



Stock Code: 6166

# 2023 Annual Report

Date of Publication: April 21, 2024

Check the Annual Report at:

<https://emops.twse.com.tw/server-java/t58query>

<https://www.adlinktech.com/en/Financial-Information>

I. Spokesperson of the Company

Name: Shu-Fen (Iris) Chen

Title: Director

Tel: +886-3-216-5088

Email: iris.chen@adlinktech.com

Acting Spokesperson

Name: Yu-Ting (Samantha) Lin

Title: Senior Manager, Accounting Department

Tel: +886-3-216-5088

Email: samantha.lin@adlinktech.com

II. Address and Telephone Number of the Company

Head Office: No. 66, Huaya 1st Road, Guishan District, Taoyuan City

Tel: +886-3-216-5088

Plant: No. 68, Huaya 1st Road, Guishan District, Taoyuan City

Tel: +886-3-216-5088

III. Contact Information of Stock Transfer Agency

Name: Taishin Securities Co., Ltd. Stock Agency Department

Address: No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Website: <https://www.tssco.com.tw/stocktransfer>

Tel: +886-2-2504-8125

IV. Contact Information of the CPAs for the Most Recent Financial Statements

Name of CPA: Wen-Chin Lin and Yi-Wen Wang

CPA Firm: Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City

Website: <http://www.deloitte.com.tw>

Tel: +886-2-2725-9988

V. The Name of Any Exchanges Where the Company's Securities are Traded Offshore and the Method by Which to Access Information on the Said Offshore Securities: None.

VI. The Company's Website: <http://www.adlinktech.com>

## Table of Contents

Chapter 1.	Letter To Shareholders .....	1
Chapter 2.	Company Profile.....	3
Chapter 3.	Corporate Governance Report .....	4
Chapter 4.	Funding Status .....	58
Chapter 5.	Operational Highlights .....	71
Chapter 6.	Financial Conditions .....	93
Chapter 7.	Review of Financial Conditions, Operating Results, and Risk Management.....	102
Chapter 8.	Special Disclosure.....	109
Appendix 1.	Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report.....	114
Appendix 2.	Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report.....	183

## Chapter 1. Letter To Shareholders

In 2023, the global economy remained weak, and due to the impact of customers' ongoing inventory adjustments, order delays or product conversions became increasingly common. ADLINK's revenue was NT\$11.4 billion, a decrease of 3% compared to the previous year. The Profit before-Income tax was NT\$460 million, and the EPS was NT\$1.51. The main financial revenue, expenditure, and profitability analysis for 2023 are as follows:

### Financial Revenue, Expenditure, and Profitability Analysis

Unit: NT\$ thousand

Item		2023	2022
Revenue and Expenditure	Consolidated Operating Revenue	11,414,519	11,718,175
	Consolidated Profit before-Income tax	456,641	970,329
Profitability	Consolidated Return on Assets	3%	6%
	Consolidated Return on Equity	5%	16%
	Consolidated Profit from operations to Paid-in Capital Ratio	15%	28%
	Consolidated Pre-tax Net Profit to Paid-in Capital Ratio	21%	45%
	Consolidated Net Profit Margin	3%	7%
	Earnings Per Share (NT\$)	1.51	3.71

### Strengthening Regional Development Strategy to Enhance Overall Customer Value and Satisfaction

ADLINK shifted towards a regional sales-oriented approach from product-oriented since 2023, emphasizing the importance of customer needs and localized markets. ADLINK not only constructed a comprehensive regional operations management structure to provide specialized customer support, but also formulated reciprocal sales strategies (G-model) for future growth engine based on market characteristics and demands of each region. Related product strategies (X-model) were also built to highlight the market advantages of products. Meanwhile, through integrated sales, shared goals are defined with Sector Business Unit (SBU) and Objectives & Key Results (OKR) are clarified. In the future, ADLINK will continue to develop, monitor, and optimize plans to enhance ADLINK's strategy execution capabilities and efficacy.

### Stable Integration Vendors and Customized Services

ADLINK is committed to providing stable system products that meet the needs of various vertical markets. In 2023, a professional customization team was established to promote diversified customization services. In terms of major clients with customization requirements, cost-effective products and services are provided and partnerships strengthened through multifaceted cooperation, such as manufacturing quality, supply chain assurance, design innovation, and lowering Total Cost of Ownership (TCO). Simultaneously, client loyalty is anticipated to increase in 2024 through improving

production efficiency, expanding ecosystem links, and transforming from board-level to system-level products.

### **Establishing Solid Ecosystem Partnerships to Co-create Product Innovation and Integration Advantages**

In the field of research and development, ADLINK continues to prioritize the broad application of 5G, Artificial Intelligence (AI), and edge computing with the development of AI servers at the forefront. Aside from speed improvement, sustainability, and cost-effectiveness through the use of Edge AI, ADLINK is dedicated to creating AI solutions that better satisfy the demands of our clients. For example, in 2023, we launched Pocket AI, a portable, plug-and-play AI accelerator that utilizes Thunderbolt™'s high-speed transmission (up to 40 Gb/s) and modern host versatility to achieve intuitive plug-and-play U/X in an innovative way, significantly boosting productivity. Likewise, we are an industry leader in SMARC module products and expertise, covering a wide range of products from x86 to Arm architectures. ADLINK collaborates with numerous prominent processor manufacturers including Intel, NXP, Qualcomm, MediaTek, and Rockchip to fully realize the promise of SMARC in a variety of vertical domains and applications.

### **Fulfilling Corporate Sustainability Responsibilities and Achieving International Environmental Carbon Reduction Goals**

To enhance ADLINK's sustainable management capabilities, ADLINK officially outlined its sustainability development vision blueprint in 2023. Adhering to the notion of "sustainability and sharing", we are committed to promoting corporate social responsibility and gradually implementing corporate sustainability goals while considering economic, environmental, and social aspects. Under the promotion of the ESG Sustainability Committee, ADLINK continues to address domestic and international climate change issues, pledging to reduce carbon emissions by 24% by 2030. ADLINK has also incorporated renewable energy into its overall carbon reduction strategy, officially integrating solar power generation in the 4th quarter of 2023, as it is anticipated to account for 6% of total electricity generation. The goal of net-zero shall be gradually achieved through reducing operational carbon emissions, increasing the proportion of renewable resources and minimizing environmental impact. In addition, ADLINK continues to improve its governance structure to ensure that while boosting business performance, strengthening corporate management, as well as safeguarding shareholders' rights and interests, it also considers the interests of other stakeholders to enhance ADLINK's sustainable development capabilities.

Ultimately, we appreciate the shareholders' continuing support and counsel. In the face of various challenges towards overall environment, ADLINK will persist to strengthen regional autonomous development, solidify partnerships with ecosystem partners, in addition to enhance overall customer value and satisfaction. We are striving to become a more competitive and valuable company, by constantly co-innovating and integrating advantages to bring products and technologies closer to customer needs.

ADLINK Technology, Inc.

Chairman: Chun (Jim) Liu    President: I-Tun (Stephen) Huang    Accounting Manager: Hsin-Yu Kuo

## Chapter 2. Company Profile

### I. Established Date

August 29, 1995

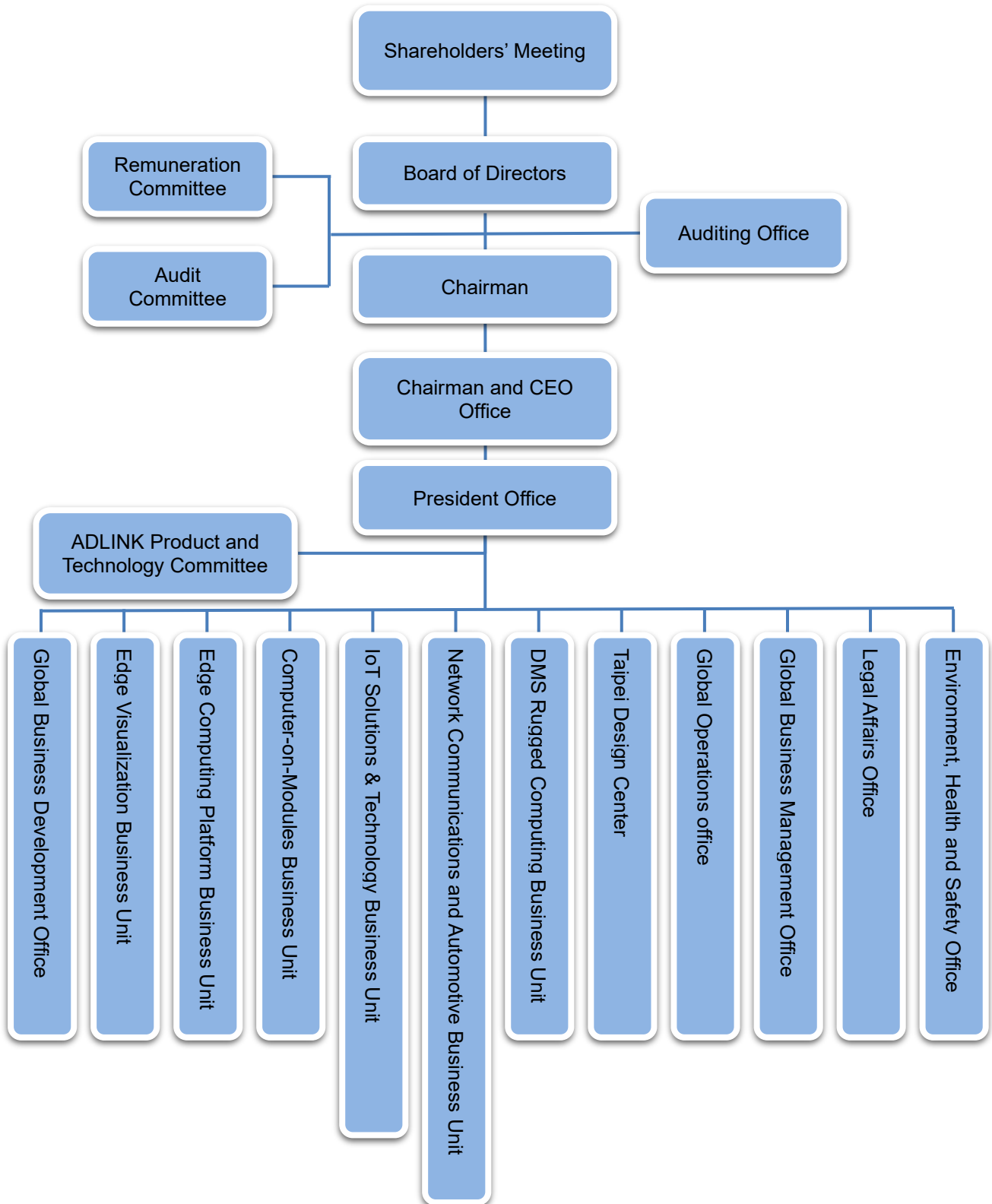
### II. Company History

Date	Milestones
2002.03	ADLINK's Stock was officially listed at the Taipei Exchange (TPEX)
2004.11	ADLINK's stock transferred and listed from TPEX to Taiwan Stock Exchange (TWSE)
2008.04	Acquired 100% equity of Ampro Computers Inc.
2009.12	Liquidated ADLINK USA, consolidating US subsidiaries into Ampro ADLINK Technology Inc.
2010.06	Launched the Shanghai Operations Center
2010.08	Established ADLINK Technology (Europe) GmbH subsidiary
2012.01	Acquired 100% equity of LiPPERT Embedded Computers GmbH
2013.01	Introduced Agilent funds as private equity
2014.02	Promoted to Intel Intelligent Systems Alliance premier member
2014.03	Acquired 100% equity of PENTA GmbH
2016.01	Acquired 100% equity of PrismTech Group Ltd.
2016.06	ADLINK China invested in JYTEK, a measuring products company, and acquired 45.45% equity
2018.02	Joined the ROS-Industrial Consortium as the first member from the Asia-Pacific region
2018.11	Established ADLINK Technology Korea Ltd. subsidiary
2020.03	AUO Corp. publicly acquired approximately 19.45% of ADLINK's common shares
2020.07	Established a joint venture FARobot, Inc. with Hyield Venture Capital Co., Ltd., with a 49% shareholding ratio
2021.06	Established ZettaScale Technology Cayman Limited subsidiary
2021.07	Headquarters relocated to HwaYa Technology Park in Taoyuan City
2021.09	Established ADLINK Edge Computing Limited subsidiary
2022.01	Established Autonomous Mobility Ltd. subsidiary
2022.06	ZettaScale Technology Limited, a subsidiary of ADLINK, received a strategic investment from TTTech Auto
2023.03	Passed the ISO 26262 Automotive Functional Safety Design Process Certification
2024.01	Established ADLINK Technology India Private Limited subsidiary
2024.03	Established Shanghai ADLINK Intelligence Technology Co., Ltd. subsidiary

## Chapter 3. Corporate Governance Report

### I. Organization

#### (I) Organization Structure



## (II) Responsibilities and Functions of Major Departments

Department	Functions
Chairman and CEO Office	To be responsible for planning the development and implementation of the Company's goals, strategy and policy.
President Office	To formulate, promote, execute, communicate and coordinate the Company's overall operational objectives.
Auditing Office	To assist in the updating of the Company's internal control systems; be responsible for reviewing and evaluating the Company's internal control systems to ensure the continued effective implementation of the system with reasonable confidence.
ADLINK Product and Technology Committee	To be responsible for ADLINK's product and technology planning, investment and development of new technologies, application of emerging technologies, group-wide R&D technology promotion.
Global Business Development Office	<ul style="list-style-type: none"> <li>• Asia Pacific Regional Sales Unit: To be responsible for Asia Pacific market operations.</li> <li>• Taiwan Sales Division: To be responsible Taiwan market operations.</li> <li>• EMEA: To be responsible for European market operations.</li> <li>• Corporate Marketing: To be responsible for enhancing the brand awareness and brand market value of ADLINK.</li> </ul>
Edge Visualization Business Unit	To be responsible for edge visualization products' market strategy planning and overall operational performance, pricing resolution, notification and management of sales prices, advice on new product development matters, market development and marketing channel expansion, annual operational guidelines, market demand investigation and analysis, product specification formulation, product and project development schedule management, design changes, graphic management, technical information management, customer technical support and service, customized project product service, promotion and implementation of group goals and strategies.
Edge Computing Platforms Business Unit, Computer on Modules Business Unit	To be in charge of market strategy and overall operating performance of the planned products, resolution, notification and management of sales prices, advice on new product development matters, market development and marketing channel expansion, market demand research and analysis, product specification development, product and project development timeline management, design changes, graphic management, technical information management, customer technical support and services, customized products, hardware circuit manufacturing, institutional design, software development, test tool development and product testing and validation, accelerate and increase the technical evaluation of upcoming business opportunities, and ensure that customers can obtain high quality technical services with expertise in the field.
IoT Solutions & Technology Business Unit	To be responsible for intelligent industrial products and strategic solutions' market strategy planning, execution and overall operating performance, resolution and notification of sales prices, advice on new product development matters, expansion of market development and marketing channels, market demand research and analysis, product specification formulation, product and project development process management, design changes, graphic management, technical information management, customer technical support and services.



