

Adlink Technology Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Adlink Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Adlink Technology Inc. and its subsidiaries (collectively, the Group) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$946,412 thousand and NT\$1,041,408 thousand, respectively, representing 8% and 7%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$279,907 thousand and NT\$285,069 thousand, respectively, representing 4% and 3%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the amounts of unreviewed comprehensive income of these subsidiaries were NT\$(20,234) thousand and NT\$(3,313) thousand, respectively, representing (1,251%) and (5%), respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 12 to the consolidated financial statements, as of March 31, 2024 and 2023, the carrying amounts of investments accounted for using the equity method were NT\$124,218 thousand and NT\$128,339 thousand, respectively; for the three months ended March 31, 2024 and 2023, the related shares of comprehensive loss of associates were NT\$7,955 thousand and NT\$19,880 thousand, respectively. The amounts of these investments were calculated and

financial statements of the investees as of and for the same reporting periods as those of the Company. Further, as disclosed in Note 32 to the consolidated financial statements, other information on the Company's non-significant subsidiaries and other investees accounted for using the equity method was disclosed on the basis of the unreviewed financial statements as of and for the same reporting periods as those of the Company.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Chin Lin and Yi-Wen Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2024		December 31, 2023		March 31, 2023	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,796,651	14	\$ 1,841,747	14	\$ 2,235,502	16
Financial assets at fair value through profit or loss (Note 7)	7	-	9,162	-	-	-
Financial assets at amortized cost	33,621	-	33,109	-	24,446	-
Notes receivable (Note 9)	56,100	-	51,957	-	29,138	-
Trade receivables (Note 9)	1,822,316	15	2,282,895	18	1,903,717	13
Trade receivables from related parties (Note 28)	46,191	-	36,969	-	43,812	-
Other receivables (Note 28)	74,005	1	73,391	1	67,993	1
Current tax assets	3,683	-	3,783	-	12,544	-
Inventories (Note 10)	3,135,297	25	3,159,285	24	4,219,150	30
Prepayments	116,601	1	64,818	1	98,023	1
Other current assets	3,599	-	33,719	-	4,344	-
Total current assets	7,088,071	56	7,590,835	58	8,638,669	61
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 8)	81,490	1	78,328	1	58,086	-
Investments accounted for using the equity method (Note 12)	124,218	1	129,208	1	128,339	1
Property, plant and equipment (Notes 13 and 29)	4,222,538	34	4,218,306	32	4,238,694	30
Right-of-use assets (Note 14)	147,515	1	149,613	1	135,496	1
Investment properties (Notes 15 and 29)	232,722	2	233,960	2	237,673	2
Intangible assets (Notes 16 and 28)	361,106	3	325,632	3	342,309	3
Deferred tax assets	303,423	2	299,396	2	311,660	2
Prepayments for equipment	7,807	-	8,643	-	12,392	-
Refundable deposits	30,651	-	28,712	-	24,860	-
Other non-current assets	2,156	-	2,490	-	3,055	-
Total non-current assets	5,513,626	44	5,474,288	42	5,492,564	39
TOTAL	\$ 12,601,697	100	\$ 13,065,123	100	\$ 14,131,233	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 1,376,460	11	\$ 1,434,404	11	\$ 1,164,855	8
Financial liabilities at fair value through profit or loss (Note 7)	6,929	-	401	-	970	-
Contract liabilities (Note 21)	233,702	2	249,187	2	274,597	2
Trade payables (Note 18)	1,056,722	8	1,249,147	9	2,047,167	14
Trade payables to related parties (Note 28)	19,794	-	13,294	-	26,857	-
Other payables (Notes 19 and 28)	987,996	8	876,503	7	1,302,798	9
Current tax liabilities	90,189	1	112,264	1	263,599	2
Provisions	78,708	1	75,172	-	71,078	1
Lease liabilities (Note 14)	40,992	-	37,252	-	28,354	-
Current portion of long-term borrowings (Note 17)	428,588	3	367,925	3	358,775	3
Other current liabilities	104,985	1	93,902	1	24,985	-
Total current liabilities	4,425,065	35	4,509,451	34	5,564,035	39
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	2,791,242	22	2,946,599	23	3,219,830	23
Provisions	40,249	-	43,744	-	47,725	-
Deferred tax liabilities	14,436	-	14,615	-	12,234	-
Lease liabilities (Note 14)	62,201	1	68,814	1	60,066	1
Net defined benefit liabilities	23,964	-	24,086	-	30,745	-
Total non-current liabilities	2,932,092	23	3,097,858	24	3,370,600	24
Total liabilities	7,357,157	58	7,607,309	58	8,934,635	63
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	2,174,973	17	2,174,973	16	2,174,973	15
Capital surplus	1,301,223	10	1,298,616	10	1,264,450	9
Retained earnings						
Legal reserve	748,708	6	748,708	6	666,540	5
Special reserve	147,309	1	147,309	1	241,076	2
Unappropriated earnings	886,078	7	1,180,683	9	917,030	6
Total retained earnings	1,782,095	14	2,076,700	16	1,824,646	13
Other equity	(66,820)	-	(156,153)	(1)	(154,000)	(1)
Total equity attributable to owners of the Company	5,191,471	41	5,394,136	41	5,110,069	36
NON-CONTROLLING INTERESTS	53,069	1	63,678	1	86,529	1
Total equity	5,244,540	42	5,457,814	42	5,196,598	37
TOTAL	\$ 12,601,697	100	\$ 13,065,123	100	\$ 14,131,233	100

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

(With Deloitte & Touche review report dated May 9, 2024)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 2,053,728	100	\$ 2,879,443	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>1,265,201</u>	<u>62</u>	<u>1,798,260</u>	<u>63</u>
GROSS PROFIT	788,527	38	1,081,183	37
UNREALIZED (GAIN) LOSS ON TRANSACTIONS WITH ASSOCIATES	<u>(1,955)</u>	<u>-</u>	<u>(3,310)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>786,572</u>	<u>38</u>	<u>1,077,873</u>	<u>37</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing	258,271	12	256,596	9
General and administrative	217,389	11	277,057	9
Research and development	423,324	21	404,296	14
Expected credit loss (gain)	<u>9,323</u>	<u>-</u>	<u>(1,252)</u>	<u>-</u>
Total operating expenses	<u>908,307</u>	<u>44</u>	<u>936,697</u>	<u>32</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(121,735)</u>	<u>(6)</u>	<u>141,176</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)				
Interest income	3,388	-	3,813	-
Other income	27,156	1	31,752	1
Other gains and losses	3,777	-	(4,131)	-
Finance costs	(25,497)	(1)	(19,898)	(1)
Share of loss of associates (Note 12)	<u>(7,955)</u>	<u>-</u>	<u>(19,880)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>869</u>	<u>-</u>	<u>(8,344)</u>	<u>(1)</u>
(LOSS) PROFIT BEFORE INCOME TAX	(120,866)	(6)	132,832	4
INCOME TAX (BENEFIT) EXPENSE (Note 23)	<u>(31,162)</u>	<u>(2)</u>	<u>59,275</u>	<u>2</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(89,704)</u>	<u>(4)</u>	<u>73,557</u>	<u>2</u>

