200	Inventories	(251,707)	(153,599)
A31240	Other current assets	(33,596)	(21,749)
A32125	Contract liabilities	41,997	73,498
A32150	Accounts payable	9,146	68,020
A32180	Other payables	(4,102)	15,761
A32230	Other current liabilities	14,095	907
A32240	Net defined benefit liabilities	(18,482)	(32,552)
A33000	Cash generated from operations	540,035	701,091
A33100	Interest received	134	113
A33300	Interest paid	(25,826)	(26,051)
A33500	Income tax paid	(130,152)	(87,455)
AAAA	Net cash flows generated from operating activities	<u>384,191</u>	<u>587,698</u>
	Cash flows from investing activities		
B02700	Acquisition of property, plant, and equipment	(11,583)	(17,135)

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Code		2021	2020
B02800	Proceeds from disposal of property, plant, and equipment	58	1
B03700	Increase in refundable deposits	(7,681)	(6,135)
B04500	Acquisition of intangible assets	(6,599)	(5,832)
B07600	Dividends received from subsidiaries and associates	<u>947,704</u>	<u>491,341</u>
BBBB	Net cash flows from investing activities	<u>921,899</u>	<u>462,240</u>
	Cash flows from financing activities		
C00100	Increase in short-term loans	842,170	232,766
C00500	Increase in short-term notes and bills payable	-	299,655
C00600	Decrease in short-term notes and bills payable	(299,655)	-
C01700	Repayments of long-term loans	(350,000)	-
C03000	Proceeds from guarantee deposits received	140	62
C04500	Cash dividends paid	(1,417,215)	(1,417,216)
C04020	Repayment of the principal portion of lease liabilities	(<u>87,448</u>)	(<u>82,454</u>)
CCCC	Net cash flows used in financing activities	(<u>1,312,008</u>)	(<u>967,187</u>)
EEEE	Net increase(decrease) in cash	(5,918)	82,751
E00100	Cash at beginning of period	<u>173,009</u>	<u>90,258</u>
E00200	Cash at end of period	<u>\$ 167,091</u>	<u>\$ 173,009</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Yuan Hui-Hua

General Manager: Chou Ming-Chung

Principal Accounting Officer: Lin Ya-Ling

Aurora Corporation

Notes to Parent Company Only Financial Statements

For the Years Ended December 31, 2021 and 2020

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

1. Company History

Aurora Corporation (the Company) was founded in Taipei in October 1965. The main businesses of the Company include the trade, lease, and repair of Multi-Functional Photocopiers (MFPs) and computer equipment and the sales of system furniture.

The Company's shares have been listed on the Taiwan Stock Exchange since August 1991.

The Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The Parent Company Only Financial Statements have been approved by the Board of Directors on March 16, 2022.

3. Application of New and Amended Standards and Interpretations

- a. Initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Company.

- b. FSC-endorsed IFRSs that are applicable from 2022 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB</u>
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1. The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2. The amendments apply to the business combination of which the acquisition date falls on the annual reporting periods beginning on or after January 1, 2022.

Note 3. These amendments are applied to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4. The amendments apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

As of the date of authorization of the financial statements, the Company's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date of Issuance by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1. Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 3. The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

Note 4. The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax for all temporary differences related to leases and decommissioning obligations as of January 1, 2022.

As of the date of authorization of the Parent Company Only Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Compliance declaration

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Preparation basis

The Parent Company Only Financial Statements have been prepared on a historical cost basis, except for net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

When preparing parent company only financial statements, the Company adopts the equity method for investments in subsidiaries and associates. In order to align profit or loss, other comprehensive income, and equity from the current year in the Parent Company Only Financial Statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method", "share of profit or loss of subsidiaries and associates accounted for using the equity method", "share of other comprehensive income of subsidiary and associates accounted for using the equity method" and related equity items.

c. Standards for assets and liabilities classified as current and non-current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities with settlement within 12 months after the balance sheet date; and
- 3) Liabilities with a repayment schedule that cannot be unconditionally deferred till at least 12 months after the publication of the balance sheet.

All other assets or liabilities that are not specified above are classified as non-current.

d. Foreign currencies

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories comprise raw materials, work in process, and commodities. Inventory costs are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

f. Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company's share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, and liabilities of subsidiaries recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. Subsequently, if the recoverable amount of an asset increases, the recovery of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed the carrying amount of the asset to be amortized if the impairment loss is not recognized. Impairment losses attributable to goodwill shall not be reversed in subsequent periods.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the parent company only financial statements only to the extent not related to the Company's equity in the subsidiaries.

g. Investments in associates

An associate is an entity over which the Company has significant influence other than a subsidiary or a joint venture.

The Company accounts for investments in associates using the equity method.

Under the equity method, investments are initially treated at cost and adjusted thereafter for the post-acquisition change in the Company's interest in profit or loss, share in other comprehensive income, and profits of associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, and liabilities of associates recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and may not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized as profit or loss in the current year.

When associates issue new shares and the Company does not subscribe to such shares to the extent that its original shareholding ratio can be changed, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates accounted for using the equity method and other investments accounted for using the equity method. If the amount of ownership interests in associates is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

To assess impairment, the Company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

Profits and losses in upstream, downstream and side-stream transactions between the Company and associates are recognized in the financial statements only when the profits and losses are irrelevant to the Company's interests in the associates.

h. Property, plant, and equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation.

Each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

i. Investment properties

Investment property is real estate held for rent or capital appreciation or both.

Investment property owned by the Company is measured initially at cost (including transaction costs) and subsequently at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis.

j. Goodwill

The value of goodwill received through business combinations has to be shown as the amount of goodwill recognized on the acquisition date and subsequently evaluated as cost less accumulated impairment loss.

To evaluate impairment, goodwill is distributed among various cash-generating units or cash-generating unit groups ("cash-generating units") which the Company expects to benefit by business combinations.

The cash-generating units that are allocated goodwill will compare the unit's carrying amount and its recoverable amount including goodwill every year (and whenever there are signs of impairment) to evaluate the impairment of the unit. If the goodwill is obtained by the cash-generating unit through a business combination in the current year, an impairment test is to be conducted prior to the end of the current year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Impairment loss is considered as loss in the current year. The impairment loss of goodwill shall not be reversed in subsequent periods.

k. Intangible assets

1) Separate acquisition

Intangible assets with a limited useful life will be evaluated initially at cost and subsequently at cost less accumulated amortization. Intangible assets will be amortized using the straight-line method within the useful life. The Company will review the estimated useful life, residual value, and depreciation methods at the end of each year at least once a year to deduce the effect of the changes in accounting estimates.

2) Derecognition

When intangible assets are derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss of the current year.

l. Impairment of property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets (excluding goodwill)

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the cash-generating unit not declared as

impairment loss in the previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Financial instruments

Financial assets and financial liabilities shall be recognized in the balance sheets when the Company becomes a party of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

a) Types of measurement

Financial assets held by the Company are financial assets at amortized cost.

Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- i. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- ii. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective rate method less any impairment loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- i. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- ii. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

b) Impairment of financial assets

The impairment loss of financial assets at amortized cost is measured by the Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Company determines that there is internal or external information indicating that the debtor cannot settle the debt, which represents that the financial assets have breached the contract.

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

Financial liabilities are assessed at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

n. Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

1) Sales revenue of commodities

Sales revenue of commodities comes from the sale of Multi-Functional Photocopiers (MFPs), fax machines, and telecommunication products. When MFPs, fax machines, and telecommunication products are shipped to the locations designated by the customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Company will recognize revenue and accounts receivable at that time.

2) Service revenue

Service revenue is derived from the maintenance services of the equipment. Relevant revenue is recognized when services are rendered.

o. Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Company is a lessor:

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term.

2) Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments; in-substance fixed payments; variable lease payments that are determined by an index or a rate; amounts expected to be paid by the lessee under residual value guarantees; the exercise price of a purchase option when it is reasonably certain to exercise the option; and penalties for terminating the lease reflected in the lease term; less any lease incentives receivable). If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. If the assessments on lease terms, amounts expected to be paid under residual value guarantees and purchase option of the underlying assets; or changes in the index or rate which determines the lease payments result in changes in future lease payments, the Company would remeasure the lease liabilities with a corresponding adjustment on the right-of-use assets. However, if the carrying amount of right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. With regard to changes in leases that are not considered separate leases, the remeasurement of lease liabilities as a result of the decrease in the scope of the lease refers to the reduction in right-of-use assets, with the recognition of the gains or losses on partial or complete termination of the lease. The remeasurement of lease liabilities as a result of other amendments refers to the adjustment in right-of-use assets. Lease liabilities are expressed separately in the balance sheets.

p. Benefits after retirement

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current and previous periods) and the net interest of the net defined benefit liabilities are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses (assets) and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs or when the plan is revised or reduced. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

q. Income Tax

Income tax expenses are the sum of the tax in the current year and deferred income tax.

1) Income tax in the current year

The current income tax payable is calculated based on the taxable income in the current year. A portion of the income and expenses is taxable or deductible in other periods or is not taxable or deductible under the relevant tax laws. Therefore, the taxable income differs from the net income reported in the parent company only statements of comprehensive income. The Company's current income tax liabilities are based on the statutory tax rate on the balance sheet date.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely taxable income for the deducting temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income taxes

Current income tax and deferred income tax are recognized in profit or loss except for those related to items recognized in other comprehensive income that shall be recognized in other comprehensive income.

5. **Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions**

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The Company has taken into consideration the recent development of the COVID-19 outbreak in Taiwan and its possible impact on the economic environment, and the management will constantly review its estimates and basic assumptions as part of its consideration of cash flow projections, growth rates, discount rates, profitability and other related significant accounting estimates. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

After reviewing the accounting policies, estimates, and assumptions adopted by the Company, the management found no material uncertainties.

6. **Cash**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 2,285	\$ 2,320
Checks and demand deposits in banks	<u>164,806</u>	<u>170,689</u>
	<u>\$167,091</u>	<u>\$173,009</u>

7. **Notes Receivable and Accounts Receivable**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 74,211	\$ 83,048
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 74,211</u>	<u>\$ 83,048</u>
 <u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 137,452	\$ 155,531
Less: loss allowance	(<u>3,046</u>)	(<u>1,516</u>)
	<u>\$ 134,406</u>	<u>\$ 154,015</u>

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	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivable - related parties</u>		
Measured at amortized cost		
Total carrying amount	\$ 67,966	\$ 72,492
Less: loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 67,966</u>	<u>\$ 72,492</u>
<u>Overdue receivables</u>		
Overdue receivables	\$ 2,705	\$ 2,995
Less: loss allowance	<u>(2,705)</u>	<u>(2,995)</u>
	<u>\$ -</u>	<u>\$ -</u>

Accounts receivable

The Company's credit period for commodity sales averages 60~90 days. To minimize credit risk, the management of the Company has delegated a team responsible for taking other monitoring measures to ensure that follow-up action is taken to recover overdue debts. The Company will also review recoverable amount of receivable on balance sheet date to ensure unrecoverable receivables are listed in impairment loss. As such, the management concludes that the credit risk of the Company is significantly reduced.

The Company adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, as well as the GDP forecast. Due to the historical experience of credit losses of the Company, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of accounts receivable.