Department	Functions
Network, Communication & Automotive Business Unit	To be responsible for network communication and vehicular-related products' market strategy planning, execution and overall operating performance, resolution, notification and management of sales prices, advice on new product development matters, market development and marketing channel expansion, market demand investigation and analysis, product specification formulation, product and project development schedule management, design changes, graphic management, technical information management, customer technical support and services.
DMS Rugged Computing Business Unit	To be responsible for vertical domain solutions and integrating customized business-related products' market strategy planning, executing and overall operational performance, notification and management of sales prices, advice on new product development matters, market development and marketing channel expansion, annual operational guidelines, market demand investigation and analysis, product specification formulation, product and project development schedule management, design changes, graphic management, technical information management, customer technical support and service, customized project product service, promotion and implementation of group goals and strategies.
Taipei Design Center	Software research and development, software testing and validation, hardware specification development, hardware circuit manufacturing, graphic management, technical information management, component testing and selection, test tool development, product design validation, product development support-related PCB design, green product policy development and process planning, environmental monitoring safety certification and data reporting.
Global Operations Office	<ul style="list-style-type: none"> <li>• Global Manufacturing Division: <ul style="list-style-type: none"> <li>➤ Taipei Production Manufacturing Center: Overall production system of the Company. <ul style="list-style-type: none"> <li>◆ Production Engineering Department: To shift R&amp;D technology into production technology, production defective product repair and after-sales maintenance operations.</li> <li>◆ Manufacturing Engineering Department: In charge of the formulation and release of work instructions and technical documents for manufacturing operations, to help the production line improve the quality rate and equipment utilization rate.</li> </ul> </li> <li>➤ Quality Assurance Center: Supplier management, material inspection, finished product inspection, product quality control and other quality management operations.</li> <li>➤ Advanced Manufacturing Technology Center: Introduction of new process technology research, and improvement of global technology resource capabilities.</li> </ul> </li> <li>• Global Quality Management System Division: <p>To be responsible for the Company's quality strategy planning, quality and environmental safety system management and planning, customer quality project improvement and customer complaint reporting processing.</p> </li> <li>• Strategic Sourcing &amp; Component Mgmt. Division: <p>Search and assessment of assisting manufacturers, procurement, delivery, price, and supplier management of purchased products from external</p> </li> </ul>

Department	Functions
	<p>suppliers, provide products for R&amp;D department parts selection reference, comply with parts selection specifications, and maintain parts database.</p> <ul style="list-style-type: none"> <li> <b>Materials Management Division:</b>  Component procurement for regular production stocking materials, plan and control overall product production, coordinating and scheduling optimized production and sales planning, production scheduling, materials planning, and planning and management of raw material and finished product warehousing. </li> <li> <b>Customer Project Management Division:</b>  New project activation and transfer, customer liaison and first-level upgrade, customer demand satisfaction and customer appeal resolution, customer satisfaction and expectation management, customer business model optimization and continuous improvement, customer quotation and contract management. </li> <li> <b>Strategy Industrial Engineering Department:</b>  Operation process improvement, manufacturing cost analysis and evaluation, project evaluation and management. </li> </ul>
Global Business Management Office	<ul style="list-style-type: none"> <li> <b>Information Technology Division:</b>  Planning, construction, integration, and maintenance of information infrastructure and related software and hardware, enterprise application systems and related data management and business analysis systems, establishment and implementation of information technology management processes and systems, and management of information security, planning, implementing and maintenance of the Company's information security management system. </li> <li> <b>Human Resources Division:</b>  Human resources strategy and work planning such as talent recruitment and retention, establishment and implementation of administrative personnel management system, reward system, overseas personnel management, global human resources related and corporate culture projects, general procurement, fixed asset management and plant operations, etc. </li> <li> <b>Finance Department:</b>  Business analysis of financial statement, capital planning and banking, long-term and short-term investment evaluation, foreign exchange hedging operations, etc. </li> <li> <b>Accounting Department:</b>  Accounting and tax processing, budgeting, financial statement preparation, etc. </li> <li> <b>Management Planning &amp; Analysis Department:</b>  According to the Company's future development goals and financial status, consolidate and analyze the Company's financial information, and provide innovative feasibility plans and suggestions to reduce company costs and improve financial performance. </li> <li> <b>Global Cost &amp; Budget Management Center:</b>  Utilizing the goals formulated at the annual operating plan meeting to prepare and integrate the following year's global budget profit and loss statement, manage and analyze various cost exceptions, analyze differences </li> </ul>

Department	Functions
	<p>between standard and actual costs, and follow-up on OEE data for cyclical improvement plans.</p> <ul style="list-style-type: none"> <li>• ESG &amp; Corporate Governance Center: Handle matters related to the shareholders' meeting, board of directors, and functional committees according to the law, reference materials when the shareholders' meeting is held, such as annual reports and meeting handbooks, implement corporate governance and develop a sustainable environment.</li> <li>• Global Risk Control Management Center: Establishment, promotion and actual implementation of the five major risk management systems including risk identification, analysis, evaluation, response, oversight and review.</li> </ul>
Legal Affairs Office	To conduct necessary legal risk control and advice, contract review, formulation and management, legal operations planning, litigation control and intelligent property management on the Company's operation.
Environment, Health and Safety Office	<p>To be in charge of ISO14001 and OHSAS 18001 systems and their maintenance and management. To be responsible for establishing the Company's environmental safety and health policies and systems, ensuring the safety and health of employees, maintaining and auditing the Company's environmental safety and health systems of all departments.</p> <p>To determine the occupational hazard prevention plan, and guide the relevant departments in the implementation, planning and supervision of labor safety and health management, and inspection of safety and health facilities. To guide and supervise relevant personnel in the implementation of inspections, periodic inspections, key inspections and workplace environment determination, planning labor health inspections, and implement health management.</p>

## II. Information on Directors, Presidents, Vice Presidents, Directors, and Heads of Departments and Branch Offices

### (I) Information of Directors

April 21, 2024; Number of Shares Unit: thousand shares

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term	Date First Elected	Shareholding When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shares Held in Others' Names		Major Working (Education) Experience	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	R.O.C.	Chun (Jim) Liu	Male 61-70	2022.06.22	Three years	2001.05.07	10,297	4.73%	10,252	4.71%	4,138	1.90%	0	0	<ul style="list-style-type: none"> <li>Master of Institute of Computer Management Decision Making, National Tsinghua University</li> <li>-Institute for Information Industry</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director, Zenitron Corporation</li> <li>Director and CSO, AUO Display Plus Corporation</li> <li>Director, AUO Foundation</li> <li>Note 1</li> </ul>	Executive Consultant	Han-Fen Ni	Spouse	Note 4
Director	R.O.C.	Yeou-Yih Chou	Male 81-90	2022.06.22	Three years	2007.06.15	1,332	0.61%	782	0.36%	434	0.20%	0	0	<ul style="list-style-type: none"> <li>Completion of the MDP class at Asian Institute of Management</li> <li>Department of Electrical Engineering, Tatung Institute of Technology</li> <li>Head of Electronic Design, Tatung Company</li> </ul>	Note 2	None	None	None	None
Director	R.O.C.	Chroma ATE, Inc.	Female 61-70	2022.06.22	Three years	2001.05.07	24,417	11.23%	14,267	6.56%	0	0	0	0	<ul style="list-style-type: none"> <li>Department of Accounting, Tunghai University</li> <li>Director, Finance Department of Chroma ATE, Inc.</li> </ul>	Note 3	None	None	None	None
Director Representative		Hsiu-Miao Huang							12	0.01%	27	0.01%	0	0						

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term	Date First Elected	Shareholding When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shares Held in Others' Names		Major Working (Education) Experience	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Director	R.O.C.	AUO Corporation	Male 51-60	2022.06.22	Three years	2020.06.22	42,310	19.45%	42,310	19.45%	0	0	0	0	<ul style="list-style-type: none"> <li>PhD, Department of Photonics, National Yang Ming Chiao Tung University.</li> <li>Chairman and CEO, E Ink Holdings Inc.</li> <li>Vice President of Strategic Planning Division, AUO Corp.</li> <li>Vice President of TV Business Group, AUO Corp.</li> </ul>	<ul style="list-style-type: none"> <li>CEO and President, AUO Corp.</li> <li>Chairman, AUO Display Plus Corporation</li> <li>Director, Darwin Precisions</li> </ul>	None	None	None	None
Director Representative		Fu-Jen (Frank) Ko							0	0	0	0	0	0						
Director	R.O.C.	AUO Corporation	Female 51-60	2022.06.22	Three years	2022.06.22	42,310	19.45%	42,310	19.45%	0	0	0	0	Master, Industrial Management, Waseda University, Japan	Vice President, AUO Corp.	None	None	None	Note 5
Director Representative		I-Fang, Wu							0	0	0	0	0	0						
Independent Director	R.O.C.	Wei-Chien Li	Female 51-60	2022.06.22	Three years	2016.06.20	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>Master's degree, Institute of Sociology, National Taiwan University</li> <li>Director representative of Etron Technology Inc.</li> <li>Director of Kai Chun Investment Co., Ltd.</li> </ul>	Vice President of Coretronic Corporation	None	None	None	None
Independent Director	R.O.C.	Hsing-Hai Wei	Male 61-70	2022.06.22	Three years	2022.06.22	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>NYCU Executive Master of Business Administration</li> <li>Accounting Division, Department of Commerce, National Taiwan University</li> <li>CPA of KPMG, Executive Consultant</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director, TKK</li> <li>Certified Public Accountant at Chuan-Chih CPA Firm</li> <li>Member of the Remuneration Committee of ZXYL Group</li> </ul>	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term	Date First Elected	Shareholding When Elected		Shares Currently Held		Spouse & Minor Shareholding		Shares Held in Others' Names		Major Working (Education) Experience	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Chih-Kuang Tseng	Male 41-50	2022.06.22	Three years	2022.06.22	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>Institute of Electrical Engineering, National Taiwan University</li> <li>Department of Math, National Taiwan University</li> <li>Vice President of Global Business and Marketing, M2COMM</li> </ul>	<ul style="list-style-type: none"> <li>President, ARM</li> <li>Member of the Curriculum Committee of National Taiwan Normal University</li> </ul>	None	None	None	None
Independent Director	R.O.C.	Yung-Hao Yu	Male 51-60	2022.06.22	Three years	2022.06.22	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> <li>Master, Industrial Engineering, Northeastern University, USA</li> <li>Bachelor, Electrical Engineering, Northeastern University, USA</li> <li>Head of Strategic Partnership and Ecosystem Development, Faurecia</li> <li>Executive Advisor, Forvia</li> </ul>	Strategy Consultant of Azumo, Inc.	None	None	None	None

Note 1: For information regarding concurrent positions held in related companies, please refer to “VIII. Special Disclosures” in this annual report under “Directors, Supervisors, and General Managers of Related Companies” (pages 110-111).

Note 2: Concurrently holds the positions of the following companies:  
Legal representative Zeniltron: Chairman, Zeniltron (Hong Kong); Chairman, Supertronic International Corp.; Director, Cordial investment corporation; Director, NU INC.  
Legal representative, Supertronic International Corp.: Chairman, Asian Sky Investments Limited;  
Chairman, ZENIBOSS Corporation; Director, I Sheng Electric Wire & Cable Co., Ltd., Director, Yu-Tseng Investment Co., Ltd.; Supervisor, Tseng Te Investment Corporation.