(Continued)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ 113,655	5	\$ (7,046)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	<u>(22,334)</u>	<u>(1)</u>	<u>1,673</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>91,321</u>	<u>4</u>	<u>(5,373)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,617</u>	<u>-</u>	<u>\$ 68,184</u>	<u>2</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (77,107)	(4)	\$ 81,853	3
Non-controlling interests	<u>(12,597)</u>	<u>-</u>	<u>(8,296)</u>	<u>-</u>
	<u>\$ (89,704)</u>	<u>(4)</u>	<u>\$ 73,557</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,226	1	\$ 75,162	2
Non-controlling interests	<u>(10,609)</u>	<u>(1)</u>	<u>(6,978)</u>	<u>-</u>
	<u>\$ 1,617</u>	<u>-</u>	<u>\$ 68,184</u>	<u>2</u>
(LOSS) EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ (0.35)</u>		<u>\$ 0.38</u>	
Diluted	<u>\$ (0.35)</u>		<u>\$ 0.37</u>	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity	Total Other Equity	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2023	\$ 2,174,973	\$ 1,264,450	\$ 666,540	\$ 241,076	\$ 1,378,919	\$ 2,286,535	\$ (132,948)	\$ (14,361)	\$ (147,309)	\$ 5,578,649	\$ 93,507	\$ 5,672,156
Cash dividend - NT\$2.5 per share	-	-	-	-	(543,742)	(543,742)	-	-	-	(543,742)	-	(543,742)
Net profit for the three months ended March 31, 2023	-	-	-	-	81,853	81,853	-	-	-	81,853	(8,296)	73,557
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	(6,691)	-	(6,691)	(6,691)	1,318	(5,373)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	81,853	81,853	(6,691)	-	(6,691)	75,162	(6,978)	68,184
BALANCE AT MARCH 31, 2023	<u>\$ 2,174,973</u>	<u>\$ 1,264,450</u>	<u>\$ 666,540</u>	<u>\$ 241,076</u>	<u>\$ 917,030</u>	<u>\$ 1,824,646</u>	<u>\$ (139,639)</u>	<u>\$ (14,361)</u>	<u>\$ (154,000)</u>	<u>\$ 5,110,069</u>	<u>\$ 86,529</u>	<u>\$ 5,196,598</u>
BALANCE AT JANUARY 1, 2024	\$ 2,174,973	\$ 1,298,616	\$ 748,708	\$ 147,309	\$ 1,180,683	\$ 2,076,700	\$ (163,734)	\$ 7,581	\$ (156,153)	\$ 5,394,136	\$ 63,678	\$ 5,457,814
Cash dividend - NT\$1.0 per share	-	-	-	-	(217,498)	(217,498)	-	-	-	(217,498)	-	(217,498)
Compensation costs of share-based payments recognized by the Company	-	2,607	-	-	-	-	-	-	-	2,607	-	2,607
Net loss for the three months ended March 31, 2024	-	-	-	-	(77,107)	(77,107)	-	-	-	(77,107)	(12,597)	(89,704)
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	89,333	-	89,333	89,333	1,988	91,321
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	(77,107)	(77,107)	89,333	-	89,333	12,226	(10,609)	1,617
BALANCE AT MARCH 31, 2024	<u>\$ 2,174,973</u>	<u>\$ 1,301,223</u>	<u>\$ 748,708</u>	<u>\$ 147,309</u>	<u>\$ 886,078</u>	<u>\$ 1,782,095</u>	<u>\$ (74,401)</u>	<u>\$ 7,581</u>	<u>\$ (66,820)</u>	<u>\$ 5,191,471</u>	<u>\$ 53,069</u>	<u>\$ 5,244,540</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (120,866)	\$ 132,832
Adjustments for:		
Depreciation expense	60,899	60,448
Amortization expense	21,624	23,178
Expected credit loss (gain) recognized on trade receivables	9,323	(1,252)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	15,683	970
Finance costs	25,497	19,898
Interest income	(3,388)	(3,813)
Compensation costs of share-based payments	2,607	-
Share of loss of associates accounted for using the equity method	7,955	19,880
(Gain) loss on disposal of property, plant and equipment	(13)	53
(Reversal of) write-downs of inventories	(2,119)	38,239
Unrealized gain on the transactions with associates	1,955	3,310
Net (gain) loss on foreign currency exchange	(44,799)	3,960
Gain on lease modifications	(10)	(1)
Changes in operating assets and liabilities		
Notes receivable	(4,143)	11,926
Trade receivables	570,420	201,587
Trade receivables from related parties	(8,134)	(12,172)
Other receivables	(620)	(12,002)
Inventories	21,266	(511,186)
Prepayments	(57,078)	(33,866)
Other current assets	30,120	7,735
Other non-current assets	334	411
Contract liabilities	(15,485)	(4,016)
Trade payables	(216,489)	498,775
Trade payables to related parties	6,229	14,215
Other payables	(117,038)	(136,855)
Provisions	41	5,113
Other current liabilities	11,083	(7,030)
Net defined benefit liabilities	(122)	(49)
Cash generated from operations	194,732	320,288
Interest received	3,388	3,813
Interest paid	(26,717)	(20,756)
Income tax paid	(17,353)	(20,143)
Net cash generated from operating activities	154,050	283,202

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ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	\$ -	\$ 8,621
Payments for property, plant and equipment	(18,021)	(68,878)
Proceeds from disposal of property, plant and equipment	17	7
Increase in refundable deposits	(1,939)	(1,989)
Payments for intangible assets	(25,278)	(30,897)
Increase in prepayments for equipment	(2,425)	(11,301)
Net cash used in investing activities	(47,646)	(104,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,025,075	523,036
Repayments of short-term borrowings	(1,104,536)	(295,680)
Proceeds from long-term borrowings	-	18,260
Repayments of long-term borrowings	(94,694)	(171,361)
Repayment of the principal portion of lease liabilities	(10,122)	(8,650)
Net cash (used in) generated from financing activities	(184,277)	65,605
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	32,777	(1,246)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(45,096)	243,124
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,841,747	1,992,378
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,796,651</u>	<u>\$ 2,235,502</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Adlink Technology Inc. (the “Company”) was incorporated in the Republic of China (ROC) in August 1995. The Company mainly manufactures and sells hardware, software and peripheral devices of industrial computers.

The Company’s shares were previously listed on the Taipei Exchange (TPEX) Mainboard from March 2002, until it became listed on the Taiwan Stock Exchange (TWSE) in November 2004.

The consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in the interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The basis of preparing the interim consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2023.

See Note 11 and Tables 7 and 8 for the detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projections, growth rate, discount rate, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgement, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 164	\$ 155	\$ 315
Checking accounts and demand deposits	1,786,597	1,834,490	2,079,059
Cash equivalents			
Time deposits with original maturities of 3 months or less	-	-	152,250
Third-party paying accounts	<u>9,890</u>	<u>7,102</u>	<u>3,878</u>
	<u>\$ 1,796,651</u>	<u>\$ 1,841,747</u>	<u>\$ 2,235,502</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets held for trading			
Foreign exchange forward contracts not under hedge accounting	<u>\$ 7</u>	<u>\$ 9,162</u>	<u>\$ -</u>
Financial liabilities held for trading			
Foreign exchange forward contracts not under hedge accounting	<u>\$ 6,929</u>	<u>\$ 401</u>	<u>\$ 970</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

March 31, 2024

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/NTD	April 2024	USD9,000/NTD282,941
Sell	EUR/NTD	April 2024	EUR1,700/NTD58,091
Sell	CNY/NTD	April 2024	CNY3,500/NTD15,287
Sell	USD/NTD	May 2024	USD3,500/NTD109,871
Sell	CNY/NTD	May 2024	CNY9,600/NTD41,866
Sell	EUR/NTD	June 2024	EUR1,100/NTD37,330
Sell	CNY/NTD	June 2024	CNY9,700/NTD42,578
Sell	CNY/NTD	July 2024	CNY6,700/NTD29,369
Sell	CNY/NTD	August 2024	CNY3,300/NTD14,446

December 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	EUR/NTD	January 2024	EUR2,000/NTD67,480
Sell	CNY/NTD	January 2024	CNY9,500/NTD41,764
Sell	USD/NTD	January 2024	USD8,700/NTD270,078
Sell	EUR/NTD	February 2024	EUR1,000/NTD33,889
Sell	CNY/NTD	February 2024	CNY11,900/NTD51,872
Sell	USD/NTD	February 2024	USD1,000/NTD31,083
Sell	EUR/NTD	March 2024	EUR1,300/NTD44,468
Sell	USD/NTD	March 2024	USD4,000/NTD124,448
Sell	USD/NTD	April 2024	USD2,000/NTD61,648

March 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/NTD	April 2023	USD4,000/NTD121,768
Sell	USD/NTD	April 2023	USD2,000/NTD60,454
Sell	USD/NTD	May 2023	USD3,000/NTD90,858

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. Therefore, the Group elected not to be accounted for using hedge accounting.

Refer to Table 3 for information relating to the equity instruments held by the Group were classified as financial assets at FVTPL as of March 31, 2024.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Investments in foreign equity instruments</u>			
Unlisted ordinary shares	\$ 81,490	\$ 78,328	\$ 58,086

Investments in foreign equity instruments, including ordinary shares, are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Refer to Table 3 for information relating to the foreign equity instruments held by the Group were classified as financial assets at FVTOCI on March 31, 2024.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	\$ 56,100	\$ 51,957	\$ 29,138
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 56,100</u>	<u>\$ 51,957</u>	<u>\$ 29,138</u>
<u>Trade receivables</u>			
Gross carrying amount at amortized cost	\$ 1,852,948	\$ 2,303,748	\$ 1,920,488
Less: Allowance for impairment loss	<u>(30,632)</u>	<u>(20,853)</u>	<u>(16,771)</u>
	<u>\$ 1,822,316</u>	<u>\$ 2,282,895</u>	<u>\$ 1,903,717</u>

The average credit period of sales of goods is 30 to 90 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over certain days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2024

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,351,617	\$ 131,078	\$ 206,818	\$ 163,435	\$ 1,852,948
Loss allowance	<u>-</u>	<u>-</u>	<u>(7,929)</u>	<u>(22,703)</u>	<u>(30,632)</u>
Amortized cost	<u>\$ 1,351,617</u>	<u>\$ 131,078</u>	<u>\$ 198,889</u>	<u>\$ 140,732</u>	<u>\$ 1,822,316</u>