The Company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Loss allowances for accounts receivable based on the provision matrix are as follows:

December 31, 2021

	<u>Not Past Due</u>	<u>1 to 90 Days Past Due</u>	<u>More than 91 Days Past Due</u>	<u>Total</u>
Expected credit loss rate	0.24%	78.75%	100%	
Total carrying amount	\$ 134,399	\$ 1,525	\$ 1,528	\$ 137,452
Allowance for loss (expected credit losses during the period)	<u>(317)</u>	<u>(1,201)</u>	<u>(1,528)</u>	<u>(3,046)</u>
Amortized cost	<u>\$ 134,082</u>	<u>\$ 324</u>	<u>\$ -</u>	<u>\$ 134,406</u>

December 31, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days Past Due</u>	<u>More than 91 Days Past Due</u>	<u>Total</u>
Expected credit loss rate	0.15%	55.51%	100%	
Total carrying amount	\$ 153,221	\$ 2,302	\$ 8	\$ 155,531
Allowance for loss (expected credit losses during the period)	(230)	(1,278)	(8)	(1,516)
Amortized cost	<u>\$ 152,991</u>	<u>\$ 1,024</u>	<u>\$ -</u>	<u>\$ 154,015</u>

Changes in loss allowances for receivables (accounts receivable and overdue receivables) are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 4,511	\$ 4,723
Add: Impairment loss in the current period	1,546	12
Less: Write-off in the current year	(306)	(224)
Ending balance	<u>\$ 5,751</u>	<u>\$ 4,511</u>

8. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commodities		
Office automation products, office supplies, and computer equipment	\$ 279,263	\$ 244,376
System furniture	310,275	227,092
Raw materials	23,723	16,301
Work in process	6,538	7,824
Goods in Transit	<u>14,582</u>	<u>7,953</u>
	<u>\$ 634,381</u>	<u>\$ 503,546</u>

The costs of goods sold related to inventories for the years ended December 31, 2021 and 2020 were NT\$1,666,178 thousand (including NT\$8,955 thousand of inventory falling price loss) and NT\$1,556,713 thousand (including NT\$1,206 thousand of inventory falling price loss), respectively.

9. Investments Accounted for Using the Equity Method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investments in subsidiaries	\$ 8,627,558	\$ 8,419,245
Investments in associates	<u>2,153,314</u>	<u>2,157,211</u>
	<u>\$ 10,780,872</u>	<u>\$ 10,576,456</u>

a. Investments in subsidiaries

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	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unlisted companies		
Aurora (Bermuda) Investment Ltd.	\$ 7,305,999	\$ 7,063,743
Aurora Office Automation Corporation	1,035,862	1,076,067
General Integration Technology Co., Ltd.	137,361	129,128
KM Developing Solutions Co., Ltd.	109,052	104,947
Aurora Machinery Equipment (Shanghai) Co., Ltd.	34,970	41,076
Ever Young Biodimension Corporation	<u>4,314</u>	<u>4,284</u>
	<u>\$ 8,627,558</u>	<u>\$ 8,419,245</u>

The percentage of ownership, equities, and voting rights of the Company in subsidiaries as of the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Aurora (Bermuda) Investment Ltd.	88.04%	88.04%
Aurora Office Automation Corporation	91.13%	91.13%
General Integration Technology Co., Ltd.	55.00%	55.00%
KM Developing Solutions Co., Ltd.	70.00%	70.00%
Aurora Machinery Equipment (Shanghai) Co., Ltd.	70.00%	70.00%
Ever Young Biodimension Corporation	26.00%	26.00%

The Company's shareholding in Ever Young Biodimension Corporation is 26%, and General Integration Technology Co., Ltd. holds 25% of Ever Young Biodimension Corporation's shares, totaling over 50% of the voting rights of Ever Young Biodimension Corporation. As the Company has control over Ever Young Biodimension Corporation, it is classified as a subsidiary.

The profit or loss and other comprehensive income of investments accounted for using the equity method and the Company's share in these investments were calculated based on the financial statements audited by the CPAs, except for Aurora Machinery Equipment (Shanghai) Co., Ltd. However, the Company's management believed that the unaudited financial statements of Aurora Machinery Equipment (Shanghai) Co., Ltd. would not lead to significant adjustments.

b. Investments in associates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Significant associates		
Listed companies		
Huxen Corporation	\$ 1,444,402	\$ 1,427,127
Individually insignificant associates		
Unlisted companies		
Aurora Development Corp.	494,848	496,580
Aurora Telecom Co., Ltd.	<u>214,064</u>	<u>233,504</u>
	<u>\$ 2,153,314</u>	<u>\$ 2,157,211</u>

The percentage of ownership, equities, and voting rights of the Company in associates on the balance sheet date are as follows:

<u>Name of Company</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Huxen Corporation	32.53%	32.53%
Aurora Development Corp.	46.67%	46.67%
Aurora Telecom Co., Ltd.	30.40%	30.40%

Please refer to Note XXXIII (Table 5) for the aforementioned associates' nature of business, main business premises, and countries of registration.

The profit or loss and other comprehensive income of investments accounted for using the equity method and the Company's share in these investments were calculated based on the financial statements audited by the CPAs, except for Aurora Telecom Co., Ltd. However, the management believed that the unaudited financial statements of Aurora Telecom Co., Ltd. would not lead to significant adjustments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

<u>Name of Company</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Huxen Corporation	<u>\$ 2,411,643</u>	<u>\$ 2,421,045</u>

All the aforementioned associates are accounted for using the equity method.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with the IFRSs for which adjustments have been made in the Consolidated Financial Statements due to the use of the equity method.

Huxen Corporation

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current Assets	\$ 1,252,341	\$ 1,232,685
Non-current assets	4,958,409	4,880,103
Current Liabilities	(1,284,301)	(1,213,982)
Non-current liabilities	(<u>700,588</u>)	(<u>718,985</u>)
Equity	<u>\$ 4,225,861</u>	<u>\$ 4,179,821</u>
The Company's shareholding ratio	32.53%	32.53%

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interests of the Company	\$ 1,374,673	\$ 1,359,695
Unrealized gains (losses) on transactions with investees	(90,038)	(92,357)
Goodwill	<u>159,767</u>	<u>159,789</u>
Investment carrying amount	<u>\$ 1,444,402</u>	<u>\$ 1,427,127</u>

	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 1,415,003</u>	<u>\$ 1,409,767</u>
Net income	\$ 549,456	\$ 568,211
Other comprehensive income	<u>16,770</u>	(<u>13,763</u>)
Total comprehensive income	<u>\$ 566,226</u>	<u>\$ 554,448</u>
Dividends received from the associate	<u>\$ 169,238</u>	<u>\$ 178,640</u>

Information on individually insignificant associates is summarized below:

	<u>2021</u>	<u>2020</u>
The Company's share of:		
Net income	\$ 3,965	\$ 386
Other comprehensive income	<u>1,837</u>	<u>10,385</u>
Total comprehensive income	<u>\$ 5,802</u>	<u>\$ 10,771</u>

- c. Share of profit or loss and other comprehensive income of subsidiaries and associates accounted for using the equity method are as follows:
- 1) Share of profit (loss) of subsidiaries and associates accounted for using the equity method:

	2021		2020	
	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Company	Profit or Loss of Investee	Investment Profit or Loss Recognized by the Company
Aurora (Bermuda) Investment Ltd.	\$ 810,020	\$ 743,776	\$ 827,357	\$ 803,422
Aurora Office Automation Corporation	281,230	186,769	279,885	187,333
General Integration Technology Co., Ltd.	14,946	8,306	(702)	(388)
KM Developing Solutions Co., Ltd.	34,864	24,405	32,174	22,521
Aurora Machinery Equipment (Shanghai) Co., Ltd.	(8,273)	(5,791)	(23,720)	(16,603)
Ever Young Biodimension Corporation	115	30	(6,777)	(1,766)
Huxen Corporation	549,456	178,738	568,211	184,839
Aurora Development Corp.	50,149	23,405	49,233	22,977
Aurora Telecom Co., Ltd.	(63,946)	(<u>19,440</u>)	(74,310)	(<u>22,591</u>)
		<u>\$ 1,140,198</u>		<u>\$ 1,179,744</u>

2) Share of other comprehensive income of subsidiaries and associates accounted for using the equity method:

	2021		2020	
	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Company	Other Comprehensive Income of Investee	Other Comprehensive Income Recognized by the Company
Aurora (Bermuda) Investment Ltd.	(\$ 66,220)	(\$ 58,300)	\$ 139,883	\$ 123,153
Aurora Office Automation Corporation	3,201	(7,332)	226,340	219,929
General Integration Technology Co., Ltd.	(135)	(73)	250	98
Aurora Machinery Equipment (Shanghai) Co., Ltd.	(450)	(315)	834	583
Huxen Corporation	16,770	5,455	(13,763)	(4,476)
Aurora Development Corp.	3,935	<u>1,837</u>	22,251	<u>10,385</u>
		(<u>\$ 58,728</u>)		<u>\$ 349,672</u>

10. Property, plant, and equipment

	December 31, 2021	December 31, 2020
For self-use	\$ 542,159	\$ 558,613
Operating lease	<u>234,137</u>	<u>244,439</u>
	<u>\$ 776,296</u>	<u>\$ 803,052</u>

a. For self-use

	Self-owned Land	Housing and Construction	Machinery	Office Equipment	Total
<u>Cost</u>					
Balance as of January 1, 2021	\$ 424,697	\$ 173,556	\$ 61,092	\$ 97,858	\$ 757,203
Addition	-	-	6,497	5,086	11,583
Inventories transferred to property, plant, and equipment	-	-	-	818	818
Disposal and obsolescence	-	-	(2,300)	(15,496)	(17,796)
Balance as of December 31, 2021	<u>424,697</u>	<u>173,556</u>	<u>65,289</u>	<u>88,266</u>	<u>751,808</u>
<u>Accumulated depreciation</u>					
Balance as of January 1, 2021	-	114,529	30,842	53,219	198,590
Depreciation expenses	-	4,272	6,871	17,671	28,814
Disposal and obsolescence	-	-	(2,300)	(15,455)	(17,755)
Balance as of December 31, 2021	-	<u>118,801</u>	<u>35,413</u>	<u>55,435</u>	<u>209,649</u>
Net amount as of December 31, 2021	<u>\$ 424,697</u>	<u>\$ 54,755</u>	<u>\$ 29,876</u>	<u>\$ 32,831</u>	<u>\$ 542,159</u>
<u>Cost</u>					
Balance as of January 1, 2020	\$ 424,697	\$ 174,144	\$ 54,638	\$ 106,901	\$ 760,380
Addition	-	-	7,444	9,691	17,135
Inventories transferred to property, plant, and equipment	-	-	-	715	715
Disposal and obsolescence	-	(588)	(990)	(19,449)	(21,027)
Balance as of December 31, 2020	<u>424,697</u>	<u>173,556</u>	<u>61,092</u>	<u>97,858</u>	<u>757,203</u>
<u>Accumulated depreciation</u>					
Balance as of January 1, 2020	-	111,112	25,623	52,818	189,553
Depreciation expenses	-	4,005	6,209	19,850	30,064
Disposal and obsolescence	-	(588)	(990)	(19,449)	(21,027)
Balance as of December 31, 2020	-	<u>114,529</u>	<u>30,842</u>	<u>53,219</u>	<u>198,590</u>
Net amount as of December 31, 2020	<u>\$ 424,697</u>	<u>\$ 59,027</u>	<u>\$ 30,250</u>	<u>\$ 44,639</u>	<u>\$ 558,613</u>

No indication of impairment was identified in 2021 and 2020.

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Housing and Construction

Warehouses	20 years
Plants and buildings	40~55 years
Mechanical and electrical engineering	25~30 years
Housing improvements	30~34 years

Machinery

Monitoring instruments and water softeners	2~15 years
Air compressors	16 years

Office Equipment

1~15 year(s)

b. Operating leases - office equipment

	<u>2021</u>	<u>2020</u>
<u>Cost</u>		
Beginning balance	\$ 777,082	\$ 803,664
Inventories transferred to property, plant, and equipment	125,425	104,560
Property, plant, and equipment transferred to inventories	(31,256)	(42,856)
Disposal and obsolescence	(70,021)	(88,286)
Ending balance	<u>801,230</u>	<u>777,082</u>
<u>Accumulated depreciation</u>		
Beginning balance	532,643	523,158
Depreciation expenses	130,016	133,517
Property, plant, and equipment transferred to inventories	(25,885)	(36,105)
Disposal and obsolescence	(69,681)	(87,927)
Ending balance	<u>567,093</u>	<u>532,643</u>
Ending net amount	<u>\$ 234,137</u>	<u>\$ 244,439</u>

For the Company's MFPs through operating leases, the lease period is 1 to 6 year(s). Lessees do not have preferential rights to acquire the MFPs at the expiration of the lease period.