Note 3: Concurrently holds the positions of the following companies:  
Director of the Finance Department, Chroma ATE, Inc.; Supervisor, Chroma Investment Co., Ltd.; Supervisor, Testar Electronics Corp.; Supervisor, MAS Automation Corp.; Supervisor, ADIVIC Technology Co. Ltd; Supervisor, Innovative Nanotech Incorporated; Supervisor, Touch Cloud Inc.; Director, Taiwan Advanced Nanotech Inc.; Director, TFBS Bioscience, Inc.; Director, HEPHAS Energy Co., Ltd.

Note 4: The Chairman of the Company concurrently holds the CEO position. To intensify the independence of the board of directors, the Company increased the number of independent directors in the re-election of directors in 2022.

Note 5: On July 6, 2023, AUO Director Representative was changed from Cheng-I Yang to I-Fang, Wu.

## 1. Major Shareholders of the Corporate Shareholders

Name of Corporate Shareholder	Major Shareholders of the Corporate Shareholders
Chroma ATE Inc.	Leo Huang (holding 4.90%), Citibank as custodian of Government of Singapore Investment Account (holding 4.64%), Chun-Sheng, Chen (holding 3.55%), Yu-Mei, Hsueh (holding 2.60%), Citibank Taiwan commissioned to manage the investor account of Noregs Bank. (holding 2.58%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Schroder International Selection Fund - Asian Absolute Return (holding 2.41%), Shu-Chuan, Chen (holding 2.19%), Nan Shan Life Insurance Co., Ltd. (holding 2.09%), HSBC (Taiwan) Commercial Bank Co., Ltd. acts as the custodian for the special investment account of the Overlook Partners Fund Limited Partnership (holding 2.05%), JPMorgan Chase Bank, JPMorgan Chase Bank N.A., Taipei Branch in custody for Stichting Depository APG Emerging Markets Equity Pool (holding 1.96%)
AUO Corp.	Qisda Corporation (6.90%), Trust Holding for Employees for AUO (5.08%), Quanta Computer Inc. (4.61%), Yuanta Taiwan Dividend Plus ETF (2.99%), ADR of AUO (2.44%), New Labor Pension Fund (1.97%), Nan Shan Life Insurance Co., Ltd. (1.62%), HSBC Bank in Custody for Morgan Stanley & Co. International Plc Account (1.35%), JPMorgan Chase Bank, JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.93%), JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Asset Management (0.85%)

## 2. Major Shareholders of the Corporation listed above

Name of Corporation	Major Shareholders of the Corporation
Nan Shan Life Insurance Company, Ltd.	Ruen Chen Investment Holding Co., Ltd. (holding 89.5498%), Ruen Hua Dyeing Factory Co., Ltd. (holding 1.3441%), Ying-Tsung, Tu (holding 1.1576%), RuenTex Co., Ltd. (holding 0.9722%), RuenTex Development Co., Ltd. (holding 0.2319%), RuenTex Industries Co., Ltd. (holding 0.2133%), Yuan Hsin Investment Co., Ltd. (holding 0.1563%), Ruentex Leasing Co., Ltd. (holding 0.1243%), Chi Pin Investment Co., Ltd. (holding 0.1069%), Pan City Co., Ltd. (holding 0.0945%) Note: The data source is based on the company's book closure date as of March 31, 2023
Qisda Corporation	AUO Corporation (holding 17.04%), Acer Inc. (holding 4.55%), Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account (holding 3.38%), Konley Venture Corp. (holding 2.55%), Darfon Electronics Corp. (holding 2.03%), Citibank Taiwan Limited in custody for Norges Bank (holding 1.23%), E.Sun Commercial Bank, Ltd. (holding 1.02%), Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds (holding 0.98%), New Labor Pension Fund (holding 0.97%), Polunin Developing Countries Fund, LLC (holding 0.97%) Note: The data source is based on the company's book closure date as of March 31, 2023
Quanta Computer Inc.	ChienYu Investment Co., Ltd. (holding 14.82%), Barry Lam (holding 10.76%), Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (Custodian: TaiShin Bank) (holding 2.38%), C.C. Leung (holding 2.14%), He Sa Trust (holding 2.07%), New Labor Pension Fund (holding 1.99%), Yuanta Taiwan Dividend Plus ETF (holding 1.81%), Nan Shan Life Insurance Co., Ltd. (holding 1.77%), Yi Chia Xin Investment Company Ltd. (holding 1.60%), Cathay Life Insurance Co., Ltd. (holding 1.56%) Note: The data source is based on the company's book closure date as of April 18, 2023.

## Disclosure of Information on Professional Qualifications of Directors and Independence of Independent Directors

Qualifications Name	Professional Qualification and Work Experience	Independence Criteria	Number of other public companies where the member concurrently serves as Independence Directors
Chairman Chun (Jim) Liu	Founder of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.	Non Independent Director	1
Director Yeou-Yih Chou	Currently Chairman of Zenitron Corporation, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Director Chroma ATE Inc. Representative: Hsiu-Miao Huang	Currently Head of Finance, Chroma ATE Inc, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Director AUO Corporation Representative: Fu-Jen (Frank) Ko	Currently CEO and President of AUO Corporation, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Director AUO Corporation Representative: I-Fang, Wu	Currently Vice President, AUO Corporation, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Independent Director Wei-Chien Li	Currently HR Vice President of Coretronic Corp, having working experience in business, legal, finance, accounting or in the area the Company needed.	During the two years prior to being elected and during the term of office, all independent directors have met the qualification requirements set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and Article 14-2 of the Securities and Exchange Act.	0
Independent Director Hsing-Hai Wei	Currently Certified Public Accountant at Chuan-Chih CPA Firm, having working experience in business, legal, finance, accounting or in the area the Company needed.		1
Independent Director Chih-Kuang Tseng	Currently President of ARM, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Independent Director Yung-Hao Yu	Currently Executive Consultant of Azumo, Inc., having working experience in business, legal, finance, accounting or in the area the Company needed.		0

Note: All directors of the company have been examined and currently do not have any of the circumstances specified in Article 30 of the Company Act.



## Board Diversity and Independence

### Board Diversity

To ensure fair, impartial, and open selection of directors, ADLINK Technology has established the “Director Election Regulations” in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, which require candidates to possess various capabilities such as operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, global market perspective, leadership, and decision-making.

The current Board of Directors consists of nine directors with the necessary professional expertise required for their duties, possessing rich academic and professional backgrounds, as well as diverse knowledge and skills across different fields. As the highest governance body, the Board of Directors is responsible for establishing an effective corporate governance system, appointing, supervising, and guiding the company’s managers, enhancing overall management capabilities, and ensuring that ADLINK Technology continues to progress on the path of sustainable development, maximizing the interests of all stakeholders.

Title	Chairman	Director and Director Representative				Independent Director			
Name	Chun (Jim) Liu	Yeou-Yih Chou	Hsiu-Miao Huang	Fu-Jen (Frank) Ko	I-Fang, Wu	Wei-Chien Li	Hsing-Hai Wei	Chih-Kuang Tseng	Yung-Hao Yu
Gender/Age	Male / 61-70	Male / 81-90	Female / 61-70	Male / 51-60	Female / 51-60	Female / 51-60	Male / 61-70	Male / 41-50	Male / 51-60
Professional Background									
Industry	V	V	V	V	V	V		V	V
Financial Accounting			V				V		
Management Expertise and Skills	V	V	V	V	V	V	V	V	V
Professional Knowledge and Skills									
Business Judgment	V	V		V	V			V	V
Business Management	V	V	V	V		V	V	V	
Crisis Management	V	V	V	V	V	V	V	V	V
International Market Perspective	V	V	V	V	V	V	V	V	V
Leadership and Decision Making	V	V	V	V	V	V	V	V	V

The management objectives of the board diversity policy and the goals achieved regarding the diversity policy are listed below:

Management Objectives	Progress
Directors who concurrently serve as managers of the Company have not been more than one-third	Achieved
The proportion of either gender on the Board of Directors has reached one-third of the seats.	Achieved
The independent directors not hold office for more than 3 terms	Achieved

### Independence of the Board of Directors

ADLINK Technology has nine directors, including four independent directors (44%), in compliance with Article 17 of the Articles of Incorporation: “The Company shall appoint five to nine seats of directors, and adopted candidate nomination system for shareholders to elect directors from a list of director candidates. They shall serve for a term of three years and shall be eligible for re-election. Among the seats of Directors, the number of Independent Directors shall not be less than two and shall not be less than one-fifth of the total number of Director seats.”

The Company regularly reviews the written statements of each independent director to confirm that they continue to meet the independence requirements. There are no circumstances as stipulated in Paragraph 3, Article 26-3 of the Securities and Exchange Act among the directors.

## (II) Information on the President, Vice Presidents, Director, and the Heads of all the Company's Divisions and Branch Units

April 21, 2024; Number of Shares Unit: thousand shares

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouse or Minor Children		Shares Held in Others' Names		Major Working (Education) Experience	Other Position Concurrently Held at the Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chief Executive Officer	R.O.C.	Chun (Jim) Liu	Male	2001.05.07	10,252	4.71%	4,138	1.90%	0	0	-Master of Institute of Computer Management Decision Making, - National Tsinghua University -Institute for Information Industry	-Independent Director, Zenitron Corporation, -CSO, AUO Display Plus -Director, AUO Foundation -Note 1	Executive Consultant	Han-Fen Ni	Spouse	Note 2
President and COO	R.O.C.	I-Tun (Stephen) Huang	Male	2021.10.18	0	0	0	0	0	0	-M.S., Institute of Aerospace Engineering, National Cheng Kung University -Associate Vice President, Advantech -Executive Vice President of ADLINK Technology's Intelligent Computing Business Group	Director of FARobot Inc., Note 1	None	None	None	None
Vice President and Global CFO	R.O.C.	Ta-Chih (Jeff) Chou	Male	2006.06.01	311	0.14%	3	0.00%	0	0	-Master, State University of New York at Albany, USA -Vice President, RITI Technology Inc.	Director of FARobot Inc., (Note 1)	None	None	None	None
Vice President	R.O.C.	Yi-Nan (Edgar) Chen	Male	2007.11. 1	-	-	-	-	-	-	-Institute of Mechanical Engineering, National Taiwan University -Chief Director, ADLINK	Note 1	None	None	None	Note 3
Director	R.O.C.	Shu-Fen (Iris) Chen	Female	2021.05.06	73	0.03%	0	0	0	0	-Master of Business Administration, University of Illinois, United States -Manager of Investment Research Department, Taiwan Life Insurance Investment Trust	None	None	None	None	None
Director	R.O.C.	Jui-Lin Juang	Male	2023.03.16	0	0	0	0	0	0	-Master of Science in Development Studies, University of London, UK -Special Assistant to CFO of ADLINK Technology -Head of Finance and Planning Division, AUO Corporation	None	None	None	None	None
Senior Manager	R.O.C.	Hsin-Yu Kuo	Female	2022.06.01	0	0	0	0	0	0	-MSc Accounting and Finance, University of Exeter, UK -Associate Manager of CENPRO Technology	Supervisor, FARobot Inc.	None	None	None	None

Note 1: For information regarding concurrent positions held in related companies, please refer to "VIII. Special Disclosures" in this annual report under "Directors, Supervisors, and General Managers of Related Companies" (pages 110-111).

Note 2: The CEO and the Chairman of the Board are the same person. To strengthen the independence of the Board of Directors, the number of Independent Director seats was increased during the re-election of Directors in 2022.

Note 3: Yi-Nan (Edgar) Chen was discharged as an insider after the structure adjustment in March 2023.

### III. Remuneration Paid to Directors, the President, and Vice Presidents in the Most Recent Fiscal Year

#### (I) Remuneration of Directors

Unit: thousand shares/NTD thousand

Title	Name	Remuneration Paid to Directors								(A+B+C+D) as % of Net Income (Note 9:)		Relevant Remuneration Received by Directors who Are Also Employees								(A+B+C+D+E+F+G) as % of Net Income (Note 9:)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Remuneration (A) (Note 1)		Severance and Retirement Pension (B)		Directors' Remuneration(C) (Note 2:)		Business Execution Fees (D) (Note 3)				Salary, Bonuses, and Allowances (E) (Note 4)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 5)						
		The Company	All Companies in the Financial Report (Note 6)	The Company	All Companies in the Financial Report (Note 6)	The Company	All Companies in the Financial Report (Note 6)	The Company	All Companies in the Financial Report (Note 6)	The Company	All Companies in the Financial Report (Note 6)	The Company	All Companies in the Financial Report (Note 6)	The Company	All Companies in the Financial Report (Note 6)	The Company		All Companies in the Financial Report (Note 6)		The Company	All Companies in the Financial Report (Note 6)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Chun (Jim) Liu	1,080	1,080	0	0	2,960	2,960	220	220	4,260 1.30%	4,260 1.30%	3,416	4,182	68	68	0	0	0	0	7,744 2.36%	8,510 2.59%	None
Director	Yeou-Yih Chou																					
Director	Chroma ATE, Inc. Representative: Hsiu-Miao Huang																					
Director	AUO Corporation Representative: Fu-Jen (Frank) Ko																					
Director	AUO Corporation Representative: Cheng-I, Yang/I-Fang, Wu (Note 10)																					
Independent Director	Wei-Chien Li	3,930	3,930	0	0	740	740	200	200	4,870 1.48%	4,870 1.48%	0	0	0	0	0	0	0	0	4,870 1.48%	4,870 1.48%	None
Independent Director	Hsing-Hai Wei																					
Independent Director	Chih-Kuang Tseng																					
Independent Director	Yung-Hao Yu																					

- Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time: The remuneration for the Company's independent directors is based on a fixed amount plus a weight ratio based on their roles and responsibilities. It is paid quarterly. In addition, considering the risks and time commitment undertaken by independent directors, they are allocated compensation appropriated according to Article 26 of the Articles of Incorporation, and each director and functional committee member is subsidized for meeting attendance expenses.
- In addition to the disclosures in the above table, the remuneration received by the Company's directors in the most recent year for providing services (such as serving as a consultant for the parent company/all companies in the financial statements/reinvestment businesses where the person is not an employee) is as follows: None.