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,917,380	\$ 164,123	\$ 65,812	\$ 156,433	\$ 2,303,748
Loss allowance	<u>-</u>	<u>-</u>	<u>(12,120)</u>	<u>(8,733)</u>	<u>(20,853)</u>
Amortized cost	<u>\$ 1,917,380</u>	<u>\$ 164,123</u>	<u>\$ 53,692</u>	<u>\$ 147,700</u>	<u>\$ 2,282,895</u>

March 31, 2023

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,510,861	\$ 202,637	\$ 59,758	\$ 147,232	\$ 1,920,488
Loss allowance	<u>-</u>	<u>-</u>	<u>(6,681)</u>	<u>(10,090)</u>	<u>(16,771)</u>
Amortized cost	<u>\$ 1,510,861</u>	<u>\$ 202,637</u>	<u>\$ 53,077</u>	<u>\$ 137,142</u>	<u>\$ 1,903,717</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 20,853	\$ 18,373
Add: Net remeasurement of loss allowance	9,323	-
Less: Net reversal of loss allowance	-	(1,252)
Less: Amounts written off	-	(382)
Foreign exchange gains and losses	<u>456</u>	<u>32</u>
Balance at March 31	<u>\$ 30,632</u>	<u>\$ 16,771</u>

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials and supplies	\$ 1,855,431	\$ 1,735,202	\$ 2,642,041
Work in progress	298,662	253,438	440,812
Finished goods	819,353	993,741	819,876
Merchandise	<u>161,851</u>	<u>176,904</u>	<u>316,421</u>
	<u>\$ 3,135,297</u>	<u>\$ 3,159,285</u>	<u>\$ 4,219,150</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 included reversal of inventory write-downs of \$2,119 thousand and inventory write-downs of \$38,239 thousand, respectively, and unallocated manufacturing expenses of \$44,663 thousand and \$33,534 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Adlink Technology Singapore Pte Ltd.	Selling of industrial computers and investment activities	100.0	100.0	100.0	Note 1
The Company	Adlink Technology Japan Corporation	Selling of industrial computers	100.0	100.0	100.0	Note 1
The Company	Adlink Technology Korea Ltd.	Selling of industrial computers	100.0	100.0	100.0	Note 1
The Company	Adlink International Co., Ltd.	Investment activities	100.0	100.0	100.0	-
The Company	Zettascale Technology Cayman Limited	Investment activities	100.0	100.0	100.0	Note 1
The Company	Adlink Edge Computing Limited	Software development, authorization and service	100.0	100.0	100.0	Note 1
The Company	Autonomous Mobility Ltd	Investment activities	100.0	100.0	100.0	Note 1
Adlink Technology Singapore Pte Ltd.	Adlink Technology India Private Limited	Selling of industrial computers	100.0	-	-	Notes 1 and 2
Adlink Technology Singapore Pte Ltd.	Shanghai Adlink Intelligence Technology Co., Ltd.	Manufacturing and selling of industrial computers	100.0	-	-	Notes 1 and 3
Adlink International Co., Ltd.	Ampro Adlink Technology Inc	Manufacturing and selling of industrial computers	100.0	100.0	100.0	-
Adlink International Co., Ltd.	Adlink Technology Holding GmbH	Investment activities	100.0	100.0	100.0	Note 1
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Investment activities	100.0	100.0	100.0	-
Zettascale Technology Cayman Limited	Zettascale Technology Limited	Software development, authorization and service	69.5	69.5	69.5	Note 1
Adlink Technology Holding GmbH	Adlink Technology GmbH	Manufacturing and selling of industrial computers	100.0	100.0	100.0	-
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Software authorization and service	100.0	100.0	100.0	Note 1
Zettascale Technology Limited	Zettascale Technology SARL	Software development, authorization and service	100.0	100.0	100.0	Note 1
Zettascale Technology Limited	Zettascale Technology BV	Software development	100.0	100.0	100.0	Note 1
Adlink Technology (HK) Co., Ltd.	Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial computers	100.0	100.0	100.0	-
Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd	Manufacturing and selling of electronic parts	100.0	100.0	100.0	Note 1

Note 1: The company is an immaterial subsidiary; its financial statements have not been reviewed.

Note 2: In order to expand and build a closer partnership with foreign clients, the Group established Adlink Technology India Private Limited in January 2024.

Note 3: In order to collaborate with partnership in China and develop an innovative and competitive business model on the existing foundation sustainably, the Group established Shanghai Adlink Intelligence Technology Co., Ltd. in March 2024.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Subsidiaries that have material non-controlling interests: None.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates That Are Not Individually Material	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
JY Technology (Shanghai)	\$ 61,128	20.56	\$ 60,511	20.56	\$ 32,816	38.38
Shanghai Tuibu Enterprise Management Co., Ltd.	-	-	-	-	14,999	27.97
JY Technology (Korea)	7,646	28.16	2,653	28.16	-	28.16
Farobot Technology Ltd.	<u>55,444</u>	49.00	<u>66,044</u>	49.00	<u>80,524</u>	49.00
	<u>\$ 124,218</u>		<u>\$ 129,208</u>		<u>\$ 128,339</u>	

Refer to Tables 7 and 8 for the nature of activities, principal place of business and country of incorporation of the associate.

The Group, Shanghai Cehai Business Information Consulting Partnership (Shanghai Cehai) and Shanghai Armillary Business Information Consulting Partnership (Shanghai Armillary), jointly set up Shanghai Tuibu Enterprise Management Co., Ltd. through the partial equity of JY Technology (Shanghai). The Group invested 27.97% of its original equity interest in Shanghai Tuibu Enterprise Management Co., Ltd. but did not have control over this investee. In July 2023, Shanghai Tuibu Enterprise Management Co., Ltd. declared to reduce and repay shareholders all ordinary shares. In November 2023, the liquidation of Shanghai Tuibu Enterprise Management Co., Ltd. was completed. Since there was a change in the abovementioned investment, the Group still invested the same equity interest in JY Technology (Shanghai).

In July 2023, The Group sold a partial equity interest in JY Technology (Shanghai) to IDG for a total sale price of CNY15,000 thousand (or NT\$66,201 thousand); thus, a disposal gain of CNY10,932 thousand (or NT\$48,246 thousand) was recognized for the years ended December 31, 2023. Meanwhile, JY Technology (Shanghai) issued ordinary shares and was acquired by Shanghai Cehai, Shanghai Armillary and IDG, respectively, with a payment of CNY42,000 thousand (or NT\$181,789 thousand). The Group did not subscribe for newly-issued shares of JY Technology (Shanghai); the Group records the change in its equity in the associate's net assets as an adjustment to investments, with a corresponding amount credited to the capital surplus of NT\$27,243 thousand. This transaction did not affect the Group's significant influence over JY Technology (Shanghai). Since there was a change in the abovementioned investment, the Group's ownership percentage in JY Technology (Shanghai) decreased from 38.38% to 20.56%.

Aggregate Information of Associates That Are Not Individually Material

	For the Three Months Ended March 31	
	2024	2023
The Group's share of loss from continuing operations	<u>\$ (7,955)</u>	<u>\$ (19,880)</u>

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of investee which have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Freehold land	\$ 2,419,328	\$ 2,410,533	\$ 2,408,801
Buildings	1,423,188	1,428,323	1,435,628
Machinery equipment	60,560	63,107	41,642
Transportation equipment	1,494	1,516	-
Leasehold improvements	186,481	179,340	181,671
Other equipment	131,487	135,487	132,768
Property under construction	<u>-</u>	<u>-</u>	<u>38,184</u>
	<u>\$ 4,222,538</u>	<u>\$ 4,218,306</u>	<u>\$ 4,238,694</u>

Except for depreciation expenses recognized, the Group did not recognize significant additions, disposal or impairment loss of property, plant and equipment for the three months ended March 31, 2024 and 2023. Depreciation expenses are depreciated on the straight-line basis over the useful lives as follows:

Building	
Main buildings	20-50 years
Mechanical and electrical accessories	2-20 years
Decoration	2-10 years
Machinery equipment	3-10 years
Transportation equipment	5 years
Leasehold improvements	3-15 years
Other equipment	1-15 years

Property, plant and equipment pledged by the Group as collateral for bank borrowing facilities are set out in Note 29.

14. LEASE ARRANGEMENTS

The Group's important lease projects include lease the plants from other companies for the use of the plants and warehouses. The lease terms is 2 to 50 years. The Group does not have bargain purchase options to acquire lease items at the end of lease terms. In addition, the Group leases building and office equipment which qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases. Refer to the consolidated balance sheet for the balance of right-of-use assets and lease liabilities of lease arrangement as of balance sheet date.