The total lease payments (excluding revenue from printing services) to be received in the future for operating leases are as follows:

	<u>December 30, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 23,282	\$ 21,846
Year 2	16,476	13,907
Year 3	6,130	10,150
Year 4	2,732	2,526
Year 5	811	1,123
Year 6	<u>37</u>	<u>-</u>
	<u>\$ 49,468</u>	<u>\$ 49,552</u>

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Leased assets (MFPs)

Used MFPs	1~2 year(s)
New MFPs	3~5 years

- c. For the amount of property, plant, and equipment pledged as collateral, please refer to Note XXVIII.

11. Lease Agreements

- a. Right-of-use assets

	<u>Land and Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 206,473	\$ 33,218	\$ 239,691
Addition	111,429	8,174	119,603
Disposal and obsolescence	(73,462)	(6,576)	(80,038)
Balance as of December 31, 2021	<u>244,440</u>	<u>34,816</u>	<u>279,256</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2021	69,279	11,636	80,915
Depreciation expenses	75,141	12,731	87,872
Disposal and obsolescence	(40,279)	(6,099)	(46,378)
Balance as of December 31, 2021	<u>104,141</u>	<u>18,268</u>	<u>122,409</u>
Net amount as of December 31, 2021	<u>\$ 140,299</u>	<u>\$ 16,548</u>	<u>\$ 156,847</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 175,368	\$ 19,158	\$ 194,526
Addition	123,154	21,582	144,736
Disposal and obsolescence	(92,049)	(7,522)	(99,571)

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	<u>Land and Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
Balance as of December 31, 2020	<u>206,473</u>	<u>33,218</u>	<u>239,691</u>
<u>Accumulated depreciation</u>			
Balance as of January 1, 2020	58,242	6,562	64,804
Depreciation expenses	71,272	11,921	83,193
Disposal and obsolescence	(<u>60,235</u>)	(<u>6,847</u>)	(<u>67,082</u>)
Balance as of December 31, 2020	<u>69,279</u>	<u>11,636</u>	<u>80,915</u>
Net amount as of December 31, 2020	<u>\$ 137,194</u>	<u>\$ 21,582</u>	<u>\$ 158,776</u>

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	<u>\$ 78,661</u>	<u>\$ 73,819</u>
Non-current	<u>\$ 79,269</u>	<u>\$ 86,217</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land and Buildings	0.762%~0.789%	0.783%~0.789%
Transportation Equipment	0.762%~0.789%	0.783%~0.789%

c. Major lease activities and terms

The Company leases land, buildings, and transportation equipment for operations, and the lease term is between 1 to 6 year(s). When the lease term ends, the Company has no preferential rights to purchase the leased vehicles and business premises.

d. Other lease information

For agreements on operating leases for the leasing out of property, plant, and equipment and investment property, please refer to Notes X and XII.

	<u>2021</u>	<u>2020</u>
Short-term lease expenses	(<u>\$ 2,936</u>)	(<u>\$ 2,471</u>)
Total cash flows on lease		
- Repayment of lease liabilities	(\$ 87,448)	(\$ 82,454)
- Interest expenses paid	(<u>1,227</u>)	(<u>1,135</u>)
	<u>(\$ 88,675)</u>	<u>(\$ 83,589)</u>

The Company selects to apply the recognition exemptions to leases of parking spaces that qualify as short-term leases and cloud service platforms. Consequently, the Company does not recognize any right-of-use assets or lease liabilities for the said leases.

12. Investment properties

	2021			2020		
	Land	Housing and Construction	Total	Land	Housing and Construction	Total
<u>Cost</u>						
Beginning balance	\$ 57,970	\$ 26,571	\$ 84,541	\$ 57,970	\$ 26,571	\$ 84,541
Ending balance	<u>57,970</u>	<u>26,571</u>	<u>84,541</u>	<u>57,970</u>	<u>26,571</u>	<u>84,541</u>
<u>Accumulated depreciation</u>						
Beginning balance	-	13,048	13,048	-	12,574	12,574
Depreciation expenses	-	475	475	-	474	474
Ending balance	-	<u>13,523</u>	<u>13,523</u>	-	<u>13,048</u>	<u>13,048</u>
Ending net amount	\$ <u>57,970</u>	\$ <u>13,048</u>	\$ <u>71,018</u>	\$ <u>57,970</u>	\$ <u>13,523</u>	\$ <u>71,493</u>

The investment property is subject to a lease term of 2 years. Lessees have no preferential right to purchase the investment property at the end of the lease term.

The total amount of lease payments to be collected in the future for investment property on operating lease is as follows:

	December 31, 2021	December 31, 2020
Year 1	\$ 330	\$ 3,960
Year 2	-	330
	<u>\$ 8,490</u>	<u>\$ 4,290</u>

Lease commitments for lease periods beginning after the balance sheet date are as follows:

	December 31, 2021	December 31, 2020
Lease commitments for investment properties	<u>\$ 8,160</u>	<u>\$ -</u>

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Main buildings 55 years

For the amount of investment property pledged as collateral, please refer to Note XXVIII.

The fair value of the investment property was assessed by the management with reference to the prevailing market information as follows:

	December 31, 2021	December 31, 2020
Fair value	<u>\$ 85,372</u>	<u>\$ 85,986</u>

13. Intangible assets

a. Goodwill

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Carrying amount</u>		
Goodwill	<u>\$ 38,147</u>	<u>\$ 38,147</u>

No indication of impairment was identified in 2021 and 2020.

b. Other intangible assets

	<u>2021</u>			<u>2020</u>		
	<u>Trademark Right</u>	<u>Computer Software</u>	<u>Total</u>	<u>Trademark Right</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>						
Beginning balance	\$ 808	\$ 19,338	\$ 20,146	\$ 2,531	\$ 30,972	\$ 33,503
Addition	-	6,599	6,599	-	5,832	5,832
Disposal and obsolescence	-	(3,531)	(3,531)	(1,723)	(17,466)	(19,189)
Ending balance	<u>808</u>	<u>22,406</u>	<u>23,214</u>	<u>808</u>	<u>19,338</u>	<u>20,146</u>
<u>Accumulated amortization</u>						
Beginning balance	786	8,892	9,678	2,469	18,908	21,377
Amortization expenses	22	6,485	6,507	40	7,450	7,490
Disposal and obsolescence	-	(3,531)	(3,531)	(1,723)	(17,466)	(19,189)
Ending balance	<u>808</u>	<u>11,846</u>	<u>12,654</u>	<u>786</u>	<u>8,892</u>	<u>9,678</u>
Ending net amount	<u>\$ -</u>	<u>\$ 10,560</u>	<u>\$ 10,560</u>	<u>\$ 22</u>	<u>\$ 10,446</u>	<u>\$ 10,468</u>

No indication of impairment was identified in 2021 and 2020.

Amortization expenses are calculated on a straight-line basis over the following useful lives:

Trademark Right	20 years
Computer Software	1~10 year(s)

14. Other current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments for goods	\$ 70,470	\$ 34,759
Prepaid expenses	3,927	4,189
Temporary payments	3,088	4,943
Tax overpaid retained for offsetting the future tax payable	<u>135</u>	<u>133</u>
	<u>\$ 77,620</u>	<u>\$ 44,024</u>

15. Loans

a. Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	\$ 3,050,000	\$ 2,260,000
Loans for material purchase	<u>75,822</u>	<u>23,652</u>
	<u>\$ 3,125,822</u>	<u>\$ 2,283,652</u>

Credit loans

NTD	0.66% ~ 0.73%	0.69% ~ 0.79%
Loans for material purchase		
USD	0.64% ~ 0.76%	0.74% ~ 0.81%

1) Please refer to Note XXVIII for assets pledged as collateral for the above-mentioned loans.

2) Please refer to Note XXIX (II) for guaranteed notes issued to financial institutions.

b. Short-term notes and bills payable

The outstanding short-term bills payable as of the balance sheet date are as follows:

December 31, 2020

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying amount</u>	<u>Interest Rate</u>	<u>Collateral</u>
<u>Commercial paper payable</u>					
Taishin International Bank	<u>\$ 300,000</u>	(<u>\$ 345</u>)	<u>\$ 299,655</u>	0.75%	None

c. Long-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u>		
Bank loans (1)	\$ -	\$ 570,000
<u>Unsecured loans</u>		
Bank loans (2)	<u>650,000</u>	<u>430,000</u>
	<u>\$ 650,000</u>	<u>\$ 1,000,000</u>

1) Loans are secured by pledge of land and buildings held by the Company (see Note XXVIII), with interest accruing at floating rates and the remaining maturity period of not more than 2 years as of December 31, 2020. The rate range was 1.00% per annum. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.

- 2) Unsecured loans are bank loans at floating rates. As of December 31, 2021 and 2020, the rate ranges were 0.71%~0.825% and 0.85%~1.00% per annum, respectively. Interest is paid on a monthly basis, and the principal is paid at maturity for subsequent borrowing.

16. Accounts Payable

The payment period averages 2 months. The Company has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

17. Other Liabilities

- a. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries and bonuses payable	\$ 164,397	\$ 159,053
Related parties	41,281	41,669
Business taxes payable	11,414	17,045
Holiday benefits payable	360	362
Others	<u>48,340</u>	<u>51,568</u>
	<u>\$ 265,792</u>	<u>\$ 269,697</u>

Other payables - related parties are monthly payments of rental collected from lessees by the Company on behalf of related parties.

- b. Other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Temporary credits	\$ 59,759	\$ 45,876
Receipts under custody	<u>3,285</u>	<u>3,073</u>
	<u>\$ 63,044</u>	<u>\$ 48,949</u>

18. Post-retirement Benefit Plan

- a. Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

- b. Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. The Company allocates 2% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the parent company only balance sheets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 449,934	\$ 446,204
Fair value of plan assets	(<u>37,040</u>)	(<u>36,203</u>)
Net defined benefit liabilities	<u>\$ 412,894</u>	<u>\$ 410,001</u>

Changes in net defined benefit liabilities (assets) are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
January 1, 2021	<u>\$ 446,204</u>	(<u>\$ 36,203</u>)	<u>\$ 410,001</u>
Service costs			
Service costs for the current period	494	-	494
Interest expenses (income)	<u>2,231</u>	(<u>235</u>)	<u>1,996</u>
Recognized in profit or loss	<u>2,725</u>	(<u>235</u>)	<u>2,490</u>
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	(331)	(331)
Actuarial losses - changes in demographic assumptions	11,642	-	11,642
Actuarial losses - changes in financial assumptions	(5,418)	-	(5,418)
Actuarial losses - experience adjustments	<u>15,482</u>	<u>-</u>	<u>15,482</u>
Recognized in other comprehensive income	<u>21,706</u>	(<u>331</u>)	<u>21,375</u>
Contribution by the employer	-	(20,972)	(20,972)
Benefits paid on plan assets	(<u>20,701</u>)	<u>20,701</u>	<u>-</u>
December 31, 2021	<u>\$ 449,934</u>	(<u>\$ 37,040</u>)	<u>\$ 412,894</u>
January 1, 2020	<u>\$ 433,635</u>	(<u>\$ 18,631</u>)	<u>\$ 415,004</u>
Service costs			
Service costs for the current period	817	-	817
Service costs for the previous period	36	-	36
Interest expenses (income)	<u>3,252</u>	(<u>222</u>)	<u>3,030</u>
Recognized in profit or loss	<u>4,105</u>	(<u>222</u>)	<u>3,883</u>

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements			
Return on plan assets (excluding interest income calculated by a discount rate)	-	(689)	(689)
Actuarial losses - changes in demographic assumptions	4,777	-	4,777
Actuarial losses - changes in financial assumptions	11,109	-	11,109
Actuarial losses - experience adjustments	<u>12,352</u>	<u>-</u>	<u>12,352</u>
Recognized in other comprehensive income	<u>28,238</u>	(<u>689</u>)	<u>27,549</u>
Contribution by the employer	-	(36,435)	(36,435)
Benefits paid on plan assets	(<u>19,774</u>)	<u>19,774</u>	<u>-</u>
December 31, 2020	<u>\$ 446,204</u>	(<u>\$ 36,203</u>)	<u>\$ 410,001</u>

The Company has the following risks owing to the implementation of the pension system under the Labor Standards Act:

- 1) Investment risks: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.
- 2) Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
- 3) Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.625%	0.500%
Average long-term salary adjustment rate	2.000%	2.000%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase by 0.25%	(<u>\$ 10,794</u>)	(<u>\$ 11,220</u>)
Decrease by 0.25%	<u>\$ 11,173</u>	<u>\$ 11,629</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 10,825</u>	<u>\$ 11,253</u>
Decrease by 0.25%	(<u>\$ 10,513</u>)	(<u>\$ 10,951</u>)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Expected amount of contribution within 1 year	<u>\$ 21,861</u>	<u>\$ 21,396</u>
Average duration of defined benefit obligations	9.7 年	10.2 年

19. Equity

a. Capital stock

Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Share capital authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>236,202</u>	<u>236,202</u>
Share capital issued	<u>\$ 2,362,025</u>	<u>\$ 2,362,025</u>

b. Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Premium on conversion of corporate bonds	\$ 931,641	\$ 1,002,501
Treasury share transactions	3,333	3,333
Donations	938	938
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions	54,838	54,838
<u>May only be used to offset deficits</u>		
Recognized value of changes in equity of ownership of subsidiaries (2)	7,913	7,913
Dividends that are not collected before the designated date	7,948	7,948
Cash dividends received from the Company for shares of the Company held by subsidiaries	892,411	824,081
<u>May not be used for any purpose</u>		
Employees stock option	<u>40,247</u>	<u>40,247</u>
	<u>\$ 1,939,269</u>	<u>\$ 1,941,799</u>

- 1) This type of capital surplus may be used to cover loss or issue cash or replenish capital when there is no loss, but capital replenishment is restricted to the ratio of actual capital stock each year.
- 2) This type of capital surplus recognized as equity transaction effect due to changes in subsidiary equity, when the Company's has not acquired or disposed of subsidiary shares, or as adjustment value of capital surplus from subsidiary recognized by the Company using the equity method.

c. Retained earnings and dividend policy

If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. Please refer to Note XXI (VI) for the employee compensation policy.

The legal reserve may be used to make up for losses. When the Company has no loss, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

The Company appropriates or reserves special reserve in accordance with the Official Letter No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

As the industry into which the Company falls is currently in a stage of steady growth, demand for capital has lowered. In the future, operating results will be returned to shareholders as many as possible. In consideration of business development, financial conditions, capital expansion, and shareholders' equity, the Company will distribute dividends in a combination of stock and cash, where cash dividends will account for more than 10% of the dividends distributed for the year.

The shareholders' meetings which approved the distribution of earnings for years ended December 31, 2020 and 2019 were held on July 15, 2021 and June 10, 2020, respectively; the distributions of earnings are as follows:

	Distribution of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 148,431	\$ 134,244		
Cash dividends	1,346,355	1,369,975	\$ 5.70	\$ 5.80

In addition, the 2021 and 2020 Annual Shareholders' Meeting approved the distribution of cash dividends (NT\$0.3 per share and NT\$0.2 per share) from capital surplus - stock issuance premium of NT\$70,860 thousand and 47,241 thousand, respectively.

On March 16, 2022, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2021 as follows:

	Distribution of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 137,065	
Cash dividends	1,228,253	\$ 5.20

In addition, the Board of Directors meeting, held on March 16, 2022, proposed distributing cash dividends (NT\$0.8 per share) from capital surplus - stock issuance premium of NT\$188,962 thousand.

The distribution of earnings for the year ended December 31, 2021 is subject to the resolution in the shareholders' meeting on June 9, 2022.

d. Special reserve arising from first-time application of IFRSs

Special reserve arising from first-time application of IFRSs is as follows:

	December 31, 2021	December 31, 2020
Special reserve	<u>\$ 331,624</u>	<u>\$ 331,624</u>

The amount recorded as cumulative translation adjustments transferred to retained earnings was NT\$452,517 thousand. As the increase in retained earnings arising from first-time application of IFRSs was insufficient, special reserve was only set aside for the increase in retained earnings arising from application, NT\$331,624 thousand.

Where relevant assets are subsequently used, disposed of or reclassified, the original proportion of special reserve may be reversed for the distribution of earnings. Special reserve that should be set aside upon first-time application of IFRSs may be used to make up losses in subsequent years. Special reserve should be set aside for the deficit until there is a profit in subsequent years and the reasons for the provision of special reserve are resolved.

e. Other equity items

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Exchange differences on translation of financial statements of foreign operations		
Attributable to the Company	(\$ 621,480)	(\$ 511,130)
Associates accounted for using the equity method	(<u>60,695</u>)	(<u>103,503</u>)
	(<u>682,175</u>)	(<u>614,633</u>)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		
Subsidiaries and associates accounted for using the equity method	<u>655,933</u>	<u>643,330</u>
	(<u>\$ 26,242</u>)	\$ <u>28,697</u>

1) Exchange differences on translation of financial statements of foreign operations

Exchange differences on translation of foreign operations' net assets denominated in functional currencies into the Company's presentation currency (NTD) are directly recognized in other comprehensive income as exchange differences on translation of financial statements of foreign operations. The cumulative exchange differences on translation of financial statements of foreign operations are reclassified to profit or loss upon disposal of foreign operations.

	<u>2021</u>	<u>2020</u>
Beginning balance	(\$614,633)	(\$758,072)
Incurring this year		
Exchange differences on translation of foreign operations	(58,615)	123,736
Share of associates accounted for using the equity method	(<u>8,927</u>)	<u>19,703</u>
Other comprehensive income	(<u>67,542</u>)	<u>143,439</u>
Ending balance	(<u>\$682,175</u>)	(<u>\$614,633</u>)

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	<u>2021</u>	<u>2020</u>
Beginning balance	\$643,330	\$505,137
Incurring this year		
Unrealized gains (losses)		
Share of subsidiaries and associates accounted for using the equity method	<u>12,603</u>	<u>207,584</u>
Other comprehensive income	<u>12,603</u>	<u>207,584</u>
Accumulated gains (losses) on disposal of equity instruments transferred to retained earnings	<u>-</u>	<u>(69,391)</u>
Ending balance	<u>\$655,933</u>	<u>\$643,330</u>

f. Treasury shares

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Shares of the Company held by subsidiaries	<u>\$791,826</u>	<u>\$791,826</u>

1) Information on subsidiaries holding the Company's shares on the balance sheet date is as follows:

<u>December 31, 2021</u>					
	The Company's Shareholding (%)	Number of Shares (in Thousands)	Amount of Treasury Shares	Current Market Value	Reason
Aurora Office Automation Corporation	91.13	12,496	\$ 791,826	\$ 1,122,212	To maintain credit and shareholders' equity

<u>December 31, 2020</u>					
	The Company's Shareholding (%)	Number of Shares (in Thousands)	Amount of Treasury Shares	Current Market Value	Reason
Aurora Office Automation Corporation	91.13	12,496	\$ 791,826	\$ 1,110,965	To maintain credit and shareholders' equity

2) Treasury shares held by the Company may be neither pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act. Subsidiaries holding the Company's shares, which are considered treasury shares, are bestowed shareholders' rights, except for the rights to participate in any share issuance for cash and to vote.

20. Revenue

a. Breakdown of revenue from contracts with customers

	<u>2021</u>	<u>2020</u>
<u>Product category</u>		
Office Equipment	\$ 1,977,618	\$ 2,005,036
Office furniture	1,254,182	1,098,461
Others	<u>53,329</u>	<u>71,116</u>
	<u>\$ 3,285,129</u>	<u>\$ 3,174,613</u>

b. Contract balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable (Note VII)	\$ 74,211	\$ 83,048
Accounts receivable (including related parties) (Note VII)	202,372	226,507
Contract liabilities	179,273	137,276

Changes in contract liabilities are mainly due to timing difference between performance obligations and customer payment.

The amounts of contract liabilities at the beginning of the period and previously fulfilled that were recognized in revenue for the years ended December 31, 2021 and 2020 were NT\$131,377 thousand and NT\$62,635 thousand, respectively.

21. Net Income

a. Other income

	<u>2021</u>	<u>2020</u>
Rental income		
- Investment properties	\$ 4,788	\$ 4,076
Income from consultancy	77,888	77,538
Other income	<u>4,253</u>	<u>2,611</u>
	<u>\$ 86,929</u>	<u>\$ 84,225</u>

Income from consultancy represents the fees received by the Company from related parties for rendering consulting services.

b. Other gains and losses

	<u>2021</u>	<u>2020</u>
Loss on disposal of property, plant, and equipment	(\$ 323)	(\$ 358)
Gains on lease modifications	601	138
Net foreign exchange gains (losses)	262	(361)
Miscellaneous expenses	(2,229)	(946)
	<u>(\$ 1,689)</u>	<u>(\$ 1,527)</u>

c. Finance costs		
	<u>2021</u>	<u>2020</u>
Interest on bank loans	\$ 24,790	\$ 25,048
Lease interest	1,227	1,135
Imputed interest on deposits	<u>6</u>	<u>7</u>
	<u>\$ 26,023</u>	<u>\$ 26,190</u>
d. Depreciation and amortization expenses		
	<u>2021</u>	<u>2020</u>
Property, plant, and equipment	\$ 158,830	\$ 163,581
Right-of-use assets	87,872	83,193
Investment properties	475	474
Intangible assets	<u>6,507</u>	<u>7,490</u>
	<u>\$ 253,684</u>	<u>\$ 254,738</u>
Depreciation expenses by function		
Operating costs	\$ 139,691	\$ 142,778
Operating expenses	107,011	103,996
Non-operating income and expenses	<u>475</u>	<u>474</u>
	<u>\$ 247,177</u>	<u>\$ 247,248</u>
Amortization expenses by function		
Operating costs	\$ 186	\$ 215
Operating expenses	<u>6,321</u>	<u>7,275</u>
	<u>\$ 6,507</u>	<u>\$ 7,490</u>
e. Employee benefits		
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 820,265	\$ 815,920
Retirement benefits (Note XVIII)		
Defined contribution plans	34,470	34,886
Defined benefit plans	<u>2,490</u>	<u>3,883</u>
Total employee benefit expenses	<u>\$ 857,225</u>	<u>\$ 854,689</u>
By function		
Operating costs	\$ 43,328	\$ 41,230
Operating expenses	<u>813,897</u>	<u>813,459</u>
	<u>\$ 857,225</u>	<u>\$ 854,689</u>

f. Employee compensation

The Company sets aside 1%~10% of income before tax for a year as employee compensation. Employee compensation for the years ended December 31, 2021 and 2020 was resolved by the Board of directors on March 16, 2022 and March 16, 2021:

Estimated percentage

	<u>2021</u>	<u>2020</u>
Employee compensation	1%	1%

Amount

	<u>2021</u>	<u>2020</u>
Employee compensation	\$ 16,370	\$ 16,750

If there is still any change in the amount after the annual financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

The amounts of employee compensation distributed for the years ended December 31, 2020 and 2019 and those recognized in the parent company only financial statements are consistent.