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 7)	All Companies in the Financial Report (Note 8) H	The Company (Note 7)	All Companies in the Financial Report (Note 8) I
Less than NT\$1,000,000	Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko, Cheng-I, Yang/I-Fang, Wu	Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko, Cheng-I, Yang/I-Fang, Wu	Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko, Cheng-I, Yang /I-Fang, Wu	Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko, Cheng-I, Yang /I-Fang, Wu
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Chun (Jim) Liu, Wei-Chien Li, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu	Chun (Jim) Liu, Wei-Chien Li, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu	Wei-Chien Li, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu	Wei-Chien Li, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	None	None	None	None
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	None	None	Chun (Jim) Liu	None
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	None	None	None	Chun (Jim) Liu
Over NT\$100,000,000	None	None	None	None
Total	9	9	9	9

Note 1: Refers to remuneration of directors for the most recent year (includes director's salary, additional compensation, severance pay, various bonuses, incentive pay).

Note 2: Refers to remuneration provided to directors as approved by the Board of Directors for the most recent year.

Note 3: Refers to relevant business expenses incurred by Directors (including travel expenses).

Note 4: It refers to the remuneration received by directors who are also employees in the most recent year, including salaries, job allowances, severance pay, various bonuses, rewards, transportation allowances, special allowances, various allowances, dormitories, company cars, and other in-kind benefits provided. In addition, salary expenses, including employee stock options, recognized in accordance with IFRS 2 "Share-based Payment" should also be included in the remuneration.

Note 5: It refers to directors concurrently serving as employees who received employees' compensation in the most recent fiscal year.

Note 6: The total remuneration provided by all the companies (including the Company) to the Company's Directors must be disclosed in the Consolidated Financial Report.

Note 7: The remuneration provided by the Company to each Director shall be disclosed as a range and the names of directors are disclosed by range of remuneration received.

Note 8: The total amount of various remuneration paid by all companies (including the Company) in the consolidated report to each director of the Company should be disclosed, and the names of the directors should be disclosed in the corresponding range.

Note 9: It refers to the net income after tax in the most recent individual financial report.

Note 10: AUO reassigned its director representative on July 6, 2023.

## (II) Remuneration of the President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 1)		Severance and Retirement Pension (B)		Bonus and Allowance (C) (Note 2:)		Employees' Compensation (D) (Note 3:)				(A+B+C+D) as % of Net Income (Note 7:)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		The Company	All Companies in the Financial Report (Note 4)	The Company	All Companies in the Financial Report (Note 4)	The Company	All Companies in the Financial Report (Note 4)	The Company		All Companies in the Financial Report (Note 4)		The Company	All Companies in the Financial Report (Note 4)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Chun (Jim) Liu	15,504	16,661	311	311	10,176	10,176	0	0	0	0	25,9917.90%	27,1488.26%	None
President and COO	I-Tun (Stephen) Huang													
Vice President and Global CFO	Ta-Chih (Jeff) Chou													
Vice President	Yi-Nan (Edgar) Chen (Note 8:)													

Salary Ranges for Presidents and Vice Presidents at the Company	Name of President and Vice President	
	The Company (Note 5)	All Companies in the Financial Report (Note 6)
Less than NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Yi-Nan (Edgar) Chen	None
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Chun (Jim) Liu	Yi-Nan (Edgar) Chen
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	None	Chun (Jim) Liu
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Ta-Chih (Jeff) Chou	Ta-Chih (Jeff) Chou
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	I-Tun (Stephen) Huang	I-Tun (Stephen) Huang
Over NT\$15,000,000	None	None
Total	4	4

Note 1: It refers to the salary, duty allowances, and severance pay of the President and Vice Presidents in the most recent fiscal year.

Note 2: It refers to various bonuses, incentives, transportation allowances, special allowances, various subsidies, dormitories, company cars and other remuneration amounts given to the President and Vice Presidents in the most recent fiscal year. In addition, salary expenses, including employee stock options, recognized in accordance with IFRS 2 "Share-based Payment" should also be included in the remuneration.

Note 3: It refers to the amount of employees' compensation distributed to the President and Vice Presidents as passed by the Board of Directors in the most recent fiscal year.

Note 4: The total amount of various remuneration paid by all companies (including the Company itself) in the consolidated report to the Company's President and Vice Presidents should be disclosed.

Note 5: The Company discloses the names of the President and Vice Presidents in the range corresponding to the total amount of various remuneration paid by the Company to each President and Vice President.

Note 6: All companies in the consolidated report (including the Company itself) should disclose the names of the President and Vice Presidents in the range corresponding to the total amount of various remuneration paid to each President and Vice President of the Company.

Note 7: It refers to the net income after tax in the most recent individual financial report.

Note 8: Yi-Nan (Edgar) Chen was discharged as an insider after the structure adjustment in March 2023.

(III) Names of Managers who Received Employees' Compensation and the Distribution Status

Unit: NT\$ thousand

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Compensations to NIAT
Managers	Chief Executive Officer	Chun (Jim) Liu	0	0	0	0%
	President and COO	I-Tun (Stephen) Huang				
	Vice President and global CFO	Ta-Chih (Jeff) Chou				
	Vice President	Yi-Nan (Edgar) Chen				
	Director	Shu-Fen (Iris) Chen				
	Director	Jui-Lin Juang				
	Senior Manager	Hsin-Yu Kuo				

(IV) Separately Compare and Describe Total Remuneration, as a Percentage of Net Income Stated in the Parent Company only Financial Reports, as Paid by the Company and by All Companies Included in the Consolidated Financial Statements during the Most Recent Two Fiscal Years to Directors, President, and Vice Presidents, and Analyze and Describe Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure

1. Analysis of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company Only Financial Statements, Paid by the Company during the Past Two Fiscal Years to the Directors, President, and Vice Presidents

Title	Ratio of Total Compensation to Net Profit After Tax			
	Fiscal Year 2022		Fiscal Year 2023	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Director	1.10%	1.19%	3.84%	4.07%
President and Vice President	3.22%	3.50%	7.90%	8.26%

2. Policies, Standards and Packages for Payment of Remuneration, the Procedures for Determining Remuneration, and Its Linkage to Business Performance and Future Risk Exposure:

**Policies, Standards and Packages for Payment of Remuneration, the Procedures for Determining Remuneration**

- (1) To establish a competitive and reasonable compensation system, ADLINK Technology has set up the Remuneration Committee to regularly review the performance evaluation results and compensation policies, systems, standards,

and structures for directors and managers. After deliberation by the Remuneration Committee, the proposals are submitted to the Board of Directors for resolution.

- (2) According to Article 5, Paragraph 2 of the “Organizational Rules of the Remuneration Committee” of the Company, the composition of the remuneration paid by the Company includes cash compensation, stock options, profit sharing, retirement benefits or severance pay, various allowances, and other substantive incentive measures. Its scope is consistent with the remuneration of directors and managers as required in the Regulations Governing Information to be Published in Annual Reports of Public Companies.
- (3) Remuneration Paid to Directors: According to Article 23 of the Company’s Articles of Incorporation, “The remuneration of directors for performing their duties shall be separately determined by the Board of Directors based on the extent of each individual director’s participation in and contribution to the Company’s operations, with reference to the standards of the domestic industry.” In addition, if the Company makes a profit in the current year, director compensation not exceeding 3% shall be appropriated in accordance with Article 26 of the Company’s Articles of Incorporation. The key evaluation items for director remuneration are as follows:
  - Extent of participation in and contribution to operations: Consideration is given to whether the director serves as the Chairman, convener or member of functional committees.
  - Industry standards: Comprehensive consideration is given to the average director remuneration of listed companies in the same industry or other companies in the same industry.
- (4) Manager Remuneration: The Company’s “Salary Management Regulations” clearly stipulate the items and payment standards for basic salary, allowances, subsidies, and bonuses. When appointing managers, the Company takes into consideration the payment levels for similar positions in the same industry, determines fixed salaries to be paid monthly, and the variable portion is performance-based remuneration. The following manager performance evaluation items are used as a reference for payment:
  - Individual indicators: Implementation of the Company’s core values, management capabilities, and achievement rate of personal goals.
  - Company indicators: Distribution is based on the Company’s revenue and operating profit indicators, with reference to the managers’ profit contribution.



## Correlation with Business Performance and Future Risks

- (1) Based on the actual business conditions, future industry risks, and corporate governance trends, the Company reviews the remuneration system in a timely manner to seek a balance between sustainable operations and risk control.
- (2) Important decisions made by the management take into account various risk factors. The performance of these decisions is reflected in the Company's profitability, and the management's remuneration is related to the performance of risk control.
- (3) In 2023, the remuneration paid by the Company and its subsidiaries to managers includes long-term incentives in the form of employee stock options, the actual value of which is related to the future stock price. In other words, the managers share future business risks with the Company.

## IV. Corporate Governance Operation

### (I) Operation of the Board of Directors

The Board of Directors has held 4 meetings in 2023, and the attendance of Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate	Remark
Chairman	Chun (Jim) Liu	4	0	100%	
Director	Yeou-Yih Chou	4	0	100%	
Director	Chroma ATE Inc. Representative: Hsiu-Miao Huang	4	0	100%	
Director	AUO Corporation Representative: Fu-Jen (Frank) Ko	4	0	100%	
Director	AUO Corporation Representative: I-Fang, Wu	4	0	100%	2023.07.06 AUO Replaced Director Representative
Independent Director	Wei-Chien Li	4	0	100%	
Independent Director	Hsing-Hai Wei	4	0	100%	
Independent Director	Chih-Kuang Tseng	3	1	75%	
Independent Director	Yung-Hao Yu	3	1	75%	

Other subjects to be recorded:

1. In the operation of the Board of Directors, should one of the below situations occur, the Board meeting date, session, content of the resolution, opinions of all Independent Directors, and the Company's response to said opinions shall be recorded:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, and the provisions of Article 14-3 shall not apply. For the description of matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the Operation of the Audit Committee.
- (2) In addition to the aforementioned matters, other matters resolved by the Board of Directors to which Independent Directors have objection or qualified opinions and which are recorded or stated in writing: None.

2. In regard to the recusal of Directors from voting due to conflict of interests, the name of the Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated

Date of Board Meeting	Name of Director	Contents of Proposal	Reason for Recusal	Participation in Voting
2023.05.04	Chun (Jim) Liu	Proposal to lift non-competition restrictions for managers and directors	As the party to the proposal for lifting non-competition restrictions	Did not participate in discussion and voting

3. Information such as the evaluation period, scope, method and content of self-assessment by the Board of Directors of the Company, and the execution of the assessment by the Board of Directors:

Evaluation Cycle	Period of Evaluation	Scope of Evaluation	Evaluation Method	Content of Evaluation
Executed once a year	January to December 2023	Board of Directors, functional committee (including Audit Committee and Remuneration Committee) and their individual members	Self-evaluation by members	<ol style="list-style-type: none"> <li>(1) Evaluation content of the Board of Directors: Participation in company operations, decision-making quality, composition and structure, selection and continuing education of directors, internal control.</li> <li>(2) Evaluation content of functional committees: Participation in company operations, awareness of responsibilities, decision-making quality, composition and selection of members, internal control.</li> <li>(3) Evaluation content of individual board members: Understanding of the Company's goals and tasks, awareness of responsibilities, participation in company operations, internal relationship management and communication, professionalism and continuing education, internal control.</li> </ol>

4. Evaluation of the goals and implementation of strengthening the functions of the Board of Directors in the current year and the most recent year:

- (1) Established the Remuneration Committee and the Audit Committee composed of independent directors in 2011 and 2019, respectively.
- (2) Increased the frequency of communication with Directors in the form of monthly meetings to effectively improve the decision-making quality of the Board of Directors.
- (3) Supervised risk management by the Audit Committee and reported risk management matters to the Board of Directors at least once a year.