Other significant lease related information are as follows:

	For the Three Months Ended March 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 6,138</u>	<u>\$ 4,355</u>
Depreciation charge for right-of-use assets	<u>\$ 10,553</u>	<u>\$ 9,419</u>
Expenses relating to short-term and low-value asset leases	<u>\$ 6,169</u>	<u>\$ 6,047</u>
Total cash outflow for leases	<u>\$ 16,893</u>	<u>\$ 15,919</u>

15. INVESTMENT PROPERTIES

Except for depreciation expenses recognized, the Group did not recognize significant additions, disposal or impairment loss of investment properties for the three months ended March 31, 2024 and 2023. The fair value of investment properties as of March 31, 2024, which was arrived at by reference to market evidence of transaction prices for similar properties, was approximately \$798,492 thousand. Refer to the consolidated balance sheet for the balance as of balance sheet date, investment properties are buildings. Investment properties are depreciated on a straight-line basis over their estimated useful lives which are 50 years.

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Lease commitments of investment properties	<u>\$ 89,175</u>	<u>\$ 100,322</u>	<u>\$ 133,762</u>

Investment properties pledged by the Company as collateral for bank borrowing facilities are set out in Note 29.

16. INTANGIBLE ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Computer software	\$ 84,867	\$ 60,341	\$ 79,175
Goodwill	176,755	169,603	168,194
Trademarks	93,799	90,003	89,255
Golf license	<u>5,685</u>	<u>5,685</u>	<u>5,685</u>
	<u>\$ 361,106</u>	<u>\$ 325,632</u>	<u>\$ 342,309</u>

Except for amortization recognized, the Group did not have significant additions, disposal or impairment loss of intangible assets during the three months ended March 31, 2024 and 2023. Computer software is amortized on a straight-line basis over their following estimated useful lives which is 1-10 years.

17. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	<u>\$ 1,376,460</u>	<u>\$ 1,434,404</u>	<u>\$ 1,164,855</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the interest rates on the short-term borrowings were 1.68%-4.80%, 1.68%-4.95% and 1.57%-4.10% per annum, respectively. The expected repayment period of short-term borrowings were April 2024 to February 2025, January 2024 to December 2024 and April 2023 to December 2023, respectively.

Refer to Note 27 for related information on utilized and unutilized bank loan facilities.

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 1,788,430	\$ 1,853,124	\$ 2,047,205
Secured bank loans (Note 29)	1,431,400	1,461,400	1,531,400
Less: Current portions	<u>(428,588)</u>	<u>(367,925)</u>	<u>(358,775)</u>
Long-term borrowings	<u>\$ 2,791,242</u>	<u>\$ 2,946,599</u>	<u>\$ 3,219,830</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the interest rates on the long-term borrowings were 1.25%-1.95%, 1.25%-1.83% and 1.13%-1.70% per annum. The expected repayment period of long-term borrowings was the same in October 2024 to March 2033.

Refer to Note 27 for related information on utilized and unutilized bank loan facilities.

18. TRADE PAYABLES

Trade payables are generated from operating activities. The average credit period for purchase of certain goods was 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and bonuses	\$ 376,791	\$ 430,039	\$ 275,123
Cash dividend	217,498	-	543,742
Annual leave	56,443	63,372	95,979
Compensation to employees	44,622	44,622	82,273
Others	<u>292,642</u>	<u>338,470</u>	<u>305,681</u>
	<u>\$ 987,996</u>	<u>\$ 876,503</u>	<u>\$ 1,302,798</u>

20. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>
Shares authorized	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>217,497</u>	<u>217,497</u>	<u>217,497</u>
Shares issued	<u>\$ 2,174,973</u>	<u>\$ 2,174,973</u>	<u>\$ 2,174,973</u>

Fully-paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

A total of 20,000 thousand shares of the Company's authorized shares were reserved for the issuance of employee share options.

As of March 31, 2024, the number of ordinary shares issued through private placements, has not yet been applied to be listed, was 14,708 thousand shares.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	\$ 566,881	\$ 566,881	\$ 566,881
Conversion of bonds	207,034	207,034	207,034
Arising from employee restricted shares vested	97,689	97,689	97,689
Arising from employee share options exercised	43,453	43,453	43,453
Treasury share transactions	17,579	17,579	17,579
Arising from employee share options expired	12,073	12,073	12,073
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries and associates (2)	346,984	346,984	319,741
<u>May not be used for any purpose</u>			
Employee share options	<u>9,530</u>	<u>6,923</u>	<u>-</u>
	<u>\$ 1,301,223</u>	<u>\$ 1,298,616</u>	<u>\$ 1,264,450</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from changes in capital surplus of subsidiaries and associate accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "Articles"), where the Company made post-tax profit for the period and other profit or loss items adjusted to the current year's undistributed earnings other than post-tax profit for the period in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital. When a special reserve is appropriated from the prior unappropriated earnings for cumulative net debit balance reserves from prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period shall be used if the prior unappropriated earnings is not sufficient, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. The distributable dividends and bonuses, capital surplus or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at

a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting, and then resolutions adopted by the shareholders' meeting of the above dividends policy are not required. For the Company's policies on distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 22-f.

The Articles stipulate that the Company adopts a residual dividend policy. After setting aside amounts based on the Company's capital budget plan, the residual profits shall be distributed as cash dividends. The Articles also prescribe that distribution of cash dividends shall not be less than 10% of total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022, issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 that were proposed by the board of directors and the appropriations of earnings for 2022 that had been resolved by the shareholders in their meeting, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 33,390	\$ 82,168
Special reserve	\$ 8,844	\$ (93,767)
Cash dividends	\$ 217,498	\$ 543,742
Cash dividends per share (NT\$)	\$ 1.0	\$ 2.5

The cash dividends were declared in the board meeting, and the rest of the appropriations of earnings remain to be resolved in the shareholders' meeting held on June 19, 2024.

d. Other equity items

	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
<u>For the three months ended March 31, 2024</u>		
Balance at January 1	\$ (163,734)	\$ 7,581
Exchange differences on translation of the financial statements of foreign operations	111,667	-
Related income tax	(22,334)	-
Balance at March 31	\$ (74,401)	\$ 7,581

(Continued)

	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
<u>For the three months ended March 31, 2023</u>		
Balance at January 1	\$ (132,948)	\$ (14,361)
Exchange differences on translation of the financial statements of foreign operations	(8,364)	-
Related income tax	<u>1,673</u>	<u>-</u>
Balance at March 31	<u>\$ (139,639)</u>	<u>\$ (14,361)</u> (Concluded)

21. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Revenue from the sale of goods	\$ 2,027,356	\$ 2,853,575
Software authorization and service revenue	<u>26,372</u>	<u>25,868</u>
	<u>\$ 2,053,728</u>	<u>\$ 2,879,443</u>

a. Contract balances

Contract liabilities are recognized from sale of goods. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. Refer to the consolidated balance sheet for the balance of contract liabilities as of balance date.

b. Disaggregation of revenue

Refer to Note 33 for information of the disaggregation of revenue.

22. NET PROFIT FOR THE YEAR

a. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income (Note 28)	\$ 14,457	\$ 18,142
Compensation income	2,869	-
Grant revenue	1,263	846
Others	<u>8,567</u>	<u>12,764</u>
	<u>\$ 27,156</u>	<u>\$ 31,752</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net foreign exchange gains	\$ 22,564	\$ 3,481
Gain (loss) on disposal of property, plant and equipment	13	(53)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(15,683)	(970)
Others	<u>(3,117)</u>	<u>(6,589)</u>
	<u>\$ 3,777</u>	<u>\$ (4,131)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 24,733	\$ 19,312
Interest on lease liabilities	<u>764</u>	<u>586</u>
	<u>\$ 25,497</u>	<u>\$ 19,898</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
An analysis of depreciation by function		
Cost of goods sold	\$ 17,568	\$ 19,982
Operating expenses	<u>43,331</u>	<u>40,466</u>
	<u>\$ 60,899</u>	<u>\$ 60,448</u>

(Continued)

	For the Three Months Ended March 31	
	2024	2023
An analysis of amortization by function		
Cost of goods sold	\$ 919	\$ 527
Operating expenses	<u>20,705</u>	<u>22,651</u>
	<u>\$ 21,624</u>	<u>\$ 23,178</u>
		(Concluded)

e. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 29,195	\$ 28,653
Defined benefit plans	<u>271</u>	<u>360</u>
	29,466	29,013
Equity-settled share-based payments (Note 25)	2,607	-
Other employee benefits	<u>740,144</u>	<u>784,851</u>
	<u>\$ 772,217</u>	<u>\$ 813,864</u>
An analysis of employee benefits expense by function		
Cost of goods sold	\$ 133,656	\$ 148,518
Operating expenses	<u>638,561</u>	<u>665,346</u>
	<u>\$ 772,217</u>	<u>\$ 813,864</u>

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates from 3% to 20% and no higher than 3%, respectively, of net profit before income tax (the parent company only financial statements), employees' compensation, and remuneration of directors. For the three months ended March 31, 2024, the employees' compensation and remuneration of directors were not recognized due to net loss before income tax. The employees' compensation and remuneration of directors for the three months ended March 31, 2023 have been approved by the Company's board of directors as follows:

	For the Three Months Ended March 31, 2023	
	Cash	Accrual Rate (%)
Employees' compensation	\$ 14,611	12.40
Remuneration of directors	942	0.80

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 are as shown below:

	For the Year Ended December 31	
	2023	2022
Employees' compensation - cash	<u>\$ 43,000</u>	<u>\$ 67,662</u>
Remuneration of directors - cash	<u>\$ 3,700</u>	<u>\$ 8,000</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES

- a. Major components of income tax (benefit) expense recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 1,409	\$ 48,569
Adjustments for prior years	<u>(9,534)</u>	<u>48</u>
	(8,125)	48,617
Deferred tax		
In respect of the current year	<u>(23,037)</u>	<u>10,658</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (31,162)</u>	<u>\$ 59,275</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	<u>\$ (22,334)</u>	<u>\$ 1,673</u>

- c. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

24. (LOSS) EARNINGS PER SHARE

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share were as follows:

Net (Loss) Profit for the Period

	For the Three Months Ended March 31	
	2024	2023
(Loss) earnings used in the computation of basic and diluted (loss) earnings per share	<u>\$ (77,107)</u>	<u>\$ 81,853</u>

Shares

	(In Thousands of Shares)	
	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	<u>217,497</u>	217,497
Effect of potentially dilutive ordinary shares:		
Employees' compensation		<u>1,172</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share		<u>218,669</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potentially dilutive shares will be included in the weighted average number of shares outstanding used in the computation of diluted (loss) earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted (loss) earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Due to net loss for the three months ended March 31, 2024, the potentially dilutive shares have been excluded from the computation of diluted earnings per share.

25. EMPLOYEE SHARE OPTION PLAN

Qualified employees of the Company were granted 5,000 options in May 2023. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at 100.0% after the second anniversary year from the grant date. Information on the number of options granted and exercise prices was as follows:

	Grant Date May 2, 2023
Number of options granted	5,000
Exercise price per share granted (equal to the closing price of the Company's ordinary shares listed on the TWSE on the grant date) (NT\$)	\$ 60.80
Exercise price per share as of independent auditors' review report date (revised in accordance with relevant regulations) (NT\$)	\$ 58.71

Information on options granted for the three months ended March 31, 2024 was as follows:

- a. Movements of the number of options and the related price were as follows:

	For the Three Months Ended March 31, 2024	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,434	\$ 58.71
Options granted	-	-
Options exercised	-	-
Options expired	-	-
Balance at March 31	<u>1,434</u>	58.71
Options exercisable, end of the period	<u>-</u>	
Weighted-average fair value of options granted (NT\$)	\$ 15.47	

- b. Information on outstanding options as of March 31, 2024 was as follows:

	March 31, 2024
Range of exercise price (NT\$)	\$ 58.71
Weighted-average remaining contractual life (in years)	1.08

The fair value of options granted were priced using the Black-Scholes pricing model and the inputs to the model on the grant date were as follows:

	May 2023
Grant-date share price (NT\$)	\$ 60.08
Exercise price (NT\$)	\$ 60.08
Expected volatility (%)	30.24
Expected life (in years)	6
Risk-free interest rate (%)	1.09

The compensation costs from employee share options were \$2,607 thousand for the three months ended March 31, 2024.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and total assets balance. The Group's overall strategy is expected to remain unchanged for the year ahead.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares, and the amount of new debt issued.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management considers that the carrying amounts of the financial instruments recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group measured foreign exchange forward contracts at fair value under Level 2, respectively. The financial instruments at fair value through other comprehensive income were measured by the Group at fair value under Levels 3.

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Foreign exchange forward contracts measured at discounted cash flows basis, which are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of foreign unlisted securities, which are emerging market equity securities, are determined by using the asset approach. In the asset approach, the total market value of individual asset and liability of the evaluated target is evaluated by taking into account the risk factors (e.g., lack of marketability) to estimate the fair value.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 7	\$ 9,162	\$ -
Financial assets at amortized cost (1)	3,859,535	4,311,078	4,329,468
Financial assets at FVTOCI	81,490	78,328	58,086
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	6,929	401	970
Financial liabilities at amortized cost (2)	6,670,173	6,905,440	8,129,019

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits and project deposits, notes receivable, trade and other receivables (including related parties) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, trade and other payable (including related parties), long-term borrowings (including current portion) and guarantee deposits received (classified as other current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other debt risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. To manage operating funds effectively and create short-term capital gains, the Group used the partial of operating funds to invest in foreign equity instruments. The Group considered price risk arising from investment in foreign equity instruments is not significant based on nature and amount of the investment.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had sales and purchases denominated in foreign currency, which exposed the Group to foreign currency risk. Based on the approval range of policy, the Group managed the partial of foreign currency risk through foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD, CNY and EUR.

The Group's sensitivity of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

A positive number below indicates an increase in pre-tax profit that would result if the New Taiwan dollar (the functional currency) weakened 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Three Months Ended March 31	
	2024	2023
USD impact	\$ 5,878	\$ 7,091
CNY impact	2,628	4,720
EUR impact	4,458	7,658

The impact listed above was mainly attributable to the exposure on outstanding USD, CNY and EUR deposits, receivables, payables and borrowings.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 25,621	\$ 25,371	\$ 176,696
Financial liabilities	1,051,386	1,125,481	696,193
Cash flow interest rate risk			
Financial assets	1,255,173	1,328,738	1,504,496
Financial liabilities	3,648,097	3,729,513	4,135,687

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax (loss) profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$2,991 thousand and decreased/increased by \$3,289 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties. Before accepting new customers, the Group evaluated the potential customer's credit quality through internal credit reporting and sales management department to determine credit limits. Credit limits and rating will be re-evaluated regularly every year.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group's concentration of credit risk by geographical locations was mainly in the U.S.A., China and Europe. As of March 31, 2024, December 31, 2023 and March 31, 2023, the proportion of trade receivables from those mentioned above to total trade receivables were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
China	31%	28%	28%
U.S.A.	20%	27%	29%
Europe	20%	19%	21%

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had available unutilized bank facilities as set out in (b) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2024

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,852,733	\$ -	\$ -
Variable interest rate liabilities	919,002	1,259,807	1,697,417
Fixed interest rate liabilities	974,282	-	-
Lease liabilities	<u>42,605</u>	<u>45,274</u>	<u>20,402</u>
	<u>\$ 4,009,772</u>	<u>\$ 1,305,081</u>	<u>\$ 1,717,819</u>

December 31, 2023

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,147,728	\$ -	\$ -
Variable interest rate liabilities	847,239	1,311,334	1,803,762
Fixed interest rate liabilities	1,038,608	-	-
Lease liabilities	<u>39,492</u>	<u>49,602</u>	<u>22,722</u>
	<u>\$ 4,073,067</u>	<u>\$ 1,360,936</u>	<u>\$ 1,826,484</u>

March 31, 2023

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 3,385,559	\$ -	\$ -
Variable interest rate liabilities	904,952	1,136,838	2,287,119
Fixed interest rate liabilities	623,832	-	-
Lease liabilities	<u>30,862</u>	<u>43,310</u>	<u>18,535</u>
	<u>\$ 4,945,205</u>	<u>\$ 1,180,148</u>	<u>\$ 2,305,654</u>

b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank facilities:			
Amount used	\$ 3,164,890	\$ 3,287,528	\$ 3,212,060
Amount unused	<u>4,338,841</u>	<u>4,534,595</u>	<u>5,189,295</u>
	<u>\$ 7,503,731</u>	<u>\$ 7,822,123</u>	<u>\$ 8,401,355</u>
Secured bank facilities:			
Amount used	\$ 1,431,400	\$ 1,461,400	\$ 1,531,400
Amount unused	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,431,400</u>	<u>\$ 1,461,400</u>	<u>\$ 1,531,400</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Related Party Category
Chroma ATE Inc.	Investor with significant influence over the Group
AUO Corp.	Investor with significant influence over the Group
Testar Electronics Corporation.	Subsidiary of investor with significant influence over the Group
Adivic Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
Darwin Precisions Corp.	Subsidiary of investor with significant influence over the Group
Aedgetech Data Technologies (Suzhou) Corp., Ltd.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
AUO Display Plus Corporation	Subsidiary of investor with significant influence over the Group
AUO Digitech Taiwan Inc.	Subsidiary of investor with significant influence over the Group
AUO Optoelectronics (Suzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
AUO Envirotech Inc.	Subsidiary of investor with significant influence over the Group
JY Technology (Korea)	Associate
JY Technology (Shanghai)	Associate
Farobot Inc.	Associate
Farobot Technology Ltd.	Associate
Zenitron Corporation	Other related party
eeWare SAS	Other related party (the Company is its director)
Fen Zhan Cheng Yi (Beijing)	Other related party
AutoCore Technology (Nanjing) Co., Ltd.	Other related party