Information on employee compensation resolved by the Board of Directors is available on the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

22. Income Tax

- a. Major components of income tax expenses (benefits) recognized in profit or loss are as follows:

	<u>2021</u>	<u>2020</u>
Current income tax		
Accrued this year	\$ 181,551	\$ 86,969
Adjustments from previous years	<u>-</u>	<u>6</u>
	<u>181,551</u>	<u>86,975</u>
Deferred income tax		
Accrued this year	<u>42,347</u>	<u>124,604</u>
Income tax expense recognized in profit or loss	<u>\$ 223,898</u>	<u>\$ 211,579</u>

Reconciliation between accounting income and current income tax expenses is as follows:

	<u>2021</u>	<u>2020</u>
Income before tax	<u>\$ 1,615,437</u>	<u>\$ 1,649,888</u>
Income tax expenses calculated at the statutory rate	\$ 323,087	\$ 329,977
Fees that cannot be deducted from taxes	1	1
Tax-exempted income	(84,331)	(103,837)
Unrecognized deductible temporary difference	(14,859)	(14,568)
Adjustments of current income tax expenses in previous years	<u>-</u>	<u>6</u>
Income tax expense recognized in profit or loss	<u>\$ 223,898</u>	<u>\$ 211,579</u>
b. Income tax recognized in other comprehensive income		
	<u>2021</u>	<u>2020</u>
<u>Deferred income tax</u>		
Accrued this year - remeasurements of defined benefit plans	(<u>\$ 4,275</u>)	(<u>\$ 5,510</u>)
c. Current income tax liabilities		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current income tax liabilities		
Income tax payable	<u>\$ 93,739</u>	<u>\$ 42,340</u>
d. Deferred income tax assets and liabilities		
Changes in deferred income tax assets and liabilities are as follows:		

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2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary differences				
Deferred revenue	\$ 18,472	(\$ 464)	\$ -	\$ 18,008
Loss allowances	274	311	-	585
Loss on inventory write-down	2,168	1,791	-	3,959
Holiday benefits payable	73	(1)	-	72
Book-tax difference in pensions	13,131	(3,696)	-	9,435
Defined benefit plans	<u>44,824</u>	<u>-</u>	<u>4,275</u>	<u>49,099</u>
	<u>\$ 78,942</u>	<u>(\$ 2,059)</u>	<u>\$ 4,275</u>	<u>\$ 81,158</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries accounted for using the equity method	\$ 258,429	\$ 40,205	\$ -	\$ 298,634
Unrealized exchange gains	<u>7</u>	<u>83</u>	<u>-</u>	<u>90</u>
	<u>\$ 258,436</u>	<u>\$ 40,288</u>	<u>\$ -</u>	<u>\$ 298,724</u>

2020

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary differences				
Deferred revenue	\$ 19,199	(\$ 727)	\$ -	\$ 18,472
Loss allowances	309	(35)	-	274
Loss on inventory write-down	1,927	241	-	2,168
Holiday benefits payable	95	(22)	-	73
Book-tax difference in pensions	19,641	(6,510)	-	13,131
Defined benefit plans	<u>39,314</u>	<u>-</u>	<u>5,510</u>	<u>44,824</u>
	<u>\$ 80,485</u>	<u>(\$ 7,053)</u>	<u>\$ 5,510</u>	<u>\$ 78,942</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Share of profit or loss of subsidiaries accounted for using the equity method	\$ 140,885	\$ 117,544	\$ -	\$ 258,429
Unrealized exchange gains	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
	<u>\$ 140,885</u>	<u>\$ 117,551</u>	<u>\$ -</u>	<u>\$ 258,436</u>

- e. Amount of temporary differences in unrecognized deferred income tax liabilities related to investments

As of December 31, 2021 and 2020, the taxable temporary differences related to investments in subsidiaries not recognized as deferred income tax liabilities were NT\$799,350 thousand and NT\$785,087 thousand, respectively.

- f. Income tax assessment

The Company's corporate income tax returns have been assessed by the Tax Authorities until 2019. There is no difference between the assessment result and the filing.

23. Earnings per Share

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income

	<u>2021</u>	<u>2020</u>
Net income	<u>\$ 1,391,539</u>	<u>\$ 1,438,309</u>

Number of Shares

	Unit: Thousand shares	
	<u>2021</u>	<u>2020</u>
Weighted average number of common shares used for calculation of basic earnings per share	224,814	224,814
Effect of potentially dilutive common shares:		
Employee compensation	<u>222</u>	<u>236</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>225,036</u>	<u>225,050</u>

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential common shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

24. Capital Risk Management

The Company manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The management reviews the capital structure of the Company from time to time in light of the economic environment and business considerations. According to the management's opinions and statutory requirements, the Company balances the overall capital structure through the payment of dividends, issuance of shares, and financing.

25. Information on Cash Flows

The acquisition of property, plant, and equipment by the Company during the years ended December 31, 2021 and 2020 that affected both cash and non-cash items is as follows:

	<u>2021</u>	<u>2020</u>
Inventories transferred to property, plant, and equipment	<u>\$ 126,243</u>	<u>\$ 105,275</u>
Property, plant, and equipment transferred to inventories	<u>\$ 5,371</u>	<u>\$ 6,751</u>

26. Financial instruments

- a. Information on fair value - financial instruments not measured at fair value

The management of the Company considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value.

- b. Category of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 558,638	\$ 587,345
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	4,208,247	4,010,062

Note 1. The balance includes cash, accounts receivable, other receivables, refundable deposits, and other financial assets at amortized cost.

Note 2. The balance includes short-term loans, short-term notes and bills payable, accounts payable, other payables (excluding employee benefits payable and business tax payable), long-term loans, guarantee deposits received, and other financial liabilities at amortized cost.

- c. Financial risk management objectives and policies

The main financial instruments of the Company include equity instrument investments, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

- 1) Market risk

The main financial risks the Company is exposed to in the business activities are foreign exchange risk and interest rate risk.

Market risk in relation to the Company's financial instruments and its management and measurement approaches remain unchanged.

a) Foreign exchange risk

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note XXXI.

Sensitivity analysis

The Company is mainly impacted by the exchange rate fluctuations in USD.

The sensitivity analysis below indicates the amount of decrease/increase in net income before tax arising from foreign exchange losses/gains on net monetary assets and liabilities when the New Taiwan dollar (functional currency) against each foreign currency appreciated by 3% for the years ended December 31, 2021 and 2020. When the New Taiwan dollar depreciated, its impact on net income before tax was the reverse equivalent amount. A sensitivity rate of 3% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates.

	<u>Impact of USD</u>	
	<u>2021</u>	<u>2020</u>
Profit or loss	\$ 2,275	\$ 641

The impact of profit or loss was mainly attributable to the demand deposits and loans for material purchasing denominated in USD that were still outstanding and not hedged in cash flows on the balance sheet date. The Company's sensitivity to the exchange rate of USD increased in the current period due to the increase in the net liability denominated in USD held by the Company.

b) Interest rate risk

The carrying amounts of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
- Financial liabilities	\$ 157,930	\$ 459,691
Cash flow interest rate risk		
- Financial assets	157,463	160,413
- Financial liabilities	650,000	1,000,000

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of non-derivative instruments to the interest rates at balance sheet date. The rate of change adopted is 25 basis points increase/decrease in the interest rate, which also represents the management's assessment on the reasonably possible scope of the interest rate.

If the interest rate increased or decreased by 25 basis points, the Company's net income before tax in 2021 and 2020 would have decreased or increased by NT\$1,231 thousand and NT\$2,099 thousand, respectively, with all other variables remaining constant. This is mainly attributable to the exposure to the risks of interest rates of the Company's deposits and long-term loans.

2) Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the parent company only balance sheets.

The Company uses publicly obtainable financial information and past transaction records to grade main customers while monitoring its credit risk exposure and credit ratings of the counterparties.

The Company's credit risk is concentrated on the top 10 customers, accounting for 10% and of the total accounts receivable as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

The Company supports the operations and reduces the impact of fluctuating cash flows by managing and maintaining sufficient cash. The management of the Company supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to repay.

December 31, 2021

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)
<u>Non-derivative financial liabilities</u>					
Zero-interest-bearing liabilities		\$ 133,050	\$ 295,171	\$ 3,914	\$ 290
Lease liabilities		6,947	13,774	57,518	79,796
Variable-rate instruments	0.77%	-	-	-	650,000
Instruments with fixed interest rates	0.70%	<u>1,605,412</u>	<u>1,520,410</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,745,409</u>	<u>\$ 1,829,355</u>	<u>\$ 61,432</u>	<u>\$ 730,086</u>

December 31, 2020

	Weighted Average Effective Rate (%)	Payment on Sight or within 1 Month	1~3 Month(s)	3~12 Months	1~5 Year(s)
<u>Non-derivative financial liabilities</u>					
Zero-interest-bearing liabilities		\$ 201,213	\$ 217,968	\$ 6,710	\$ 864
Lease liabilities		6,527	12,965	53,260	84,080
Variable-rate instruments	0.97%	-	-	-	1,000,000
Instruments with fixed interest rates	0.74%	<u>2,059,993</u>	<u>499,655</u>	<u>23,659</u>	<u>-</u>
		<u>\$ 2,267,733</u>	<u>\$ 730,588</u>	<u>\$ 83,629</u>	<u>\$ 1,084,944</u>

Line of credit

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured banking facilities</u>		
- Amount utilized	\$ 3,869,714	\$ 3,060,759
- Amount not utilized	<u>3,964,886</u>	<u>3,039,841</u>
	<u>\$ 7,834,600</u>	<u>\$ 6,100,600</u>
<u>Secured banking facilities</u>		
- Amount utilized	\$ -	\$ 570,000
- Amount not utilized	<u>920,000</u>	<u>350,000</u>
	<u>\$ 920,000</u>	<u>\$ 920,000</u>

27. Related Party Transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

a. Names and relations of related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Aurora Holdings Incorporated (Aurora Holdings)	Investor of significant influence
Aurora Office Equipment Co., Ltd. Shanghai (AOE)	Subsidiary
Aurora (China) Co., Ltd. (AOF)	Subsidiary
Aurora Office Automation Sales Co., Ltd. Shanghai (AOA)	Subsidiary
Aurora Office Automation Corporation (Aurora Office Automation)	Subsidiary
General Integration Technology Co., Ltd. (General Integration)	Subsidiary

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<u>Related Party</u>	<u>Relationship with the Company</u>
KM Developing Solutions Co., Ltd. (KM Developing)	Subsidiary
Aurora Home Furniture Co., Ltd. (Aurora Home)	Subsidiary
Aurora Telecom Co., Ltd. (Aurora Telecom)	Associate
Huxen Corporation (Huxen)	Associate
Aurora Development Corp. (Aurora Development)	Associate
Aurora Leasing Corporation (Aurora Leasing)	Other related party
Y. T. Chen Sustainable Management Foundation (Y. T. Chen Foundation)	Other related party
Aurora Interior Design Co., Ltd. (Aurora Interior Design)	Other related party

b. Operating revenue

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Aurora Leasing	\$ 356,907	\$ 369,851
Subsidiary	187,397	126,420
Associate	20,948	19,931
Other related party	7,534	-
Investor of significant influence	<u>183</u>	<u>55</u>
	<u>\$ 572,969</u>	<u>\$ 516,257</u>

Sales by the Company to related parties are made based on the market price, with payments collected within 1~4 month(s).

c. Purchase of goods

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Subsidiary	\$ 59,152	\$ 46,535
Other related party	40,997	36,860
Associate	<u>579</u>	<u>942</u>
	<u>\$ 100,728</u>	<u>\$ 84,337</u>

Purchases from related parties are made by the Company based on the market price, with payments made in cash within 1~3 month(s).

d. Other income

<u>Type/Name of Related Party</u>	<u>2021</u>	<u>2020</u>
Huxen	\$ 32,363	\$ 32,326
Aurora Leasing	22,875	23,431

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Type/Name of Related Party	2021	2020
Aurora Office Automation	21,276	21,207
Other related party	900	-
Associate	<u>475</u>	<u>574</u>
	<u>\$ 77,889</u>	<u>\$ 77,538</u>

Other income mainly represents income from consulting services rendered to related parties by the Company.

e. Operating expenses

Type/Name of Related Party	2021	2020
Investor of significant influence	\$ 2,130	\$ 2,321
Associate	2,810	1,412
Other related party	821	-
Subsidiary	<u>762</u>	<u>1,194</u>
	<u>\$ 6,523</u>	<u>\$ 4,927</u>

Operating expenses represent expenses paid to related parties for advertising and consulting services rendered.

f. Receivables from related parties

Accounting Subject	Type/Name of Related Party	December 31, 2021	December 31, 2020
Accounts receivable	Aurora Leasing	\$ 56,599	\$ 63,262
	AOF	10,189	8,640
	Associate	831	241
	Subsidiary	<u>347</u>	<u>349</u>
		<u>\$ 67,966</u>	<u>\$ 72,492</u>
Other receivables	Associate	\$ 4,034	\$ 4,076
	Subsidiary	2,457	2,441
	Other related party	<u>1,521</u>	<u>1,667</u>
		<u>\$ 8,012</u>	<u>\$ 8,184</u>

The outstanding amount of receivables from related parties is not collateralized. No loss allowances were set aside for receivables from related parties for the years ended December 31, 2021 and 2020.