## (II) Operations of the Audit Committee

The Audit Committee has held 4 meetings in 2023. The attendance of Independent Directors were as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate	Remark
Independent Director	Wei-Chien Li	4	0	100 %	
Independent Director	Hsing-Hai Wei	4	0	100 %	
Independent Director	Chih-Kuang Tseng	3	1	75 %	
Independent Director	Yung-Hao Yu	3	1	75 %	

Other subjects to be recorded:

- With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, Audit Committee resolutions, and the Company's response to such resolutions shall be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Term	Contents of Proposal	Independent Directors' Opinions and the Company's Response to Such Opinions
2023.03.16	The 3rd Meeting of the second term	Proposal 1: Proposal for Approval Internal Audit Manager's Internal Audit Report. Proposal 2: Proposal for Approval the Company's 2022 Business Report and Financial Statements. Proposal 3: Proposal for Approval of the Company's 2022 Statement of Internal Control. Proposal 4: The Company's Operational Plan. Proposal 5: Proposal for Approval of the Company's 2022 Earnings Distribution Plan. Proposal 6: Change of Appointment of CPAs and Assessment of Independence and Suitability. Proposal 7: Amendment to the Company's Articles of Incorporation. Proposal 8: Revision of the Company's "Corporate Social Responsibility Best Practice Principles." Proposal 9: Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit. Proposal 10: Proposal for Approval of the Company's Re-appointment of New Finance Manager. Proposal 11: Employee Stock Option Plan for 2023.	Approved by all Independent Directors
2023.05.04	The 4th Meeting of the second term	Proposal 1: Proposal for Approval Internal Audit Manager's Internal Audit Report. Proposal 2: Proposal for Approval of the Consolidated Financial Report of the Company for the first quarter of 2023. Proposal 3: Formulation of the Company's "Pre-approval Audit Procedures for Non-assurance Services." Proposal 4: Amendment to the Company's "Regulations for Issuance and Subscription of Employee Stock Options." Proposal 5: Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.	Approved by all Independent Directors

		<p>Proposal 6: Proposal for Approval of the Company's Bank Financing Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</p> <p>Proposal 7: Proposal for Approval of the Company's re-invested subsidiaries for working capital needs to apply to financial institutions for credit financing proposals, which the Company guarantees.</p>	
2023.07.27	The 5th Meeting of the second term	<p>Proposal 1: Proposal for Approval Internal Audit Manager's Internal Audit Report.</p> <p>Proposal 2: Proposal for Approval of the Consolidated Financial Report of the Company for the First half of 2023.</p> <p>Proposal 3: Proposal for Approval establish the Company's "Sustainability Report Preparation and Verification Operational Procedures."</p> <p>Proposal 4: Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</p> <p>Proposal 5: Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</p> <p>Proposal 6: Proposal for Approval of the Company's re-invested subsidiaries for working capital needs to apply to financial institutions for credit financing proposals, which the Company guarantees.</p> <p>Proposal 7: The company plans to establish a subsidiary in India.</p>	Approved by all Independent Directors
2023.11.03	The 6th Meeting of the second term	<p>Proposal 1: Proposal for Approval Internal Audit Report.</p> <p>Proposal 2: Proposal for Approval of the Company's Audit Plan for 2024.</p> <p>Proposal 3: Proposal for Approval of the Consolidated Financial Report of the Company for the third quarter of 2023.</p> <p>Proposal 4: Proposal for formulate the company's "Enterprise Risk Management Policies."</p> <p>Proposal 5: Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</p> <p>Proposal 6: Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</p> <p>Proposal 7: Proposal for Approval of the Company's re-invested subsidiaries for working capital needs to apply to financial institutions for credit financing proposals, which the Company guarantees.</p> <p>Proposal 8: The company plans to adjust its organizational structure and establish a subsidiary in China.</p>	Approved by all Independent Directors

(2) In addition to the items in the preceding paragraphs, other resolutions passed by the majority of all Directors but yet to be approved by the Audit Committee: None.

2. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated: None.
3. Communication between Independent Directors, the Internal Audit Manager, and the CPAs:
  - (1) Hold at least one separate meeting per year with Independent Directors, Accountants, and Internal Audit Manager to fully communicate relevant issues.
  - (2) Submit monthly audit reports to Independent Directors, and regularly report the execution of internal audit operations to the Audit Committee. If there are any doubts, provide sufficient explanations immediately.

Date	Attendees	Communication Matters	Communication Results
2023/11/03	-Independent Director: Hsing-Hai Wei, Wei-Chien Li, Chih-Kuang Tseng, Yung-Hao Yu -CPA: Wen-Chin Lin -Audit Manager: Yu-Ting Lin	Review results of the consolidated financial statements for the third quarter of 2023 and key audit matters, as well as an explanation of the quality management system of Deloitte & Touche, and discussion on the findings from the review	Deliberated and Approved by all Independent Directors

### (III) Operations of Remuneration Committee

#### 1. Information regarding members of the Remuneration Committee

Role	Qualifications Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies Where the Member Concurrently Serves as Member in Remuneration Committee
Independent Director (Convener)	Wei-Chien Li	Currently HR Vice President of Coretronic Corp, having working experience in business, legal, finance, accounting or in the area the Company needed.	During the two years prior to being elected and during the term of office, all Independent Directors have met the qualification requirements set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and Article 14-2 of the Securities and Exchange Act.	0
Independent Director	Hsing-Hai Wei	Currently Certified Public Accountant at Chuan-Chih CPA Firm, having working experience in business, legal, finance, accounting or in the area the Company needed.		1
Independent Director	Chih-Kuang Tseng	Currently President of ARM, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Independent Director	Yung-Hao Yu	Currently Executive Consultant of Azumo, Inc., having working experience in business, legal, finance, accounting or in the area the Company needed.		0

#### 2. Information on the Operations of the Remuneration Committee

- (1) There are four members of Remuneration Committee in the Company.
- (2) The term of office of the committee members: From June 22, 2022 to June 21, 2025. The committee held three meetings during the most recent year (2023), and committee members’ qualifications and attendance are as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate	Remark
-------	------	----------------------	---------------------	------------------------	--------

Convener	Wei-Chien Li	3	0	100%	
Committee Member	Hsing-Hai Wei	3	0	100%	
Committee Member	Chih-Kuang Tseng	3	0	100%	
Committee Member	Yung-Hao Yu	2	1	66.67%	
Other subjects to be recorded:					
1. The date of the meeting, session, content of the motion, resolution by the Board of Directors and the Company's response to the Remuneration Committee's opinion shall be documented if the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee: None.					
2. Resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement. The date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated: None.					
3. Discussions and Resolutions of the Remuneration Committee:					
Date	Contents of Proposal	Resolution	The Company's Response to the Opinion of the Remuneration Committee		
2023/03/16	Proposal 1: Proposal for Salary Increase for Managers (April 2023 to the end of March, 2024). Proposal 2: Proposal for 2022 Managers Performance Bonus Quota. Proposal 3: Proposal for 2023 Allotment and List of Managers for the Employee Stock Option Certificates. Proposal 4: Proposal for Distribution of Remuneration to Employees and Directors in 2022. Proposal 5: Proposed for Remuneration and Expenses for Directors. Proposal 6: Report on the External Performance Evaluation Results of the Board of Directors and Functional Committees.	Adopted with the approval of all members of the Committee.	Proposals are submitted to the Board of Directors and approved by all Directors present.		
2023/11/03	Proposal 1: Proposal for 2023 Manager's Annual Salary Structure and	Proposal 1: Adopted with the approval of all members of the Committee.	Proposal 1: Proposals are submitted to the Board of Directors		

	Estimated Annual Salary Payment. Proposal 2: Proposal for 2024 Manager Performance Evaluation System.	Proposal 2: This proposal will convene an interim remuneration committee meeting online in December 2023 for review.	and approved by all Directors present. Proposal 2: After consulting with all Directors, the Chairman approved the proposal without objection in accordance with the recommendation of the Remuneration Committee.
2023/12/19	Proposal 1: Proposal for 2024 Manager Performance Evaluation System.	Adopted with the approval of all members of the Committee	Passed by the Board of Directors for ratification in March 2024.

(IV) Implementation of Corporate Governance and the Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
1. Does the Company establish and disclose its corporate governance practices in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established Corporate Governance Best Practice Principles, which is disclosed and referenced at Market Observation Post System or the Company's website.	No discrepancy
2. Equity structure and shareholders' rights of the Company (1) Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		The Company has formulated and followed the "Rules of Procedure of the Shareholders' Meeting" and established a sound governance system of the Shareholders Meeting; The Company has established a spokesperson and acting spokesperson system in accordance with the regulations, and has an e-mail and a dedicated person to deal with shareholders' suggestions, doubts, disputes and litigation matters.	
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company has a dedicated person to manage the relevant information and can keep a list of the ultimate controllers of the major shareholders and major shareholders who actually control the Company at any time.	

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
(3) Does the Company establish and execute a risk management and firewall system within its affiliates?	V		The Company has established and followed the “Subsidiary Supervision Operations Regulations” to ensure that subsidiaries have clear strategies and concrete operational standards in their operations, as well as a comprehensive risk control and firewall mechanism between the subsidiaries.	
(4) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	V		The Company has established and complied with the Code of Ethical Conduct to guide the conduct of internal personnel of the Company to comply with ethical standards, prevent conflicts of interest, avoid self-interest and exercise due care in maintaining confidentiality.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board of Directors have a diversification policy, and what are the specific management objectives and implementation plan?	V		The Company has established a “Corporate Governance Best Practice Principles” which stipulates that the composition of the Board of Directors should take diversity into consideration. The company has 5 Directors and 4 Independent Directors, among which 2 Directors and 1 Independent Director are female. The members have diverse backgrounds, with excellent professional skills and industry experience.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		The Company has established a Compensation Committee and an Audit Committee in accordance with the law. Other functional committees will be estimate established based on needs.	
(3) Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual Directors’ remuneration and nomination and renewal?	V		The Remuneration Committee of the Company determines and periodically reviews the policies, systems, standards and structure of performance appraisal and remuneration of Directors as well as submits its proposals to the Board of Directors for discussion.	



Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
(4) Does the company regularly evaluate the independence of the CPAs?	V		The company annually evaluates the independence and suitability of accountants. In addition to requesting the Accountants to provide audit quality indicators (AQI) data and independence statements, we also conduct a comprehensive evaluation based on the “Note: Evaluation standards for CPA independence ” and AQI indicators. After being discussed and approved by the Audit Committee on March 7, 2024, the recent annual evaluation results were reported to and passed by the Board of Directors on the same day.	
4. Is the TWSE/TPEX listed company equipped with qualified and appropriate number of corporate governance personnel, and appointed a Corporate Governance Director to be in charge of corporate governance affairs including, but not limited to, providing Directors and Supervisors with required information for business execution, assisting Directors and Supervisors to follow Decrees, handling relevant matters with Board meetings and shareholders’ meetings according to the laws, and preparing minutes of Board meetings and Shareholders’ meetings?	V		The Board of Directors of the Company appointed Shu-Fen (Iris) Chen as Corporate Governance Director to be responsible for the supervision and planning of the Company’s corporate governance. Her qualifications meet the requirements of the first paragraph of Article 3-1 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. Corporate Governance Director’s functions include: Providing the information required by the Directors and the Audit Committee for the conduct of their business and the latest regulatory developments relating to the operations of the Company, assisting the Directors and the Audit Committee in complying with the laws and regulations, reporting periodically to the Board of Directors on the operation of corporate governance on an annual basis, handling matters relating to the meetings of the Board of Directors and the Shareholders’ meeting in accordance with the law, preparing minutes of the meetings of the Board of Directors and the Shareholders’ meeting, and assisting the Directors and the members of the Audit	

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>Committee in taking office and continuing their training, etc.</p> <p>The implementation priorities of corporate governance affairs are as follows:</p> <ol style="list-style-type: none"> <li>1. Convened four meetings of the Board of Directors and four meetings of the Audit Committee</li> <li>2. One general shareholders' meeting was convened.</li> <li>3. Board members all completed a minimum of 6 credits for continuing education.</li> <li>4. Conduct performance evaluations for the Board of Directors and functional committees.</li> </ol>	
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder sections on the company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	V		<p>ADLINK Technology is committed to promoting corporate social responsibility with the philosophy of "Sustainability and Sharing". It has constructed a corporate sustainable development blueprint with the vision of "Joining hands with diverse partners to multiply sustainable value". While strengthening its core business, ADLINK Technology collaborates with stakeholders to implement and create more far-reaching sustainable value.</p> <p>To respond to the increasingly concerning issues of stakeholders, ADLINK Technology has established three main sustainable development strategies: "Operational Resilience", "Environmental Responsibility", and "Inclusive Talent Cultivation". It is actively planning corresponding short-, medium-, and long-term goals.</p> <p>The Company has established diverse communication channels with various stakeholders. For more details, please refer to the "Sustainable Vision and Goals -</p>	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			Stakeholder Communication” section in our Sustainability Report.	
6. Does the Company appoint a professional shareholding agency to handle shareholders’ affairs?	V		The Company has appointed the Stock Agency Department of Taishin Securities Co., Ltd. to handle the affairs of the Shareholders’ meeting.	
7. Information Disclosure (1) Does the Company have a website to disclose financial, business and corporate governance information?	V		Financial, business and corporate governance information is regularly updated in the Investor Relations section of the Company’s website in English and Chinese.	
(2) Does the Company have other method for disclosure of information (such as developing English website, appointing designated people to be responsible for collection and disclosure of its information, implementing spokesman system, and placing investors conference procedures on its website)?	V		The company has appointed one spokesperson and one deputy spokesperson, and has designated personnel responsible for collecting and disclosing corporate information. Financial information, business information, investors conference, and other relevant materials are fully disclosed in the Investor Relations section of the Company’s website.	
(3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		The Company announces and files annual and quarterly financial reports before the specified deadlines.	The Company has announced and filed its annual and quarterly financial reports prior to the specified deadlines.
8. Does the Company have any other important information (including but not limited to employee rights, employee care, investor relations, supplier relationships, stakeholder rights, Directors and Supervisors’ further training, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for Directors and Supervisors, etc.) that can help to understand the operation of corporate governance?	V		<p>1. In addition to providing the employees basic benefits under the Labor Standards Act, the Company holds quarterly labor-management meetings to care for employees, and details are explained at Labor Relations in Operational Highlights of the Annual Report.</p> <p>2. In addition to setting up a dedicated email for investors and assigning a spokesperson, the company also regularly holds investor conferences and</p>	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>maintains good relationships with major investors.</p> <p>3. The Company has long-term and stable cooperative relationships with its suppliers.</p> <p>4. Considering the significant responsibilities of the Directors, the company purchases liability insurance for them.</p> <p>5. The Company values the interaction between corporate operations and social responsibility. It has established the ADLINK Education Foundation and actively participates in activities organized by local government agencies in cooperation, giving back to society.</p> <p>6. Please refer to the table below: "Training of Directors and Corporate Governance Director".</p>	
9. Please specify the measures adopted by the Company to improve the items listed in the Corporate Governance Evaluation results from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved.			<p>1. Improved matters in the most recent year:</p> <p>(1) Complete the external performance evaluation of the Board of Directors in 2022.</p> <p>(2) The sustainability report has obtained third-party verification.</p> <p>(3) Upload uninterrupted audio and video recordings after the Shareholders' meeting.</p> <p>2. Priorities for future improvement:</p> <p>(1) Disclose the link between the performance evaluation and remuneration of Directors and Managers.</p> <p>(2) Consider establishing functional committees beyond statutory requirements.</p>	