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Investors with significant influence over the Group	\$ 14,259	\$ 9,353
Subsidiaries of investors with significant influence over the Group	433	3,979
Associates	<u>21,747</u>	<u>20,123</u>
	<u>\$ 36,439</u>	<u>\$ 33,455</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Investors with significant influence over the Group	\$ 117	\$ 91
Subsidiaries of investors with significant influence over the Group	12,440	18,132
Others	<u>3,903</u>	<u>7,212</u>
	<u>\$ 16,460</u>	<u>\$ 25,435</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	Investors with significant influence over the Group	\$ 12,928	\$ 6,460	\$ 7,225
	Subsidiaries of investors with significant influence over the Group	4,919	7,682	4,178
	Associates	28,344	22,827	35,671
	Less: Share of loss of associates	<u>-</u>	<u>-</u>	<u>(3,262)</u>
		<u>\$ 46,191</u>	<u>\$ 36,969</u>	<u>\$ 43,812</u>
Other receivables	Investors with significant influence over the Group	\$ 2,428	\$ 3,347	\$ 1,422
	Subsidiaries of investors with significant influence over the Group	2,680	2,440	1,434
	Associates	<u>-</u>	<u>-</u>	<u>80</u>
		<u>\$ 5,108</u>	<u>\$ 5,787</u>	<u>\$ 2,936</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade payables	Investors with significant influence over the Group	\$ 127	\$ 82	\$ 95
	Subsidiaries of investors with significant influence over the Group	7,761	8,547	15,995
	Associates	7,368	-	-
	Others	<u>4,538</u>	<u>4,665</u>	<u>10,767</u>
		<u>\$ 19,794</u>	<u>\$ 13,294</u>	<u>\$ 26,857</u>
Other payables	Investors with significant influence over the Group	\$ 1,204	\$ 3,826	\$ 420
	Subsidiaries of investors with significant influence over the Group	29	239	825
	Associates	-	15,075	888
	Others	<u>86</u>	<u>86</u>	<u>8</u>
		<u>\$ 1,319</u>	<u>\$ 19,226</u>	<u>\$ 2,141</u>

The outstanding trade payables to related parties are unsecured.

f. Prepayments

Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 19,856</u>	<u>\$ -</u>	<u>\$ -</u>

g. Property, plant and equipment acquired

Related Party Category/Name	Price	
	For the Three Months Ended	
	March 31	
	2024	2023
Subsidiaries of investors with significant influence over the Group		
AUO Digitech Taiwan Inc.	\$ 5,800	\$ -

h. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended	
		March 31	
		2024	2023
Rental expenses	Others	\$ 1,933	\$ 1,980
Rental income	Investors with significant influence over the Group	\$ 8,846	\$ 8,758
	Subsidiaries of investors with significant influence over the Group	2,604	2,578
		\$ 11,450	\$ 11,336

The rental expenses were paid semi-annually and the rental income was received monthly, respectively, which based on local normal commercial rates.

i. Endorsements and guarantees

Information on the endorsements or guarantees for subsidiaries was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Adlink Technology GmbH	\$ 895,960	\$ 883,480	\$ 928,200
Ampro Adlink Technology Inc.	\$ 96,000	\$ 92,115	\$ 182,880
Adlink Technology (China) Co., Ltd.	\$ -	\$ -	\$ 333,375
Adlink Technology Korea Ltd.	\$ -	\$ -	\$ 30,480

j. Remuneration of key management personnel

	For the Three Months Ended	
	March 31	
	2024	2023
Short-term employee benefits	\$ 8,056	\$ 10,040
Share-based payment	322	-
Post-employment benefits	75	102
	\$ 8,453	\$ 10,142

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of the Company and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as collaterals for bank facilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 2,202,003	\$ 2,202,003	\$ 2,202,003
Investment properties	232,722	233,960	237,673
Buildings	1,004,753	1,021,144	1,007,844
Property under construction	<u>-</u>	<u>-</u>	<u>38,184</u>
	<u>\$ 3,439,478</u>	<u>\$ 3,457,107</u>	<u>\$ 3,485,704</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Contingent Liabilities

The facilities that the Group provided endorsements or guarantees for its subsidiaries refer to Note 28 for information.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,882	32.00 (USD:NTD)	\$ 1,308,215
USD	17,390	7.10 (USD:CNY)	556,487
USD	3,322	151.30 (USD:JPY)	106,315
USD	10,740	0.93 (USD:EUR)	343,676
USD	749	0.79 (USD:GBP)	23,981
USD	646	1,336.68 (USD:KRW)	20,669
CNY	59,037	4.51 (CNY:NTD)	266,269
EUR	8,271	34.46 (EUR:NTD)	285,034
EUR	5,022	0.85 (EUR:GBP)	<u>173,064</u>
			<u>\$ 3,083,710</u>
Non-monetary items			
Derivative instruments			
CNY	10,000	4.51 (CNY:NTD)	<u>\$ 7</u>
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 23,514	32.00 (USD:NTD)	\$ 752,457
USD	12,203	7.10 (USD:CNY)	390,492
USD	1,643	151.30 (USD:JPY)	52,589
USD	17,479	0.93 (USD:EUR)	559,332
USD	4	0.79 (USD:GBP)	128
USD	516	1,336.68 (USD:KRW)	16,506
CNY	762	4.51 (CNY:NTD)	3,438
EUR	342	34.46 (EUR:NTD)	11,783
EUR	15	0.85 (EUR:GBP)	<u>530</u>
			<u>\$ 1,787,255</u>
Non-monetary items			
Derivative instruments			
USD	12,500	32.00 (USD:NTD)	\$ 5,765
CNY	22,800	4.51 (CNY:NTD)	440
EUR	2,800	34.46 (EUR:NTD)	<u>724</u>
			<u>\$ 6,929</u>
			(Concluded)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,948	30.71 (USD:NTD)	\$ 1,533,904
USD	15,613	7.08 (USD:CNY)	479,485
USD	5,022	141.37 (USD:JPY)	154,238
USD	10,793	0.90 (USD:EUR)	331,463
USD	304	0.78 (USD:GBP)	9,325
USD	482	1,284.19 (USD:KRW)	14,808
CNY	82,452	4.34 (CNY:NTD)	357,447
EUR	10,188	33.98 (EUR:NTD)	346,194
EUR	7,936	0.87 (EUR:GBP)	<u>269,668</u>
			<u>\$ 3,496,532</u>
Non-monetary items			
Derivative instruments			
USD	15,700	30.71 (USD:NTD)	\$ 7,519
CNY	21,400	4.34 (CNY:NTD)	1,069
EUR	2,300	33.98 (EUR:NTD)	<u>574</u>
			<u>\$ 9,162</u>

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 25,688	30.71 (USD:NTD)	\$ 788,884
USD	14,374	7.08 (USD:CNY)	441,434
USD	2,541	141.37 (USD:JPY)	78,033
USD	15,199	0.90 (USD:EUR)	466,768
USD	51	0.78 (USD:GBP)	1,558
USD	1,039	1,284.19 (USD:KRW)	31,911
CNY	1,652	4.34 (CNY:NTD)	7,161
EUR	369	33.98 (EUR:NTD)	12,525
EUR	54	0.87 (EUR:GBP)	<u>1,824</u>
			<u>\$ 1,830,098</u>
Non-monetary items			
Derivative instruments			
EUR	2,000	33.98 (EUR:NTD)	<u>\$ 401</u>

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,106	30.45 (USD:NTD)	\$ 1,921,587
USD	18,673	6.87 (USD:CNY)	568,606
USD	3,922	133.09 (USD:JPY)	119,412
USD	8,581	0.92 (USD:EUR)	261,291
USD	531	0.81 (USD:GBP)	16,156
USD	909	1,292.44 (USD:KRW)	27,673
CNY	108,256	4.43 (CNY:NTD)	479,704
EUR	12,118	33.15 (EUR:NTD)	401,721
EUR	11,498	0.88 (EUR:GBP)	<u>381,154</u>
			<u>\$ 4,177,304</u>

Financial liabilities

Monetary items			
USD	27,851	30.45 (USD:NTD)	\$ 848,058
USD	26,440	6.87 (USD:CNY)	805,097
USD	2,288	133.09 (USD:JPY)	69,658
USD	14,379	0.92 (USD:EUR)	437,843
USD	104	0.81 (USD:GBP)	3,156
USD	1,375	1,292.44 (USD:KRW)	41,854
CNY	1,745	4.43 (CNY:NTD)	7,734
EUR	495	33.15 (EUR:NTD)	16,405
EUR	21	0.88 (EUR:GBP)	<u>708</u>
			<u>\$ 2,230,513</u>

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Derivative instruments			
EUR	9,000	30.45 (USD:NTD)	\$ <u>970</u> (Concluded)

The Group entered into foreign exchange forward contracts as derivative instruments under non-monetary items, and its foreign currency amounts is contractual amounts.