Other receivables represent receivables and purchase allowances arising from advance payments between the Company and related parties.

Payables to related parties

Accounting Subject	Type/Name of Related Party	December 31, 2021	December 31, 2020
Accounts payable	Other related party	\$ 664	\$ 827
	Associate	50	159
	Subsidiary	<u>20</u>	<u>1</u>
		<u>\$ 734</u>	<u>\$ 987</u>
Other payables	Aurora Leasing	\$ 41,133	\$ 41,537
	Subsidiary	73	54
	Associate	64	66
	Investor of significant influence	<u>11</u>	<u>12</u>
		<u>\$ 41,281</u>	<u>\$ 41,669</u>

g. Acquisition of property, plant, and equipment

Type/Name of Related Party	Price	
	2021	2020
Subsidiary	\$ 146	\$ 222
Associate	<u>55</u>	<u>131</u>
	<u>\$ 201</u>	<u>\$ 353</u>

The transaction prices are determined according to market conditions.

h. Lease agreements

Type/Name of Related Party	2021	2020
<u>Acquisition of right-of-use assets</u>		
Aurora Office Automation	\$ 11,975	\$ 4,229
Investor of significant influence	2,004	46,085
Associate	<u>28</u>	<u>3,842</u>
	<u>\$ 14,007</u>	<u>\$ 54,156</u>

Accounting Subject	Type/Name of Related Party	December 31, 2021	December 31, 2020
Lease liabilities - current	Investor of significant influence	\$ 15,412	\$ 15,291
	Associate	12,461	14,507
	Subsidiary	<u>3,976</u>	<u>1,832</u>
		<u>\$ 31,849</u>	<u>\$ 31,630</u>
Lease liabilities - non-current	Investor of significant influence	\$ 9,047	\$ 24,458
	Subsidiary	6,021	-
	Associate	<u>-</u>	<u>12,444</u>
	<u>\$ 15,068</u>	<u>\$ 36,902</u>	

Type/Name of Related Party	2021	2020
<u>Interest expenses</u>		
Investor of significant influence	\$ 255	\$ 163
Associate	149	256
Subsidiary	<u>44</u>	<u>28</u>
	<u>\$ 448</u>	<u>\$ 447</u>

The Company leased offices from related parties for the years ended December 31, 2021 and 2020, respectively, with the lease terms of 1 to 6 years; the rent is payable on a monthly basis and the terms are not materially different from those of the general clients.

i. Lease agreements

Operating lease

The total lease payments to be received in the future are as follows:

Type/Name of Related Party	2021	2020
Other related party	\$ 9,175	\$ 4,151
Subsidiary	<u>36</u>	<u>72</u>
	<u>\$ 9,211</u>	<u>\$ 4,223</u>

Rental income is as follows:

Type/Name of Related Party	2021	2020
Other related party	\$ 4,704	\$ 4,003
Subsidiary	<u>72</u>	<u>72</u>
	<u>\$ 4,776</u>	<u>\$ 4,075</u>

The rental of office buildings leased by the Company to related parties is charged on a monthly basis according to general market conditions.

j. Others

Accounting Subject	Type/Name of Related Party	December 31, 2021	December 31, 2020
Refundable deposits	Aurora Development	\$ 3,252	\$ 3,252
	Aurora Holdings	2,590	2,590
	Huxen	<u>566</u>	<u>566</u>
		<u>\$ 6,408</u>	<u>\$ 6,408</u>
Guarantee deposits received	Y. T. Chen Foundation	\$ 660	\$ 660
	Aurora Interior Design	<u>100</u>	<u>-</u>
		<u>\$ 760</u>	<u>\$ 660</u>

k. Remuneration to the management

	2021	2020
Short-term employee benefits	\$ 29,993	\$ 27,717
Retirement benefits	<u>926</u>	<u>1,000</u>
	<u>\$ 30,919</u>	<u>\$ 28,717</u>

The remuneration to directors and the management is determined by the Remuneration Committee based on personal performances and market trends.

28. Pledged Assets

The following assets of the Company have been provided for financial institutions as collateral for loans:

	December 31, 2021	December 31, 2020
Property, plant, and equipment	\$ 266,974	\$ 271,245
Investment properties	<u>71,018</u>	<u>71,493</u>
	<u>\$ 337,992</u>	<u>\$ 342,738</u>

29. Significant Contingent Liabilities and Unrecognized Contract Commitments

- a. Unused letters of credit outstanding as of December 31, 2021 amounted to US\$3,015 thousand.
- b. Guarantee notes issued by the Company to financial institutions for short-term and long-term loans as of December 31, 2021 amounted to NT\$8,354,600 thousand.
- c. Guaranteed notes issued by the Company under warranty contracts or for business needs as of December 31, 2021 amounted to NT\$28,462 thousand.

- d. Guaranteed notes received by the Company for business operations as of December 31, 2021 totaled NT\$2,330 thousand.
- e. Performance bonds issued by banks for the Company as of December 31, 2021 amounted to NT\$10,290 thousand.
- f. Unrecognized contractual commitments of the Company for purchases of goods as of December 31, 2021 amounted to NT\$31,156 thousand.
- g. Significant contracts of the Company are disclosed as follows:

Type of Contract	Category of Product	Contracting Party	Contract Duration	Contract Content	Restrictions
Distribution Contract	Office Equipment	SHARP CORPORATION	2021.04.01-2022.03.31 (Automatic extension by one year upon expiry)	Sharp photocopiers	1. Exclusive distribution 2. . Non-compete

30. Significant Events after the Balance Sheet Date: None.

31. Information on Foreign Currency-denominated Assets and Liabilities of Significant Influence

The following information is aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

Unit: Foreign currency/NT\$ thousand

December 31, 2021

	<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	\$ 1,723,784	4,344 (RMB:NTD)	\$ 7,340,969
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	2,734	27.68 (USD:NTD)	75,822

December 31, 2020

	<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 80	28.48 (USD:NTD)	\$ 2,288
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
RMB	1,663,834	4.377 (RMB:NTD)	7,104,819
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	829	28.48 (USD:NTD)	23,652

Realized and unrealized foreign exchange gains and losses that have significant impact on the Company are recognized in other gains and losses. Please refer to Note XXI (II).

32. Supplementary Disclosures

- a. Information on significant transactions:
 - 1) Loans provided for others: None.
 - 2) Endorsements/guarantees provided for others: None.
 - 3) Securities held at end of period (excluding investments in subsidiaries and associates): Table 1.
 - 4) Accumulated purchase or sale of the same securities amounting to NT\$300 million or 20% of paid in capital or more: Table 2.
 - 5) Acquisition of property amounting to NT\$300 million or 20% of paid in capital or more: Table 3.
 - 6) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
 - 7) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-up capital or more: Table 4.
 - 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital or more: None.
 - 9) Derivatives transactions: None.
- b. Information on invested companies: Table 5.
- c. Information on investments in mainland China:

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- 1) Information on any investee company in mainland China (name, main business activities, paid in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of investment at end of period, repatriations of investment income, and limit on the amount of investment in mainland China): Table 6.
 - 2) Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: Table 7.
- d. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held): Table 8.

Aurora Corporation

Securities Held at End of Period

December 31, 2021

(In Thousands of New Taiwan Dollars)

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance			Remark	
				Number of Shares (in Thousand Shares or Thousand Units)	Carrying amount	Shareholding (%)		Fair Value (Note 1)
Aurora Office Automation Corporation	Stock							
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - current	3,290	\$ 295,478	1.39	\$ 295,478	Notes 1 and 2
	Aurora Corporation	The Company	Financial assets at fair value through other comprehensive income - non-current	9,206	826,734	3.90	826,734	Notes 1 and 2
KM Developing Solutions Co., Ltd.	Fund							
	Hua Nan Kirin Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,353	76,650	-	76,650	Note 1
Aurora (China) Co., Ltd.	Bank SinoPac - large certificates of deposits	None	Financial assets at amortized cost - current	-	217,967	-	217,967	
	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	139,124	-	139,124	
	Shanghai Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	223,698	-	223,698	
	Nanjing Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	1,935,710	-	1,935,710	
Aurora Office Automation Sales Co., Ltd. Shanghai	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	223,195	-	223,195	
	Cathay United Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	144,546	-	144,546	
	Industrial Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	725,848	-	725,848	
	Minsheng Bank - large certificates of deposits	None	Financial assets at amortized cost - current	-	222,496	-	222,496	
Aurora Office Equipment Co., Ltd. Shanghai	Bank of China - large certificates of deposits	None	Financial assets at amortized cost - current	-	315,944	-	315,944	
	Bank of Communications - large certificates of deposits	None	Financial assets at amortized cost - current	-	139,124	-	139,124	
Aurora (Bermuda) Investment Ltd.	Taishin International Bank - time deposits	None	Financial assets at amortized cost - current	-	10,950	-	10,950	

Note 1. Market prices of stocks with open market prices refer to the closing prices as of December 31, 2021. Market prices of open-end funds refer to the net asset value of the funds on the balance sheet date.

Note 2. The Company's shares held by subsidiaries are treated as treasury shares.

Note 3. For information on investments in subsidiaries and associates, please refer to Tables 5 and 6.

Aurora Corporation

Accumulated Purchase or Sale of the Same Securities Amounting to NT\$300 Million or 20% of Paid-in Capital or More
For the Year Ended December 31, 2021

Unit: NT\$ thousand or thousand shares (unless stated otherwise)

Company Name	Type and Name of Securities	Ledger Account	Counterparty	Relationship	Transaction Currency	Beginning of Period		Reclassification		Purchase		Sale			Increase/Decrease		Ending Balance		
						Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares (in Thousand Shares or Thousand Units)	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Number of Shares (in Thousand Shares or Thousand Units)	Amount	Number of Shares	Amount
Aurora Office Automation Sales Co., Ltd. Shanghai	Cuizhu 2W	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-	\$ -	-	\$ -	-	\$ 162,000	-	\$ 162,186	\$ 162,000	\$ 186	-	\$ -	-	\$ -
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	65,000	-	65,266	65,000	266	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	140,000	-	141,008	140,000	1,008	-	-	-	-
	Jinxueqiu - Youyue (1M)	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	108,000	-	108,305	108,000	305	-	-	-	-
	Tian Li Kuai Xian	Financial assets at fair value through profit or loss - current	Industrial Bank	None	RMB	-	-	-	-	-	219,000	-	219,700	219,000	700	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	100,000	-	100,337	100,000	337	-	-	-	-
Aurora Office Equipment Co., Ltd. Shanghai	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	35,000	-	35,194	35,000	194	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	50,000	-	50,346	50,000	346	-	-	-	-
	Ri Ri Xin 80008	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	120,000	-	120,629	120,000	629	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	50,000	-	50,168	50,000	168	-	-	-	-
Aurora (China) Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	210,000	-	210,449	210,000	449	-	-	-	-
	Ri Ri Ju Xin	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	344,000	-	345,253	344,000	1,253	-	-	-	-
	"Bubugaosheng"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	40,000	-	40,154	40,000	154	-	-	-	-
	"Liduoduo Structured Deposits"	Financial assets at fair value through profit or loss - current	Shanghai Pudong Development Bank	None	RMB	-	-	-	-	-	310,000	-	312,468	310,000	2,468	-	-	-	-
	Structured deposits	Financial assets at fair value through profit or loss - current	Bank Sinopac	None	RMB	-	-	-	-	-	180,000	-	180,985	180,000	985	-	-	-	-
	Ri Ri Xin 80008	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	60,000	-	60,350	60,000	350	-	-	-	-
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	86,000	-	86,283	86,000	283	-	-	-	-
	Ri Ri Ju Xin	Financial assets at fair value through profit or loss - current	Bank of Nanjing	None	RMB	-	-	-	-	-	258,000	-	259,502	258,000	1,502	-	-	-	-
Aurora Home Furniture Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	40,000	-	40,114	40,000	114	-	-	-	-
	Ri Ri Xin 80008	Financial assets at fair value through profit or loss - current	China Merchants Bank	None	RMB	-	-	-	-	-	85,000	-	85,587	85,000	587	-	-	-	-
	Guizhu profit increase single month	Financial assets at fair value through profit or loss - current	China Minsheng Bank	None	RMB	-	-	-	-	-	40,000	-	40,414	40,000	414	-	-	-	-
Aurora (China) Investment Co., Ltd.	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of China	None	RMB	-	-	-	-	-	50,000	-	50,168	50,000	168	-	-	-	-