Note: Evaluation standards for CPA independence

CPA Firm:	Deloitte & Touche		
Certifying CPAs:	Wen-Chin Lin and Yi-Wen Wang		
Evaluation Matters		Whether Meeting the Criteria of Independence	
		Yes	No
1	The appointed CPAs have no significant financial interest in the Company.	V	
2	The appointed CPAs have no inappropriate relationship with the Company.	V	
3	The appointed CPAs and their assistants are honest, impartial and independent.	V	
4	The appointed CPAs have not served as Directors, Supervisors or Managers of the Company or have a significant impact on audit at present or within the last two years; It is also determined that they will not hold the above-mentioned relevant positions in the future audit period.	V	
5	During the audit, the appointed CPA himself or herself and his or her spouse or dependants did not act as a Director, Supervisor or manager of the Company or have a direct and significant influence on the audit. During the audit, any close relatives within the fourth degree of kinship of the appointed CPA who are Directors, Supervisors, managers of the Company or have a direct and significant influence on the audit shall have the violation of independence procedures reduced to an acceptable level.	V	
6	Did not accept any significant gifts from the Company and its Directors and managers (the value of which exceeded the standard of social etiquette).	V	
7	The name of the appointed CPA must not be used by others.	V	
8	The appointed CPA must not borrow money from the Company.	V	
9	The appointed CPAs must not be concurrent with other undertakings that may lose their independence.	V	
10	The appointed CPAs must not be subject to any commission in connection with the business.	V	
11	The appointed CPAs must not hold shares in the Company.	V	
12	The appointed CPAs must not concurrently serve as a regular worker of the Company and receive a fixed salary.	V	
13	The appointed CPAs must not be made in the context of a joint investment or benefit-sharing relationship with the Company.	V	
14	The appointed CPAs must not be involved in the management functions of the Company in making decisions.	V	
Result of Assessment	The Company has assessed and concluded that Wen-Chin Lin and Yi-Wen Wang have met the Company's criteria for independence and they are qualified to serve as the Company's certifying CPAs.		

## Training of Directors

Title	Name	Date	Organizer	Name of Program	Training Hours
Chairman	Chun (Jim) Liu	2023.05.12	Taiwan Corporate Governance Association	Analysis of Corporate Overseas Investment and Mergers and Acquisitions Practices and Key Issues	3 Hours
		2023.09.01		Corporate Reputation Risk Management Course, Impact of Climate Change Risk on Corporate Financial Disclosure	6 Hours
		2023.11.10		Analysis of Employee Compensation Planning for Companies Operating in Both Taiwan and Mainland China	3 Hours
Director	Yeou-Yih Chou	2023.05.12		Analysis of Corporate Overseas Investment and Mergers and Acquisitions Practices and Key Issues	3 Hours
		2023.11.10		Analysis of Employee Compensation Planning for Companies Operating in Both Taiwan and Mainland China	3 Hours
Director	Chroma ATE Inc. Representative: Hsiu-Miao Huang	2023.03.30	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulations - Understanding of Listed Company Executives on Regulatory Supervision	3 Hours
		2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3 Hours
		2023.12.21	Accounting Research and Development Foundation	Analysis of Common Internal Control Deficiencies and Practical Cases in Enterprises	6 Hours
Director	AUO Corporation Representative: Fu-Jen (Frank) Ko	2023.09.01	Taiwan Corporate Governance Association	Corporate Reputation Risk Management Course, Impact of Climate Change Risk on Corporate Financial Disclosure	6 Hours
Director	AUO Corporation Representative: I-Fang, Wu				6 Hours
		2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3 Hours
		2023.12.05	The Association of Allied Industries in Science	Unlocking the Key Codes in Financial Statements	3 Hours
Independent Director	Wei-Chien Li	2023.09.01	Taiwan Corporate Governance Association	Impact of Climate Change Risk on Corporate Financial Disclosure	3 Hours
		2023.09.23	Securities and Futures Institute	Analysis of Money Laundering and Insider Trading Case Studies	3 Hours
Independent Director	Hsing-Hai Wei	2023.08.10	CPA Associations R.O.C (Taiwan)	Analysis of Money Laundering and Insider Trading Case Studies	3 Hours
		2023.09.01	Taiwan Investor Relations Institute	Taiwan Corporate Mergers and Acquisitions Practices	3 Hours
		2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Conference	3 Hours
Independent Director	Chih-Kuang Tseng	2023.05.24	Taiwan Institute of Directors	SAP NOW Taiwan Sustainable Practices . Winning the Future	3 Hours
		2023.11.22	Securities and Futures Institute	2023 Insider Equity Transaction Legal Compliance Promotion Briefing	3 Hours
Independent Director	Yung-Hao Yu	2023.10.13		2023 Insider Trading Prevention Promotion Conference	3 Hours
		2023.11.22		2023 Insider Equity Transaction Legal Compliance Promotion Briefing	3 Hours

## Training of Corporate Governance Director

Name	Date	Organizer	Name of Program	Training Hours
Shu-Fen (Iris) Chen	2023.09.04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6 Hours
	2023.07.04	2023 Cathy Sustainable Finance and Climate Chance Summit	2023 Cathay Sustainable Finance and Climate Change Summit	6 Hours

(V) Implementation of the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
1. Does the Company establish a governance structure to promote sustainable development, set up a dedicated (or concurrent) unit to promote sustainable development, and have been authorized by the Board of Directors for senior management to handle it, as well as the supervisory status of the Board of Directors?	V		<p>The Company has established a “Code of Practice for Sustainable Development”, and has compiled an annual sustainability report starting from 2023. In 2022, it established an ESG Sustainable Development Committee chaired by the CEO, who delegated authority to the Global CFO to manage the Sustainability Secretariat, leading the ESG promotion team to coordinate and operate. Eight functional teams were established: “Sustainable Technology”, “Sustainable Manufacturing”, “Sustainable Business”, “Sustainable Energy”, “Sustainable Supply Chain”, “Sustainable Care”, “Risk Governance”, and “Stakeholders”.</p> <p>The committee convenes meetings irregularly to set goals and review implementation effectiveness, and consolidates the sustainable development implementation results of various departments to provide an annual report to the Board of Directors.</p> <p>The Board of Directors also listens to reports from the management team every quarter, responsible for evaluating whether the strategies of the managers comply with the principles of sustainable development, and regularly reviews the implementation. If necessary, the management team will be urged to make corresponding adjustments.</p>	No discrepancy
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company’s operations in accordance with	V		<p>The risk assessment boundary of our company is primarily focused on the parent company, but also includes other locations and subsidiaries in Asia, the Americas, and Europe.</p>	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
the principle of materiality, and determine relevant risk management policies or strategies?			<p>The ESG Sustainable Development Committee referenced the GRI Standards, SASB Standards and relevant industry requirements, and selected 15 sustainability issues related to the company's operations. Through a questionnaire, internal and external stakeholders were asked to evaluate the "severity of negative impacts (or degree of positive impact benefits)" and "likelihood of occurrence of impacts or effects" for each issue. The materiality of each sustainability issue was then calculated.</p> <p>The results show that among the E-environmental issues, "Green Products" and "Material Procurement"; among the S-social issues, "Employee Diversity and Inclusion" and "Talent Development and Cultivation"; and among the G-economic aspects, "Operational Performance", "Information Security Management", "Innovative Technology and Applications", "Supply Chain Management", "Customer Relationship Management", and "Greenhouse Gas Inventory" are the 10 key issues that the company will focus on in 2023 after communicating with internal and external stakeholders.</p> <p>The ESG Sustainable Development Committee also instructed the Risk Management Task Force to formulate effective policies and programs for identifying, analyzing, assessing, monitoring, and controlling the aforementioned issues in accordance with the risk management process.</p>	
3. Environmental Issues (1) Has the Company set up an appropriate environmental management system as per its industrial characteristics?	V		The parent company and ADLINK China have both obtained ISO 14001 Environmental Management System certification, effectively implementing an environmental management system.	No discrepancy



Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			To ensure that the Company complies with the relevant provisions of the environmental management system and that its activities conform to local regulations and customer requirements, an “Environmental, Safety and Health Management Committee” has been established to formulate environmental policies, set management goals, implement management plans, track improvement measures, and promote environmental policies through education and training.	
(2) Is the Company committed to improving energy efficiency and using renewable materials with low environmental impact?	V		<ol style="list-style-type: none"> <li>In accordance with the Company’s environmental, safety, and health management policy of “conserving energy resources and establishing resource recycling,” the following achievements have been made: <ul style="list-style-type: none"> <li>Energy Conservation: Adoption of water and electricity-saving equipment or devices, implementation of energy-saving measures, sharing of product paper packaging specifications, reducing plastic packaging for products, optimizing heat dissipation design, and reducing the use of aluminum alloy for heat sinks.</li> <li>Resource Recycling: Reuse of recyclable waste, introduction of solar power generation, installation of rainwater recycling systems, and increasing the proportion of environmentally friendly packaging materials used in products.</li> </ul> </li> <li>In 2023, the Company was awarded the “Green Procurement Outstanding Unit” by the Taoyuan Environmental Protection Bureau.</li> </ol>	

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
(3) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take relevant countermeasures?	V		Please refer the following table "Implementation of Climate-Related Information."	
(4) Does the Company add up the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		<p>1. The parent company's greenhouse gas emissions (verified by BSI in accordance with ISO 14064-1), water consumption, and total waste weight for the past two years:</p> <p>(1) Total greenhouse gas emissions in 2022 were 6,480.32 metric tons (0.00068 metric tons of carbon equivalent per thousand NTD in revenue):</p> <ul style="list-style-type: none"> <li>• Scope 1: 641.66 metric tons</li> <li>• Scope 2: 4,780.24 metric tons</li> <li>• Scope 3: 1,058.42 metric tons</li> </ul> <p>Total greenhouse gas emissions in 2023 were 7,231.12 metric tons (0.00091 metric tons of carbon equivalent per thousand NTD in revenue):</p> <ul style="list-style-type: none"> <li>• Scope 1: 679.86 metric tons</li> <li>• Scope 2: 5,081.89 metric tons</li> <li>• Scope 3: 1,469.37 metric tons</li> </ul> <p>(2) Water consumption in 2022 was 40.78 million liters; in 2023, 34.27 million liters.</p> <p>(3) Total waste weight in 2022 was 4.29 metric tons; in 2023, 5.78 metric tons (0 metric tons of hazardous waste; 5.78 metric tons of non-hazardous waste).</p> <p>2. With the base year of 2023, the carbon reduction targets are:</p> <ul style="list-style-type: none"> <li>• Short-term goal: 5% carbon reduction by 2024, with green electricity accounting for 3% of</li> </ul>	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>total electricity consumption in 2023</p> <ul style="list-style-type: none"> <li>• Medium-term goal: 11% carbon reduction by 2026, with green electricity accounting for 6% of total electricity consumption in 2023</li> <li>• Long-term goal: 24% carbon reduction by 2030, with a target of net-zero carbon emissions by 2050</li> </ul> <p>3. Promotion measures and achievements:</p> <p>(1) Energy-saving product design: Ethernet ICs save 5% power consumption in system sleep mode.</p> <ul style="list-style-type: none"> <li>• Energy-saving product power consumption in 2023: 6%.</li> </ul> <p>(2) Use of environmentally friendly materials for inner packaging liners, increasing the usage rate of environmentally friendly inner packaging materials by 10%.</p> <ul style="list-style-type: none"> <li>• Usage rate introduced in 2023: 11.66%.</li> </ul> <p>(3) Scheduling control of power consumption for manufacturing peripheral environment equipment, with a power-saving target of 65,000 kWh.</p> <ul style="list-style-type: none"> <li>• Electricity consumption reduction in 2023: 69,401.5 kWh.</li> </ul> <p>(4) Installation of solar photovoltaic system</p> <ul style="list-style-type: none"> <li>• Implementation started in the fourth quarter of 2023.</li> </ul>	
4. Social Issues	V		The Company complies with relevant labor laws and regulations, and	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			comprehensively refers to international standards, such as the International Labour Organization (ILO) regulations and the Responsible Business Alliance Code of Conduct introduced to the Company in 2022. We have established and implemented a human rights management system that meets the requirements of various laws and regulations, including free choice of employment, humane treatment, prohibition of improper discrimination, and protection of employee health and safety. We have also established diverse communication channels and employee grievance channels to safeguard the rights and interests of employees.	
(2) Does the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		<ol style="list-style-type: none"> <li>1. Employee Compensation: Established “Salary Management Regulations”, “Project Performance Evaluation and Assessment”, and “Performance Bonus Management Regulations” to provide employees with reasonable compensation, and establish clear and effective reward and punishment systems. At the same time, according to the Articles of Incorporation, 3% to 20% of the Profit before-Income tax is allocated as employee compensation, sharing the operating results with employees based on departmental work goals and individual performance achievement rates.</li> <li>2. Employee Leave: In addition to statutory leave, the Company provides additional special leave better than the Labor Standards Act, and employees are entitled to one day of birthday leave and five days of fully paid sick leave each year (calculated based on the ratio of employment for the year).</li> </ol>	