It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: Notes 7 and 27
- 10) Others: Intercompany relationships and significant intercompany transactions: Table 6 (attached)

b. Information on investees: Table 7 (attached)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8 (attached)
- 2) Any of the following significant transactions with invested companies in mainland China, either

directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4 (attached)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4 (attached)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: Table 6 (attached)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached).

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the regions where the Group operates. Specifically, the Group's reportable segments were as follows:

Asia Pacific - Adlink Technology Inc., Adlink Technology Japan Corporation, Adlink Technology Singapore Pte Ltd., Adlink Technology Korea Ltd., Adlink Technology India Private Limited (Incorporated in January 2024)

China - Adlink Technology (China) Co., Ltd., Shanghai Adlink Intelligence Technology Co., Ltd. (Incorporated in March 2024), and Dongguan Lingyao Electronic Technology Co., Ltd.

America - Ampro Adlink Technology Inc. and Adlink Technology Corporation

Europe - Adlink Technology GmbH, Adlink Edge Computing Limited, Zettascale Technology Limited, Zettascale Technology SARL and Zettascale Technology BV

Segment Revenue and Results

For the Three Months Ended March 31, 2024						
	Asia Pacific	China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 694,980	\$ 315,472	\$ 428,514	\$ 614,762	\$ -	\$ 2,053,728
Inter-segment revenue	<u>869,272</u>	<u>325,367</u>	<u>-</u>	<u>6,076</u>	<u>(1,200,715)</u>	<u>-</u>
Segment revenue	<u>\$ 1,564,252</u>	<u>\$ 640,839</u>	<u>\$ 428,514</u>	<u>\$ 620,838</u>	<u>(\$ 1,200,715)</u>	<u>\$ 2,053,728</u>
Interest income	\$ 107	\$ 1,026	\$ 975	\$ 1,280	\$ -	\$ 3,388
Finance costs	15,422	3,478	3	6,594	-	25,497
Depreciation expense	40,786	10,277	4,600	5,236	-	60,899
Amortization expense	<u>20,239</u>	<u>1,224</u>	<u>137</u>	<u>24</u>	<u>-</u>	<u>21,624</u>
Segment income (loss)	<u>\$ 401,950</u>	<u>(\$ 12,567)</u>	<u>(\$ 38,912)</u>	<u>(\$ 56,591)</u>	<u>\$ -</u>	<u>293,880</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>414,746</u>
Profit before income tax						<u>\$ (120,866)</u>

For the Three Months Ended March 31, 2023						
	Asia Pacific	China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 958,608	\$ 357,349	\$ 853,624	\$ 709,862	\$ -	\$ 2,879,443
Inter-segment revenue	<u>1,236,354</u>	<u>558,712</u>	<u>-</u>	<u>10,212</u>	<u>(1,805,278)</u>	<u>-</u>
Segment revenue	<u>\$ 2,194,962</u>	<u>\$ 916,061</u>	<u>\$ 853,624</u>	<u>\$ 720,074</u>	<u>\$ (1,805,278)</u>	<u>\$ 2,879,443</u>
Interest income	\$ 785	\$ 2,359	\$ 669	\$ -	\$ -	\$ 3,813
Finance costs	14,337	1,912	2	3,647	-	19,898
Depreciation expense	24,208	12,867	3,984	19,389	-	60,448
Amortization expense	<u>21,580</u>	<u>1,383</u>	<u>76</u>	<u>139</u>	<u>-</u>	<u>23,178</u>
Segment income (loss)	<u>\$ 490,873</u>	<u>\$ 56,564</u>	<u>\$ 57,684</u>	<u>\$ (37,506)</u>	<u>\$ -</u>	<u>567,615</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>434,783</u>
Profit before income tax						<u>\$ 132,832</u>

TABLE 1

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Requirement Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Company	Adlink Technology (China) Co., Ltd.	Other receivables	Y	\$ 192,000	\$ 192,000 (US\$ 6,000)	\$ -	-	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 519,147	\$ 2,076,588	Note 4
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	96,000	96,000 (US\$ 3,000)	96,000	2	b	-	Operation requirement	-	-	-	1,549,811	1,549,811	Note 4
2	Ampro Adlink Technology Inc.	Adlink Technology GmbH	Other receivables	Y	64,000	64,000 (US\$ 2,000)	64,000	4	b	-	Operation requirement	-	-	-	579,095	579,095	Note 4

Note 1: Fill in 0 for the Company, 1 for Adlink International Co., Ltd., 2 for Ampro Adlink Technology Inc.

Note 2: The nature of financing provided is specified below:

- a. 1 for transactions.
- b. 2 for short-term financing.

Note 3: The aggregate financing limit and financing limit for each borrower is specified below:

- a. Transactions: The aggregate financing limit for each borrower shall not exceed 20% of the lender’s net equity in the latest financial statements. Meanwhile, the financing limit for each borrower shall not exceed the number of transactions with each other in the most recent year. The above-mentioned transactions are measured at the higher of purchases and sales with each other.
- b. Short-term financing: When the lender is the Company, the aggregate financing limit for each borrower shall not exceed 40% of the lender’s net equity in the latest financial statements. Meanwhile, the financing limit for each borrower shall not exceed 10% of the lender’s net equity in the latest financial statements.
- c. When foreign borrower was held 100% of voting shares directly and indirectly by the Company, there is financing provided to others with each other or the Company. The aggregate financing limit and financing limit for each borrower both shall not exceed 70% of the lender’s net equity in latest financial statements.

Note 4: It has been eliminated when preparing the consolidated financial statements.

TABLE 2

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Ampro Adlink Technology Inc.	a. and b.	\$ 2,595,736	\$ 96,000	\$ 96,000 (US\$ 3,000)	\$ -	\$ -	1.85	\$ 2,595,736	Y	-	-
		Adlink Technology GmbH	a. and b.	2,595,736	895,960	895,960 (EUR 26,000)	478,994	-	17.26	2,595,736	Y	-	-

Note 1: Fill in 0 for the Company.

Note 2: Relationships between the endorsement/guarantee and the Company are specified as follows:

a. Companies that have business dealings with the Company.

b. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.

Note 3: The subsidiaries of the Company in which the Company directly or indirectly holds 100% of shares shall be capped at 50% of the net value of the Company’s latest financial statements. Other companies shall be capped at 20% of the net value of the Company’s latest financial statements.

Note 4: The total endorsement and guarantee amount shall be capped at 50% of the net value of the Company’s latest financial statements.

TABLE 3

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES AND ASSOCIATES)
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
The Company	<u>Shares - ordinary shares</u> Netio Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	385	\$ -	15.00	\$ -	-
	eeWare SAS	The Company is its director	"	0.9	-	19.99	-	-
	Applied Green Light Taiwan, Inc.	-	"	143	-	3.33	-	-
Adlink Technology (China) Co., Ltd.	<u>Shares - ordinary shares</u> AutoCore Technology (Nanjing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	Note 3	81,490	3.95	81,490	-
Ampro Adlink Technology Inc.	<u>Shares - convertible preference shares</u> Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income	500	-	9.89	-	-

Note 1: Marketable securities in this table is shares, bonds, mutual funds and securities derived from the mentioned above under the range of IFRS 9 “Financial Instruments”.

Note 2: The fair value of open market value was calculated based on the closing price as of balance sheet date. In contrast, it was calculated based on the appropriate valuation techniques and inputs.

Note 3: It is a limited company so that no specific shares or units are disclosed.

TABLE 4

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	ADLINK Tecknology Japan Corporation.	Subsidiary	(Sale)	\$ (118,019)	(8.27)	Net 120 days	\$ -	-	\$ 65,393	3.58	Note
ADLINK Tecknology Japan Corporation.	The Company	Parent company	Purchase	118,019	97.95	Net 120 days	-	-	(65,393)	(99.02)	Note
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(326,987)	(22.92)	Net 60 days	-	-	170,281	9.31	Note
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	326,987	92.88	Net 60 days	-	-	(170,281)	(98.20)	Note
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(319,893)	(22.43)	Net 150 days	-	-	765,194	41.86	Note
Adlink Technology GmbH	The Company	Parent company	Purchase	319,893	62.84	Net 150 days	-	-	(765,194)	(97.14)	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(305,046)	(48.94)	Net 60 days	-	-	413,562	39.61	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	305,046	5.94	Net 60 days	-	-	(413,562)	(39.64)	Note

Note: It has been eliminated when preparing the consolidated financial statements.

TABLE 5

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	Trade receivables \$ 170,281 Other receivables - \$ 170,281	5.97	\$ -	-	\$ 115,957	\$ -	Note 2
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables \$ 765,194 Other receivables 624 \$ 765,818	1.66	\$ -	-	\$ 123,019	\$ -	Note 2
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables \$ 244,129 Other receivables 2,087 \$ 246,216	0.89	\$ -	-	\$ 95,785	\$ -	Note 2
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables \$ 413,562 Other receivables 1,276 \$ 414,838	3.20	\$ -	-	\$ 64,000	\$ -	Note 2

Note 1: It was the subsequent amount received as of May 9, 2024.