Aurora Corporation

**Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More
For the Year Ended December 31, 2021
(In Thousands of New Taiwan Dollars)**

Acquirer of Real Estate	Name of Property	Date of Occurrence	Amount of Transaction	Status of Payment	Counterparty	Relationship	Information on Prior Transaction If the Counterparty Is Related				Basis or Reference for Price Setting	Purpose of Acquisition and Usage Status	Other Agreed Items
							Owner	Relationship with the Issuer	Date of Transfer	Amount			
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Construction in Process	2021	\$ 326,160 (RMB)	Payments by Progress	Shanghai Construction Design Research Institute Co., Ltd. and Nantong High-tech Industrial Development Zone Management Committee	None	-	-	-	\$ -	N/A	Building a smart factory for furniture; Under construction	None

Aurora Corporation

**Purchases or Sales with Related Parties Amounting to NT\$100 Million or 20% of Paid-up Capital or More
For the Year Ended December 31, 2021**
(In Thousands of New Taiwan Dollars)

Company	Counterparty	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Notes and Accounts Receivable (Payable) (%) (Note)	
Aurora Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	(\$ 356,907)	(11%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	\$ 56,599	20%	
	Aurora (China) Co., Ltd.	The Company's subsidiary	Sales	(169,265)	(5%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	10,189	4%	
Aurora Office Automation Corporation	Aurora Leasing Corporation	Huxen's subsidiary (associate)	Sales	(206,181)	(25%)	Due within 60 days	According to market conditions, no material difference	Due within 60 days	39,424	33%	
Aurora Office Automation Sales Co., Ltd. Shanghai	Huxen (China) Co., Ltd.	Huxen's subsidiary (associate)	Sales	(1,578,776)	(46%)	Due within 120 days	According to market conditions, no material difference	Due within 120 days	-	-	

Note: The above percentage is calculated as the ratio of the balance of notes and accounts receivable (payable) with related parties to the balance of total notes and accounts (payable).

Aurora Corporation

Information on Investee Companies
For the Year Ended December 31, 2021
(In Thousands of New Taiwan Dollars)

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Profit (Loss) Recognized	Distribution of Dividends by Investee		Remark
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares	Shareholding (%)	Carrying amount			Stock Dividends	Cash Dividends	
Aurora Corporation	Aurora (Bermuda) Investment Ltd.	Bermuda	Investment holding	\$ 2,177,439	\$ 2,177,439	67,350	88.04	\$ 7,305,999	\$ 810,020	\$ 743,776	\$ -	\$ 443,220	Subsidiary
	Aurora Office Automation Corporation	Taiwan	Import/export and wholesale of MFPs	2,091,992	2,091,992	82,278	91.13	1,035,862	281,230	186,769	-	287,972	Subsidiary
	General Integration Technology Co., Ltd.	Taiwan	Manufacturing of molds and machinery and wholesale of precision instruments	112,500	112,500	5,465	55.00	137,361	14,946	8,306	-	-	Subsidiary
	KM Developing Solutions Co., Ltd.	Taiwan	Wholesale and retail of information software, computers, and office equipment	70,000	70,000	7,000	70.00	109,052	34,864	24,405	-	20,300	Subsidiary
	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,580	8,580	858	26.00	4,314	115	30	-	-	Subsidiary
	Huxen Corporation	Taiwan	Agency of MFPs and communications products	826,645	826,645	47,011	32.53	1,444,402	549,456	178,738	-	169,238	Investee accounted for using the equity method
	Aurora Development Corp.	Taiwan	Development of land and office buildings	140,000	140,000	32,498	46.67	494,848	50,149	23,405	-	26,973	Investee accounted for using the equity method
	Aurora Telecom Co., Ltd.	Taiwan	Sales of mobile phones and accessories and internet access	191,833	191,833	13,165	30.40	214,064	(63,946)	(19,440)	-	-	Investee accounted for using the equity method
Aurora Office Automation Corporation	Huxen Corporation	Taiwan	Agency of MFPs and communications products	359,451	359,451	11,170	7.73	539,952	549,456	42,473	-	40,212	Investee of Aurora Office Automation accounted for using the equity method
General Integration Technology Co., Ltd.	Ever Young Biodimension Corporation	Taiwan	Wholesale of precision instruments	8,250	8,250	825	25.00	4,151	115	29	-	-	Investee of General Integration accounted for using the equity method

Aurora Corporation

Information on Investments in Mainland China
For the Year Ended December 31, 2021

Unit: NT\$ thousand, US\$ thousand, and RMB thousand unless specified otherwise

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Company's Direct or Indirect Ownership (%)	Investment Profit (Loss) Recognized for the Period (Note 2)	Carrying Amount of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Aurora (China) Investment Co., Ltd.	Investment holding	\$ 2,569,980 (US\$ 76,500)	Note 1 (2)	\$ 2,177,439 (US\$ 67,350)	\$ -	\$ -	\$ 2,177,439 (US\$ 67,350)	\$ 812,850	88.04	\$ 715,633 Note 2 (2)	\$ 8,548,101	\$ 2,408
Aurora Office Equipment Co., Ltd. Shanghai	Production and sales of MFPs	1,121,340 (US\$ 33,000)	Note 1 (2)	Note 3	-	-	Note 3	(7,474)	88.04	(6,580) Note 2 (2)	1,134,727	37,879
Aurora (China) Co., Ltd. Aurora Office	Manufacturing and sale of office furniture	1,007,266 (US\$ 30,000)	Note 1 (2)	Note 3	-	-	Note 3	814,564	88.04	717,142 Note 2 (2)	6,159,019	297,776
Aurora Office Automation Sales Co., Ltd. Shanghai	Sales, lease, and agency of Aurora brand products	1,603,064 (RMB\$350,000)	Note 1 (2)	Note 3	-	-	Note 3	341,318	88.04	300,496 Note 2 (2)	2,001,216	84,531
Aurora (Shanghai) Cloud Technology Co., Ltd.	Sale of printing and office equipment and furniture and consulting service	47,110 (RMB\$ 10,000)	Note 1 (3)	Note 3	-	-	Note 3	8,711	61.63	5,368 Note 2 (2)	7,024	-
Huxen (China) Co., Ltd.	Sales, maintenance, and lease of printers	1,922,054 (RMB\$400,000)	Note 1(1)	583,044 (RMB\$120,000)	-	-	583,044 (RMB\$120,000)	55,707	27.34	16,712 Note 2 (2)	653,893	-
Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.	Sales, lease, and maintenance of 3D printers	114,700 (RMB\$ 25,000)	Note 1 (3)	Note 3	-	-	Note 3	(31,163)	17.61	(6,233) Note 2 (2)	6,850	-
Aurora Home Furniture Co., Ltd.	Production and sales of furniture	243,020 (RMB\$ 50,000)	Note 1 (3)	Note 3	-	-	Note 3	29,092	88.04	25,613 Note 2 (2)	257,977	16,173
Aurora Machinery Equipment (Shanghai) Co., Ltd.	Wholesale of mechanical and electronic equipment, internet communication equipment, and computer software and hardware	112,549 (RMB\$ 25,000)	Note 1(1)	112,549 (RMB\$ 25,000)	-	-	112,549 (RMB\$ 25,000)	(8,273)	86.50	(5,791) Note 2 (2)	34,970	-
Aurora (Jiang Su) Enterprise Development Co., Ltd.	Reinvestment and property lease	1,322,900 (RMB\$300,000)	Note 1 (2)	Note 3	-	-	Note 3	217	88.04	191 Note 2 (2)	1,320,719	4,453
Aurora (Shanghai) Electronic Commerce Co., Ltd.	Sales on e-commerce platforms	20,955 (RMB\$ 5,000)	Note 1 (2)	Note 3	-	-	Note 3	(833)	61.63	(513) Note 2 (2)	9,318	-

Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period (Note 4)	Amount of Investments Authorized by Investment Commission, M.O.E.A. (Note 4)	Ceiling on Amount of Investments Stipulated by Investment Commission, M.O.E.A. (Note 5)
\$ 2,873,032 (US\$ 67,350、RMB\$ 145,000)	\$ 2,881,734 (US\$ 67,350、RMB\$ 145,000)	\$5,355,980

Note 1. Methods of investments are divided into the following three types. Specify the type.

1. Direct investment in mainland China.
2. Investment in mainland China through Aurora (Bermuda) Investment Ltd.
3. Others.

Note 2. Investment profit (loss) recognized for the period:

1. Indicate if no investment profit (loss) is recognized as an investee is under preparation.
2. Indicate if investment profit (loss) is recognized on the following basis:
 - (1) Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.
 - (2) Financial statements audited by the parent company's CPAs in Taiwan.
 - (3) Others.

Note 3. The Company invested in Aurora (China) Investment Co., Ltd. directly through Aurora (Bermuda) Investment Ltd. (with 88.04% equity held by the Company) established in Bermuda. Aurora (China) Investment Co., Ltd. then invested in Aurora (Jiang Su) Enterprise Development Co., Ltd., Aurora Office Equipment Co., Ltd. Shanghai, and Aurora (China) Co., Ltd. Then, Aurora (China) Co., Ltd. invested in Aurora Office Automation Sales Co., Ltd. Shanghai, Aurora Home Furniture Co., Ltd., Aurora (Shanghai) Cloud Technology Co., Ltd., and Aurora (Shanghai) Electronic Commerce Co., Ltd. Then, Aurora Office Automation Sales Co., Ltd. Shanghai invested in Chongqing Gonggangzhihui Additive Manufacturing Technology Research Institute Co., Ltd.

Note 4. Based on the prevailing exchange rate approved by the Investment Commission, Ministry of Economic Affairs, the accumulated amount of investments remitted from Taiwan to mainland China in the foreign currency at the end of the period did not exceed the amount of investments in the foreign currency approved by the Investment Commission.

Note 5. The net worth of the Group as of December 31, 2021 was NT\$8,926,634 thousand. In accordance with the "Directions Governing the Examination of Investment or Technical Cooperation in Mainland China," the cap amount should be NT\$5,355,980 thousand (NT\$8,926,634 thousand x 60%).

Aurora Corporation

Major Transactions with Any Investee Company in mainland China Directly or Indirectly through a Third Region, and Their Prices, Payment terms, Unrealized Gains (Losses), and Other Information For the Year Ended December 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Relationship with the Company	Type of Transaction	Amount	Transaction Term			Notes and Accounts Receivable (Payable)		Unrealized gains (losses)	Remark
				Price	Payment Terms	Difference with General Transactions	Balance	Percentage (%) (Note)		
Aurora Office Automation Sales Co., Ltd. Shanghai	The Company's sub-subsiary	Sales	(\$ 1,578,776)	According to market conditions	Due within 120 days	No material difference	\$ -	-	\$ -	

Note: The above percentage is calculated based on the ratio of the balance of notes and accounts receivable (payable) with related parties to the balance of the Company's notes and accounts receivable (payable).