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			<p>3. Workplace Diversity and Equality: Equal opportunities are provided for talent recruitment and development, respecting diversity and not being affected by gender, nationality, religion, age, disability, political stance, marital status, etc. in terms of employment, compensation, and promotion. In 2023, female employees accounted for 42%, and female managers accounted for 27%.</p> <p>4. For a detailed description of employee welfare measures, please refer to Chapter 5. Section V. "Labor Relations" of this annual report.</p>	
(3) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		<p>The Company insists on creating a safe, friendly, and healthy workplace environment. It has obtained ISO 45001 Occupational Health and Safety Management System certification and regularly conducts relevant promotion and training.</p> <p>In 2023, there were two occupational injury cases, none of which were severe occupational injuries, and no fires occurred</p> <p>The company analyzes the causes of all occupational accident cases and implements improvement plans accordingly. Progress is tracked during occupational safety and health meetings to prevent similar incidents from occurring again.</p>	
(4) Does the Company establish effective career development and training plans for its employees?	V		<p>The Company plans various types of courses according to the learning needs of different job types and job levels, such as: new employee courses, general education courses, management courses, professional skills courses, production line professional courses, and courses for special practitioners. It also provides diverse physical and</p>	

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			online learning channels to implement on-the-job training and improve employee work efficiency.	
(5) Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company comply with relevant laws and regulations and international standards, and formulate relevant policies and complaint procedures to protect consumer or customer rights?	V		<p>The Company has established a “Customer Service Management Procedure” to govern the management procedures for defective products, returns, customer complaints, and customer satisfaction surveys to protect consumer rights. The Company has also established a global customer service center to respond to customer issues and feedback with effective solutions.</p> <p>For the initial evaluation of new products and the introduction of new services, the Company refers to relevant laws and regulations as well as international standards, and has established a “Privacy and Confidentiality Management Procedure” and an “Advertising and Fair Trade Management Procedure” to ensure the protection of customer privacy and prevent false marketing or labeling.</p>	
(6) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V		<p>The Company has formulated specific supplier sustainability management measures and goals. New suppliers must sign the “Supplier Social Responsibility Risk Assessment and Review Form” and the “Supplier Sustainability and Corporate Social Responsibility Promotion and Commitment Statement” to declare compliance with environmental and social standards and commit to integrity and anti-corruption principles. 100% of new suppliers have completed the signing. Existing suppliers must participate in annual ESG continuous evaluation and annual RBA supplier audits. If a supplier’s overall evaluation score is below 70, the supplier must make improvements and pass the re-</p>	

Evaluation Items	Implementation Status			Deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
			evaluation before being allowed to cooperate with ADLINK.	
5. Has the Company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that disclose the Company's non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?	V		The Company uses the Global Reporting Initiative (GRI) Standards to compile its sustainability report. The 2023 Sustainability Report has been verified by the third-party organization BSI Verification Company.	No discrepancy
6. If the Company has established its own sustainable development best practice principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations from the prescribed code of practice and the actual activities taken by the Company: The Company's "Sustainable Development Best Practice Principles" comply with the regulations of the competent authority, covering corporate governance, sustainable environment, social welfare, information disclosure, and other aspects. Please refer to: <a href="https://www.adlinktech.com/tw/Management-Approach">https://www.adlinktech.com/tw/Management-Approach</a> .				
7. Other important information that helps understand the implementation of sustainable development: (1) Long-term sponsorship of the ADLINK Education Foundation, cooperating with local governments, non-profit organizations, etc., to give back to society. (2) Starting in 2023, a sustainability report is published annually. Please refer to: <a href="https://www.adlinktech.com/tw/CorporateSocialResponsibility.aspx">https://www.adlinktech.com/tw/CorporateSocialResponsibility.aspx</a>				

### Implementation of Climate-Related Information

Item	Implementation (Note)
1. Describe how the board of directors and management oversee and govern climate-related risks and opportunities.	1. The company follows the instructions from the Taiwan Stock Exchange Corporation to plan the greenhouse gas inventory and verification schedule for the Company and report to the Board of Directors, and the progress of implementation will be reported to the Board of Directors quarterly.
2. Describe how the identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term).	2. The risks and opportunities, impact timeline, and financial impacts of climate change have been identified and described.
3. Describe the financial impact of extreme climate events and transition actions.	3. To address the climate-related risks facing the Company, the Company has proposed adaptation and mitigation measures, and has gradually implemented relevant mitigation measures or actions, including carbon platforms, ISO
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	

<p>5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the plan, and the indicators and targets used to identify and manage entity risks and transition risks.</p> <p>7. If an internal carbon price is used as a planning tool, explain the basis for setting the price.</p> <p>8. If climate-related targets have been set, provide information on the activities covered, greenhouse gas emission scopes, planning period, and annual progress; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, state the source and amount of offsets or number of RECs.</p> <p>9. Greenhouse gas inventory and verification status, and reduction targets, strategies, and specific action plans.</p>	<p>certifications, introduction of renewable energy or purchase of green energy certificates, resulting in increased financial expenditures for the Company.</p> <p>4. The “Climate Risk Identification and Assessment Process” complies with the structure and implementation methods of the Company’s “Enterprise Risk Management Process,” enabling comprehensive control of climate risks.</p> <p>5. Referring to the TCCIP future projection model, it simulates the changes in average temperature and rainfall at the Company’s location under the impact of physical disasters.</p> <p>6. No plan yet.</p> <p>7. No plan yet.</p> <p>8. Following the decarbonization roadmap, various energy-saving programs and facility energy efficiency improvements (maintenance or facility replacement) are set, as well as gradually increasing renewable energy generation (solar power) to reach a peak of 6% of total electricity consumption. Starting from 2032, when the peak of the decarbonization plan is expected to be reached, the Company will purchase Renewable Energy Certificates to offset carbon emissions.</p> <p>9. In 2024, the Company completed the verification for the covered period (2023) to confirm that the organizational emissions inventory calculation process and results comply with the verification criteria (BSI):</p> <ul style="list-style-type: none"> <li>• Scope 1, 2 (Category 1, 2): Reasonable assurance level</li> <li>• Scope 3 (Category 4): Verification and agreed-upon procedures</li> </ul>
--	---

Note: As a listed company with a capital below NT\$5 billion, the Company is currently not required to disclose the “Greenhouse Gas Inventory and Verification Status” and “Reduction Targets, Strategies, and Specific Action Plans” in the annual report. However, ADLINK Technology has completed the requirements of the competent authority in advance by completing the greenhouse gas emissions inventory and verification for the parent company (2022) in accordance with ISO 14064-1 in 2023. For detailed information, please refer to Chapter 4 “Environmental Care” in the Company’s sustainability report.

(VI) Implementation Status of the Company’s Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons



Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
<p>1. Establishing Corporate Code of Conduct and Ethics Policy and implementation measures</p> <p>(1) Does the Company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?</p> <p>(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(3) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?</p>	V		<ul style="list-style-type: none"> <li>The Company has established a “Code of Ethical Conduct” and an “Ethical Corporate Management Best Practice Principles” approved by the Board of Directors. Directors and senior executives have signed the “Ethical Corporate Management Statement” and the Chairman has signed the “Labor Rights and Business Ethics Declaration and Policy”, demonstrating our ethical management policies, practices, and our commitment to actively implementing them.</li> <li>Combining risk management and internal control mechanisms, we regularly analyze and assess the risks of unethical behavior, and accordingly formulate preventive measures such as avoiding conflicts of interest, eliminating opportunities for personal gain, confidentiality responsibilities, fair trade, and prohibiting insider trading.</li> <li>We have also established management procedures such as “Business Ethics Management Procedures”, “Privacy and Confidentiality Management Procedures”, and “Advertising and Fair Trade Management Procedures” to ensure compliance. These procedures outline relevant codes of conduct, disciplinary actions for violations, and complaint procedures, and are reviewed and revised by responsible units as needed.</li> </ul>	No discrepancy
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) Does the Company evaluate business counterparty’s ethical records and include ethics-</p>	V		<ul style="list-style-type: none"> <li>The Company requires the Supplier to sign a Letter of Commitment of Integrity and strictly prohibits conflicts of interest, bribery or other improper conduct.</li> </ul>	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
<p>related clauses in business contracts?</p> <p>(2) Does the Company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors on the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?</p> <p>(3) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(4) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?</p> <p>(5) Does the Company regularly hold internal and external training on ethical corporate management?</p>			<ul style="list-style-type: none"> <li>The Company has established a dedicated “Legal Office” for ethical management operations. In addition to handling general legal affairs or litigation matters, it also includes identifying the rights and obligations between stakeholders and the legality of business conducts. It reports to the Board of Directors annually on updates to the ethical management regulations and the formulation and implementation of preventive measures.</li> <li>When conflict of interests occurs as stipulated in the “Integrity Operation Code of Practice”, the relevant matters shall be reported simultaneously to the direct supervisor and the dedicated unit.</li> <li>The Company has established effective accounting and internal control systems, with regular audits conducted by the internal audit unit and reports submitted to the Board of Directors on the operation of the internal control system. CPAs are also commissioned to perform quarterly reviews/audits.</li> <li>In the year 2023, company-wide training included the “RBA-Business Ethics” course involving 1,179 participants, the mandatory course, “Employee Code of Ethics”, for new employees, and a lecture, “Anti-Trust”, for management and relevant business personnel.</li> </ul>	
<p>3. Implementation of the whistleblowing system</p> <p>(1) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are</p>	V		<ul style="list-style-type: none"> <li>The Company has established “Whistleblowing, Complaint, Suggestion, and Employee Feedback Management Procedures”. When internal or external complaints or whistleblowing reports are received, they are investigated confidentially</li> </ul>	No discrepancy

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary Description	
<p>appropriate personnel assigned to the accused party?</p> <p>(2) Has the Company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?</p> <p>(3) Does the Company provide protection for whistle-blowers against improper treatment?</p>			<p>in accordance with the procedural regulations. For cases that may affect objective and fair handling, a recusal system is implemented.</p> <ul style="list-style-type: none"> <li>Multiple convenient complaint channels are provided, including physical or online employee suggestion boxes for internal complaints, human resources department or legal office email and hotline, as well as an <a href="mailto:esg@adlinktech.com">esg@adlinktech.com</a> mailbox on the official website for external complaints and whistleblowing reports.</li> <li>The Company has also established “Whistleblower Protection and Anti-Retaliation Management Procedures”, clearly stating that whistleblowers’ rights and other legal interests are protected. If disciplinary actions or other unfair treatment occur due to whistleblowing, corrections or remedies shall be made.</li> </ul>	
<p>4. Strengthen disclosure of information</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		<p>The content has been uploaded to MOPS or the Company’s website.</p>	No discrepancy
<p>5. Where the Company has stipulated its own ethical corporate management best practices according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any differences between the prescribed best practices and the actual activities taken by the Company: None.</p>				
<p>6. Other important information that facilitates the understanding of the implementation of ethical corporate management (such as review and amendment of the Company’s Ethical Corporate Management Best Practice Principles): None.</p>				

(VII) The way to access the Corporate Governance Best Practice Principles and related regulations: Public Information Observatory and the Company’s official website.

(VIII) Other important information sufficient to improve the understanding of the operation of corporate governance, must be disclosed together: None.

(IX) Status of Internal Control System

ADLINK TECHNOLOGY INC.

**Statement on Internal Control**

Date: March 7, 2024

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2023:

1. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of the board of directors and managerial officers of the Company. The Company has established such a system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
2. Internal control systems have limitations, no matter how perfectly they are designed. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Furthermore, the operation environment and situation may vary, hence the effectiveness of the internal controls systems may vary.
3. The Company assessed the effectiveness of the design and implementation of the internal control system based on judgment criteria set by the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control system used in the “Regulations” divides the internal control system into five constituent elements according to the process of management control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, reporting of the Company reliable, timely, transparent, and complies with applicable rules, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above stated objectives.
6. This Statement is an integral part of the Company’s Annual Report and Prospectus, and is publicly disclosed. If the aforementioned disclosure is false or concealed or otherwise illegal, it will subject to the legal liability specified in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. The Board approved this Statement of Directors at the Board meeting held on March 7, 2024. Of the eight directors present, zero had opposing views, and the rest agreed to the contents of this Statement and hereby declared.

ADLINK Technology Inc.