Note 2: It has been eliminated when preparing the consolidated financial statements.

TABLE 6

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Account	Amount (Note 4)	Transaction Terms	
0	The Company	Adlink Technology Singapore Pte Ltd.	a	Trade receivables	\$ 17,289	Based on regular terms	-
		Adlink Technology Singapore Pte Ltd.	a	Operating revenue	26,659	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Trade receivables	65,393	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Operating revenue	118,019	Based on regular terms	6
		Adlink Technology Korea Ltd.	a	Trade receivables	16,344	Based on regular terms	-
		Adlink Technology Korea Ltd.	a	Operating revenue	15,965	Based on regular terms	1
		Ampro Adlink Technology Inc.	a	Trade receivables	170,281	Based on regular terms	1
		Ampro Adlink Technology Inc.	a	Operating revenue	326,987	Based on regular terms	16
		Adlink Technology GmbH	a	Trade receivables	765,194	Based on regular terms	6
		Adlink Technology GmbH	a	Operating revenue	319,893	Based on regular terms	16
		Adlink Technology (China) Co., Ltd.	a	Trade receivables	244,129	Based on operating requirements	2
		Adlink Technology (China) Co., Ltd.	a	Operating revenue	64,260	Based on regular terms	3
		Adlink Technology (China) Co., Ltd.	a	Trade payables	413,562	Based on regular terms	3
		Adlink Technology (China) Co., Ltd.	a	Purchase	305,046	Based on regular terms	15
1	ADLINK International Co., Ltd.	Adlink Technology (China) Co., Ltd.	c	Other receivables	96,834	Based on regular terms	1
2	Zettascale Technology Limited	Zettascale Technology SARL	c	Operating revenue	11,982	Based on regular terms	2
3	Ampro Adlink Technology Inc.	Adlink Technology GmbH	c	Other receivables	64,491	Based on regular terms	1

Note 1: Intercompany relationships should be specified as below:

- a. Fill in 0 for the parent company.
- b. Subsidiaries fill in the number from 1 respectively.

Note 2: Transactions with related parties are specified as below:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: According to the account of transaction details, the percentage was calculated of total consolidated assets or total operating revenue, respectively.

Note 4: Intercompany transaction which be disclosed was amounting to at least NT\$10,000 thousand.

Note 5: It has been eliminated when preparing the consolidated financial statements.

TABLE 7

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.00	\$ 2,138,524	\$ (66,541)	\$ (66,541)	Subsidiary (Note 6)
	Adlink Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	659,200	100.00	229,595	7,226	7,226	Subsidiary (Note 6)
	Adlink Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	JPY 98,000	JPY 98,000	1,960	100.00	91,559	6,252	6,252	Subsidiary (Note 6)
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.00	30,878	(5,248)	(5,248)	Subsidiary (Note 6)
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	GBP 9,050	61,550,000	100.00	120,929	(28,704)	(28,704)	Subsidiary (Note 6)
	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	GBP 500	500,000	100.00	14,217	(7)	(7)	Subsidiary (Note 6)
	Autonomous Mobility Ltd	Cayman Islands	Investment activities	(Note 4)	(Note 4)	1	100.00	-	-	-	Subsidiary (Note 6)
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300	66,624	28.16	7,646	18,986	4,973	Associate
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,076	US\$ 5,076	5,076,890	49.00	55,444	(21,803)	(10,683)	Associate
	Farobot Technology Ltd.	Farobot Inc.	Manufacturing and selling and developing software of autonomous mobile robots	NT\$ 400,000	NT\$ 400,000	40,000,000	100.00	263,763	(21,795)	-	Associate
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Hong Kong	Investment activities	US\$ 24,255	US\$ 24,255	24,255,369	100.00	US\$ 50,738	US\$ (400)	-	Indirectly owned subsidiary (Note 6)
	Ampro Adlink Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789	39,743,137	100.00	US\$ 34,307	US\$ (1,237)	-	Indirectly owned subsidiary (Note 6)
	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.00	US\$ (19,463)	US\$ (486)	-	Indirectly owned subsidiary (Note 6)
Adlink Technology Singapore Pte Ltd.	Adlink Technology India Private Limited	India	Selling of industrial automatic control cards, industrial motherboards, etc.	INR 1,500	-	150,000	100.00	SGD 24	-	-	Indirectly owned subsidiary (Notes 5 and 6)
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 22,029	36,584,052	69.50	GBP 3,849	GBP(1,035)	-	Indirectly owned subsidiary (Note 6)
Adlink Technology Holding GmbH	Adlink Technology GmbH	Germany	Manufacturing and selling of industrial computers	EUR 12,409	EUR 12,409	750,000	100.00	EUR (18,166)	EUR(447)	-	Indirectly owned subsidiary (Note 6)
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.00	US\$ (695)	US\$ 15	-	Indirectly owned subsidiary (Note 6)
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.00	EUR (1,073)	EUR (657)	-	Indirectly owned subsidiary (Note 6)
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.00	EUR 10	EUR 1	-	Indirectly owned subsidiary (Note 6)

Note 1: Refer to Table 8 for information on investments in Mainland China.

Note 2: No number of shares available on Zettascale Technology SARL’s license except for its original investment amount.

Note 3: It is a limited company so that there is no record of the number of shares.

Note 4: Autonomous Mobility Ltd. was incorporated in January 2022 and no amount of investment was recorded on the license.

Note 5: Adlink Technology India Private Limited was incorporated in January 2024.

Note 6: It has been eliminated when preparing the consolidated financial statements.

TABLE 8

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
Shanghai Adlink Intelligence Technology Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	\$ - (Note 8)	b. Adlink Technology Singapore Pte. Ltd.	\$ -	\$ -	\$ -	\$ -	\$ -	100.00	\$ -	\$ -	\$ -	Note 9
Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 26,670 (NT\$ 853,440)	b. Adlink Technology (HK) Co., Ltd.	HK\$ 7,283 US\$ 22,671 (NT\$ 755,259) (Notes 5 and 7)	-	-	HK\$ 7,283 US\$ 22,671 (NT\$ 755,259) (Notes 5 and 7)	RMB (2,836) (NT\$ (12,563))	100.00	RMB (2,836) (NT\$ (12,563))	RMB 385,535 (NT\$ 1,616,993)	-	Note 9
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 9,020)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (50) (NT\$ (222))	100.00	RMB (50) (NT\$ (222))	RMB 10,216 (NT\$ 46,074)	-	Note 9
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 54,230 (NT\$ 244,577)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (2,467) (NT\$ (10,929))	20.56	RMB (507) (NT\$ (2,245))	RMB 13,987 (NT\$ 61,128)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$755,259 (HK\$7,283, US\$22,671)	\$760,085 (HK\$7,305, US\$22,819)	\$3,114,883 (Note 3)

Note 1: Methods of investment have the following type:

a. Direct investment in mainland China.

b. Indirect investment in mainland China through an existing company in a third region.

c. Other - direct investment in subsidiaries of mainland China.

Note 2: Except for JY Technology (Shanghai), the others are all based on reviewed financial statements.

Note 3: Calculated based on 60% of the net equity of the latest financial statements of the Company as of March 31, 2023.

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$4.02, US\$1=NT\$31.45, RMB1=NT\$4.43 for the three months ended March 31, 2024; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$4.09, US\$1=NT\$32, RMB1=NT\$4.51 prevailing on March 31, 2024.

Note 5: Excluded the investment amount of HK\$22 thousand in Adlink Technology (China) Co., Ltd. and US\$148 thousand in Adlink Technology (China) Co., Ltd. from Adlink Technology (HK) Co., Ltd.’s capital surplus.

Note 6: Excluded Adlink Technology (China) Co., Ltd.’s investment amount, RMB2,000 thousand in Dongguan Lingyao Electronic Technology Co., Ltd. and RMB15,000 thousand in JY Technology (Shanghai), respectively.

Note 7: Adlink Technology (Shenzhen) Co., Ltd. was liquidated in November 2020. Adlink Technology (HK) Co., Ltd. withdrew the inward investment of US\$2,850 thousand, which included the amounts of accumulated outward remittance of investment from Taiwan of HK\$7,283 thousand and US\$298 thousand. The Company indirectly invested in Adlink Technology (China) Co., Ltd. through Adlink Technology (HK) Co., Ltd.

Note 8: Shanghai Adlink Intelligence Technology Co., Ltd. was incorporated in March 2024 and no amount of investment was recorded on the license.

Note 9: It has been eliminated when preparing the consolidated financial statements.

TABLE 9**ADLINK TECHNOLOGY INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2024****(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
AUO Corp.	42,310,407	19.45
Konly Venture Corp.	15,944,000	7.33
Keysight Technologies UK Limited investment account entrusted Citi (Taiwan) Commercial Bank	14,707,559	6.76
Chroma ATE Inc.	14,267,253	6.55
Ronly Venture Corp.	13,175,000	6.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by The Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.