Aurora Corporation**Information on Major Shareholders
December 31, 2021**

Name of Major Shareholders	Shareholding	
	Shares	Percentage of Ownership (%)
Aurora Holdings Incorporated	101,856,312	43.12
Chen Yung-Tai	21,269,000	9.00
Aurora Leasing Corporation	20,791,276	8.80
Aurora Office Automation Corporation	12,496,797	5.29
Nisheng Investment Co., Ltd.	11,934,000	5.05

Note 1. The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

§ STATEMENTS OF SIGNIFICANT ACCOUNTING SUBJECTS §

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Aurora Corporation

Statement of Notes Receivable

December 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Company A	payment for goods	\$ 3,633
Others (Note)	//	70,578
Less: loss allowance		<u>-</u>
		<u>\$ 74,211</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Accounts Receivable/Accounts Receivable - Related Parties

December 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Non-related party		
Others (Note)	payment for goods	\$137,452
Less: loss allowance		<u>3,046</u>
		<u>\$134,406</u>
Related party		
Aurora Leasing Corporation	payment for goods	\$ 56,599
AOF	"	10,189
Others (Note)	"	<u>1,178</u>
		<u>\$ 67,966</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Changes in Investments Accounted for Using the Equity Method
For the Year Ended December 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Investee	Beginning balance		Increase (Note 1)		Decrease (Note 2)		Investment Profit (Loss)	Deferred Unrealized Gains	Ending balance			Market Value/Net Equity Value (Note 3)		Guarantee or Pledge	Remark	
	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount			Number of Shares (in Thousands)	Percentage of Ownership (%)	Amount	Unit Price	Total			
Listed companies																
Huxen Corporation	47,011	\$ 1,427,127	-	\$ 5,455	-	\$ 169,238	\$ 178,738	\$ 2,320	47,011	32.53	\$ 1,444,402	51.3	\$ 2,411,643	None	-	
Unlisted companies																
Aurora (Bermuda) Investment Ltd.	67,350	7,063,743	-	-	-	501,520	743,776	-	67,350	88.04	7,305,999	110.57	7,446,964	None	-	
Aurora Office Automation Corporation	82,278	1,076,067	-	68,330	-	295,304	186,769	-	82,278	91.13	1,035,862	25.52	2,303,851	None	-	
General Integration Technology Co., Ltd.	5,465	129,128	-	-	-	73	8,306	-	5,465	55	137,361	19.71	107,736	None	-	
KM Developing Solutions Co., Ltd.	7,000	104,947	-	-	-	20,300	24,405	-	7,000	70	109,052	15.58	109,052	None	-	
Aurora Machinery Equipment (Shanghai) Co., Ltd.	17,500	41,076	-	-	-	315	(5,791)	-	17,500	70	34,970	2	34,970	None	-	
Ever Young Biodimension Corporation	858	4,284	-	-	-	-	30	-	858	26	4,314	5.03	4,318	None	-	
Aurora Development Corp.	32,498	496,580	-	1,837	-	26,974	23,405	-	32,498	46.67	494,848	15.23	494,848	None	-	
Aurora Telecom Co., Ltd.	13,165	233,504	-	-	-	-	(19,440)	-	13,165	30.4	214,064	6.55	86,236	None	-	
		<u>\$ 10,576,456</u>		<u>\$ 75,622</u>		<u>\$ 1,013,724</u>	<u>\$ 1,140,198</u>	<u>\$ 2,320</u>			<u>\$ 10,780,872</u>		<u>\$ 12,999,618</u>			

Note 1. The increase of Huxen Corporation and Aurora Development Corp. for the current period is due to the recognition of changes in equity of the investees in proportion to their shareholdings. The increase of Aurora Office Automation Corporation for the current period is due to the distribution of the dividends of NT\$68,330 thousand, which are cash dividends deemed to be treasury stocks distributed by the Company to Aurora Office Automation Corporation.

Note 2. The decrease of Huxen Corporation for the current period is due to cash dividends received from investees of NT\$169,238 thousand; the decrease of Aurora (Bermuda) Investment Ltd. for the current period is due to the cumulative translation adjustment of long-term foreign-currency equity investments of \$58,300 thousand and the receipt of cash dividends from investees of NT\$443,220 thousand; the decrease of General Integration Technology Co., Ltd. for the current period is due to the recognition of changes in equity in investees based on the percentage of ownership; the decrease of Aurora Machinery Equipment (Shanghai) Co., Ltd. for the current period is due to the cumulative translation adjustment of long-term foreign-currency equity investments; the decrease in KM Developing Solutions Co., Ltd. and Aurora Development Corp. for the current period is due to the receipt of cash dividends from investees; the decrease of Aurora Office Automation Corporation for the current period is due to the receipt of cash dividends of NT\$287,972 thousand from the investee and the recognition of changes in equity in proportion to the investee's shareholding of NT\$7,332 thousand.

Note 3. Market price refers to the closing price on December 31, 2021. Net equity value is mainly based on the financial statements of the investee and the Company's shareholding percentage.

Aurora Corporation

Statement of Short-term Loans
December 31, 2021

(In Thousands of New Taiwan Dollars)

Type of Loans	Description	Ending balance	Contract Period (YYYY/MM/DD)	Interest Rate	Line of credit	Pledge or Guarantee
Credit loans	Sumitomo Mitsui Banking Corporation	\$ 900,000	2021/11/18~2022/02/16	0.69%	900,000	Promissory note
	First Commercial Bank	100,000	2021/02/10~2022/01/07	0.70%	250,000	"
	Cathay United Bank	300,000	2021/12/15~2022/01/14	0.73%	300,000	"
	Bank of China	400,000	2021/12/17~2022/01/03	0.69%	500,000	"
	Bank of Communications	250,000	2021/12/22~2022/01/12	0.72%	250,000	"
	Standard Chartered Bank	300,000	2021/12/29~2022/01/27	0.66%	550,000	"
	Taipei Fubon Bank	200,000	2021/10/22~2022/01/21	0.73%	500,000	"
	Taipei Fubon Bank	100,000	2021/11/30~2022/02/25	0.73%	500,000	"
	HSBC	500,000	2021/11/18~2022/02/18	0.68%	554,600	"
		<u>3,050,000</u>				
Loans for material purchase	Taishin International Bank	26,449	2021/09/30~2022/07/02	0.64%~0.68%	250,000	Promissory note
	Bank of Taiwan	49,373	2021/11/09~2022/06/07	0.69%~0.76%	500,000	"
		<u>75,822</u>				
		<u>\$ 3,125,822</u>				

Aurora Corporation

Statement of Accounts Payable

December 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Non-related party		
Others (Note)	payment for goods	\$341,052
Related party		
Others (Note)	payment for goods	<u>734</u>
		<u>\$341,786</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Long-term Loans
December 31, 2021

(In Thousands of New Taiwan Dollars)

Creditor	Summary	Borrowing Amount	Contract Period (YYYY/MM/DD)	Interest Rate (%)	Pledge or Guarantee
Yuanta Commercial Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	\$ 500,000	2021/11/15~2023/05/14	0.71%	Promissory note
Mega International Commercial Bank	Credit loans (interest payable on a monthly basis, principal repayable in one lump sum on maturity)	<u>150,000</u>	2021/12/29~2023/09/21	0.825%	"
		<u>\$ 650,000</u>			

Aurora Corporation

**Statement of Net Operating Revenue
For the Year Ended December 31, 2021**

(In Thousands of New Taiwan Dollars)

Item	Quantity (Set)	Amount
MFPs	219,681	\$ 679,743
System furniture		1,254,182
Rental and revenue from printing service		726,965
Other commodities		53,329
Supplies		<u>570,910</u>
		<u>\$ 3,285,129</u>

Aurora Corporation**Statement of Operating Costs**
For the Year Ended December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of self-produced goods sold	
Manufacturing overheads	
Direct raw materials consumed	
Inventory at beginning of period	\$ 16,301
Purchase	219,478
Others	10,257
Less: inventory at end of period	(23,723)
Total direct raw materials consumed	222,313
Director labor	25,022
Manufacturing overheads	55,761
Manufacturing costs	303,096
Add: work-in-process at beginning of period	7,824
Less: work-in-process at end of period	(6,538)
	<u>304,382</u>
Acquired cost of sales	
Add: finished products at beginning of period	479,421
Purchase	1,614,580
Less: finished products at end of period	(604,120)
Self-use, leased assets, and other expenses	(128,085)
	<u>1,361,796</u>
Cost of goods sold	1,666,178
Rental and service costs	2,729
Depreciation expenses - leased assets	130,016
Operating costs	<u>\$ 1,798,923</u>

Aurora Corporation**Statement of Operating Expenses
For the Year Ended December 31, 2021**

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Selling and marketing expenses	General and administrative expenses
Salary expenses	\$ 451,518	\$ 226,629
Depreciation expenses	40,421	66,590
Insurance expenses	49,585	21,357
Others (Note)	<u>136,259</u>	<u>78,733</u>
	<u>\$ 677,783</u>	<u>\$ 393,309</u>

Note: The balance of each item does not exceed 5% of the balance of this account.

Aurora Corporation

Statement of Employee Benefits and Depreciation and Amortization Expenses by Function
For the Years Ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	2021				2020			
	Operation Costs	Operation Expenses	Non-operation Expenses	Total	Operation Costs	Operation Expenses	Non-operation Expenses	Total
Employee benefits (Note)								
Salaries	\$ 30,086	\$ 572,071	\$ -	\$ 602,157	\$ 30,058	\$ 574,294	\$ -	\$ 604,352
Labor and health insurance	4,880	68,524	-	73,404	4,259	65,054	-	69,313
Pensions	1,593	35,367	-	36,960	1,534	37,235	-	38,769
Remuneration Paid to Directors	-	10,861	-	10,861	-	10,861	-	10,861
Others	6,769	127,074	-	133,843	5,379	126,015	-	131,394
	<u>\$ 43,328</u>	<u>\$ 813,897</u>	<u>\$ -</u>	<u>\$ 857,225</u>	<u>\$ 41,230</u>	<u>\$ 813,459</u>	<u>\$ -</u>	<u>\$ 854,689</u>
Depreciation	\$ 139,691	\$ 107,011	\$ 475	\$ 247,177	\$ 142,568	\$ 104,206	\$ 474	\$ 247,248
Amortization	\$ 186	\$ 6,321	\$ -	\$ 6,507	\$ 215	\$ 7,275	\$ -	\$ 7,490

Note 1. As of December 31, 2021 and 2020, the number of employees of the Company was 1,034 and 1,053, respectively. The number of directors who did not concurrently serve as employees was 6 and, respectively.

Note 2. For companies whose shares are listed on the TWSE/TPEX, the following information should also be disclosed:

(1) The average employee benefits expense for the current year is NT\$823 thousand ("Total employee benefit expenses for the current year - Total Directors' remuneration" / "Number of employees for the current year - Number of Directors who do not concurrently serve as employees")

The average employee benefits expense for the previous year is NT\$806 thousand ((Total employee benefit expenses for the previous year - Total Directors' remuneration) / (Number of employees for the previous year - Number of Directors who do not concurrently serve as employees))

(2) The average employee salary expense for the current year is NT\$586 thousand (Total employee salary expenses for the current year / (Number of employees for the current year - Number of Directors who do not concurrently serve as employees))

The average employee salary expense for the previous year was NT\$577 thousand (Total salary expense for the previous year / (Number of employees in the previous year - Number of Directors who do not concurrently serve as employees)).

(3) Change in average employee salary expense is 1.6% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).

(4) The Company has established the Audit Committee; therefore, no supervisors were hired and there is no remuneration for supervisors.

Note 3. The Company's remuneration policy:

(1) Directors and supervisors: They are all remunerated in accordance with the relevant provisions of the Company's Articles of Incorporation. Their remuneration is approved based on the principle of fairness and impartiality, as well as the performance of each member. The remuneration is determined by the resolutions of the Board of Directors.

(2) Managerial officers: The payment standard and combination are divided into fixed and variable remuneration. Fixed remuneration is ratified based on the responsibility of the position and company-wide operational goals, while variable remuneration is paid based on the achieved operating performance and contribution.

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(3) Employees: Their salary consists of fixed and variable salary. Fixed salary is determined based on the value created by the job positions, their level of professionalism and complexity, and their experience in their job positions, etc., with reference to the salary level of the industry.

The variable salary includes year-end bonuses, appraisal bonuses, and profits distributed to the employees, which are allocated by the Board of Directors based on the Company's annual profitability.

(4) Employee salary adjustment: In accordance with the Company's performance appraisal method, the salary adjustment range is determined by factors such as the assessment indicators of the employees' job responsibilities and the degree of accomplishment of the work plan every year. The direct supervisors of the employees are tasked to perform comprehensive assessment to decide the range of salary adjustment while considering the Company's operating environment.

Relationship between Operating Performance and Remuneration

Remuneration of the Company is based on the results of operating performance to align individual performances with the overall operating performance.