Chairman: Chun (Jim) Liu

President: I-Tun (Stephen) Huang

- (X) Penalties imposed upon the Company and the Company's employees According to law, penalties Imposed by the Company upon employees for the violation of the Internal Control System policy, principal deficiencies, and improvement status during the most recent fiscal year and during the current fiscal year up to the date of publication of the Annual Report: None.
- (XI) Major resolutions of Shareholders' meeting and Board meetings for the most recent year up to the publication date of the Annual Report

1. Important Resolutions of the Shareholders' Meeting

Date	Material Resolutions
2023.06.26	<b>2023 Annual Shareholders' Meeting</b> 1. Proposal for the approval of 2022 Business Report and Financial Statements. 2. Proposal for the approval of the Company's 2022 Earnings Distribution Plan. 3. Amendment to the Company's Articles of Incorporation. 4. Proposal for the approval of Releasing Directors from Non-Competition Restrictions.

2. Important Resolutions of the Board of Directors Meetings

Date	Material Resolutions
2023.03.16	1. Proposal for Distribution of Remuneration to Employees and Directors in 2022. 2. The Company's 2022 Business Report and Financial Statements. 3. Proposal for Approval of the Company's 2022 Statement of Internal Control. 4. The Company's Operational Plan. 5. Proposal for Approval of the Company's 2022 Earnings Distribution Plan. 6. Proposal for Approval of the Appointment of CPAs and the Assessment of Their Independence and Competence. 7. Amendment to the Company's Articles of Incorporation. 8. Amendment of the Company's "Corporate Social Responsibility Best Practice Principles." 9. Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit. 10. Proposal to Convene the 2023 Annual Shareholders' Meeting and Related Affairs. 11. Proposal for Approval of the Company's Re-appointment of New Finance Manager. 12. Proposed for Directors' Remuneration, Compensation and Transportation Allowances of the Company. 13. Proposal for Salary Increase for Managers (April 2023 to the end of March, 2024). 14. Proposal for 2022 Managers Performance Bonus Quota. 15. Proposal for Employee Stock Option Plan for 2023
2023.05.04	1. Proposal for Approval of the Consolidated Financial Report of the Company for the first quarter of 2023. 2. Proposal to Remove Non-Competition Restrictions for Managers. 3. Proposal for the approval of Releasing Directors from Non-Competition Restrictions. 4. Formulation of the Company's "Pre-approval Audit Procedures for Non-assurance Services."

Date	Material Resolutions
	<ul style="list-style-type: none"> <li>5. Amendment to the Company's "Regulations for Issuance and Subscription of Employee Stock Options."</li> <li>6. Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</li> <li>7. Proposal for Approval of the Company's Bank Financing Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</li> <li>8. Proposal for Approval of the Company's Re-invested Subsidiaries for Working Capital Needs to Apply to Financial Institutions for Credit Financing Proposals, Which the Company Guarantees.</li> </ul>
2023.07.27	<ul style="list-style-type: none"> <li>1. Proposal for Approval of the Consolidated Financial Report of the Company for the First half of 2023.</li> <li>2. Proposal for Approval establish the Company's "Sustainability Report Preparation and Verification Operational Procedures."</li> <li>3. Amendment to the Company's "Rules of Procedure for Board of Directors Meetings."</li> <li>4. Amendment to the Company's "Organizational Rules of the Audit Committee."</li> <li>5. Amendment to the Company's "Organizational Rules of the Remuneration Committee."</li> <li>6. Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</li> <li>7. Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</li> <li>8. Proposal for Approval of the Company's Re-invested Subsidiaries for Working Capital Needs to Apply to Financial Institutions for Credit Financing Proposals, Which the Company Guarantees.</li> <li>9. The Company Plans to Establish a Subsidiary in India.</li> </ul>
2023.11.03	<ul style="list-style-type: none"> <li>1. Proposal for Approval of the Company's Audit Plan for 2024.</li> <li>2. Proposal for Approval of the Consolidated Financial Report of the Company for the third quarter of 2023.</li> <li>3. Proposal for formulate the company's "Enterprise Risk Management Policies."</li> <li>4. Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</li> <li>5. Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</li> <li>6. Proposal for Approval of the Company's Re-invested Subsidiaries for Working Capital Needs to Apply to Financial Institutions for Credit Financing Proposals, Which the Company Guarantees.</li> <li>7. Proposal for 2023 Manager's annual salary structure and estimated annual salary payment.</li> <li>8. Proposal for 2024 Manager Performance Evaluation System.</li> <li>9. The Company Plans to Adjust Its Organizational Structure and Establish a Subsidiary in China.</li> </ul>

(XII) Major contents of reserved opinions of Directors on material resolutions passed by the Board of Directors and their opinion has been recorded or declared in writing for the most recent year up to the publication date of the Annual Report: None.

(XIII) The Recent Resignation and Dismissal of the Company's Chairman, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, and Chief Research and Development Officer up until the Date of the Annual Report's Publication: None.



**V. Information on Audit Fees**

Unit: NT\$ thousand

Name of CPA Firm	CPA Name	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Wen-Chin Lin Yi-Wen Wang	2023.01.01- 2023.12.31	5,720	1,642	7,362	Non-audit fees include tax certification, review of transfer pricing reports, etc.

- (I) If the auditing firm is replaced and the audit fee paid in the replacement year is lower than the audit fee in the previous year, the amount of the audit fee before and after the replacement shall be disclosed and the reason: None.
- (II) The audit fee is less than that of the previous year by 10%, the amount of audit fee, ratio and the reasons should be disclosed: None.

**VI. Information on Replacement of CPAs**

N/A.

**VII. The Chairman of the Company, President, or the Managers Responsible for Financial or Accounting Affairs who Has Worked for the Certified Public Accountant Firm or its Affiliated Enterprises Within the Past Year**

None.

## VIII. Equity Transfer and Equity Pledge Changes of Directors, Managers and Major Shareholders

### (I) Changes in Equity

Title (Note)	Name	2023		As of April 21 of the Current Year	
		Shares Held Increase (Decrease)	Increase in the Number of Shares Pledged	Shares Held Increase (Decrease)	Increase in the Number of Shares Pledged
Chairman and CEO	Chun (Jim) Liu	(45,000)	-	-	-
Director	Yeou-Yih Chou	-	-	-	-
Director	Chroma ATE, Inc.	(150,000)	-	-	-
Director Representative	Hsiu-Miao Huang	-	-	-	-
Director / Shareholder	AUO Corporation	-	-	-	-
Director Representative	Fu-Jen (Frank) Ko	-	-	-	-
Director Representative	I-Fang, Wu	-	-	-	-
Independent Director	Wei-Chien Li	-	-	-	-
Independent Director	Hsing-Hai Wei	-	-	-	-
Independent Director	Chih-Kuang Tseng	-	-	-	-
Independent Director	Yung-Hao Yu	-	-	-	-
President and COO	I-Tun (Stephen) Huang	-	-	-	-
Vice President and Global CFO	Ta-Chih (Jeff) Chou	-	-	-	-
Director	Shu-Fen (Iris) Chen	-	-	-	-
Director	Jui-Lin Juang	-	-	-	-
Senior Manager	Hsin-Yu Kuo	-	-	-	-

Note: Refers to the incumbent who is still in position before the deadline for printing the annual report.

(II) Equity Transfer Information: The counterparty to the above equity transfer is a non-related party.

(III) Equity Pledge Information: None.

## IX. Information on the Relationships Between the top 10 Shareholders by Ownership

## Percentage

April 21, 2024

Name	Shareholding of Individual		Shareholding of Spouse or Minor Children		Shares Held in Others' Names		The Names or Titles and Relationships of The Top Ten Shareholders Who are Related Parties or Spouses or Second-Degree Relatives	
	Number of Shares	Ratio	Number of Shares	Ratio	Number of Shares	Ratio	Name	Relationship
AUO Corporation Representative: Shuang-Lang (Paul) Peng	42,310,407	19.45%	-	-	-	-	Note	
	-	-	Data cannot be obtained					
Konly Venture Corp. Representative: Shuang-Lang (Paul) Peng	15,944,000	7.33%	-	-	-	-	Note	
	-	-	Data cannot be obtained					
The investment account of Keysight Technologies UK Limited in the custody of Citibank (Taiwan)	14,707,559	6.76%	-	-	-	-	None	None
Chroma ATE, Inc. Representative: Leo Huang	14,267,253	6.56%	-	-	-	-	None	None
	-	-	Data cannot be obtained					
Ronly Venture Corp. Representative: Shuang-Lang (Paul) Peng	13,175,000	6.06%	-	-	-	-	Note	
	-	-	Data cannot be obtained					
Chun (Jim) Liu	10,252,124	4.71%	4,138,586	1.90%	-	-	-Zenitron Corporation	-Independent Director -Relatives within the second degree of kinship -Spouse
							-Kai Liu	
							-Han-Fen Ni	
Zenitron Corporation Representative: Yeou-Yih Chou	6,825,592	3.14%	-	-	-	-	Chun (Jim) Liu	Independent Director
	782,672	0.36%	434,573	0.20%	-	-	None	None
Kai Liu	5,532,632	2.54%	-	-	-	-	Chun (Jim) Liu	Relatives within the second degree of kinship
Continental Technology Co., Ltd. Representative: Cheng-Yang Hu	4,500,000	2.07%	-	-	-	-	None	None
	2,462,000	1.13%	Data cannot be obtained					
Han-Fen Ni	4,138,586	1.90%	10,252,124	4.71%	-	-	Chun (Jim) Liu	Spouse

Note: Konly Venture Corp. and Ronly Venture Corp. are 100% invested subsidiaries of AUO Corp. The representative of the three companies is Mr. Shuang-Lang (Paul) Peng. AUO Corp.'s consolidated investment ratio in the company is 32.84%.

**X. The Number of Shares Held by the Company, Its Directors, Managers and Business Directly or Indirectly Controlled by the Company in the Same Reinvested Business and the Comprehensive Shareholding Ratio**

April 21, 2024 Unit: thousand shares

Reinvestment Business (Note 1)	Investments of the Company		Investment by Directors/Managers and Companies Directly or Indirectly Controlled by the Company		Consolidated Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
JY Technology (Shanghai)	-	-	(Note 2)	20.56%	(Note 2)	20.56%
JY Technology (Korea)	67	28.16%	-	-	67	28.16%
FARobot Technology Ltd.	5,077	49%	-	-	5,077	49%

Note 1: Investment in the consolidated company accounted for using the equity method.

Note 2: A limited company with no shares issued.

## Chapter 4. Funding Status

### I. Capital and Shares

#### (I) Source of Capital

##### 1. Types of Shares

April 21, 2024

Shares Type	Authorized Capital			Remark
	Shares Outstanding	Unissued Shares	Total	
Inscribed shares Common stock	202,789,698 shares	77,210,302 shares	280,000,000 shares	20,000,000 shares of the Authorized Capital are reserved for the issuance of employee stock option. The total number of issued shares is 217,497,257 including 14,707,559 private ordinary shares.

##### 2. Formation of Share Capital

Unit: shares, NT\$

Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1995.08	10	500,000	5,000,000	500,000	5,000,000	Cash of NT\$5,000,000 for a start-up	None	None
1996.04	10	800,000	8,000,000	800,000	8,000,000	Cash capital increase NT\$3,000,000	None	None
1998.07	10	2,800,000	28,000,000	2,800,000	28,000,000	Cash capital increase NT\$20,000,000	None	None
1998.10	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase NT\$22,000,000	None	None
1999.05	10	10,750,000	107,500,000	10,750,000	107,500,000	Surplus transferred to capital increase of NT\$23,000,000 Employee bonus transferred to capital increase of NT\$2,000,000 Cash increase of NT\$32,500,000	None	None
2000.06	10	19,800,000	198,000,000	19,800,000	198,000,000	Surplus transferred to capital increase of NT\$31,175,000 Employee bonus transferred to capital increase of NT\$3,259,000 Cash capital increase NT\$56,066,000	None	None

Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2001.06	10	57,000,000	570,000,000	29,300,000	293,000,000	Surplus transferred to capital increase of NT\$41,580,000 Employee bonus transferred to capital increase of NT\$4,420,000 Cash capital increase NT\$49,000,000	None	Note 1
2002.10	10	57,000,000	570,000,000	37,260,000	372,600,000	Surplus transferred to capital increase of NT\$58,014,000 Employee bonus transferred to capital increase of NT\$6,350,000 Capital surplus transferred to capital increase of NT\$15,236,000	None	Note 2
2003.05	10	57,000,000	570,000,000	37,265,420	372,654,200	Convertible bonds convertible into common shares NT\$54,200	None	None
2004.08	10	64,000,000	640,000,000	47,467,725	474,677,250	Surplus transferred to capital increase of NT\$63,351,214 Employee bonus transferred to capital increase of NT\$11,720,000 Capital surplus transferred to capital increase of NT\$11,179,626 Convertible bonds convertible into common shares NT\$15,772,210	None	Note 3
2003.10	10	64,000,000	640,000,000	48,189,558	481,895,580	Convertible bonds convertible into common shares NT\$7,218,330	None	None
2004.02	10	64,000,000	640,000,000	48,454,450	484,544,500	Convertible bonds convertible into common shares NT\$2,648,920	None	None
2004.04	10	64,000,000	640,000,000	48,672,985	486,729,850	Convertible bonds convertible into common shares NT\$2,185,350	None	None

Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2004.06	10	100,000,000	1,000,000,000	62,580,485	625,804,850	Surplus transferred to capital increase of NT\$100,806,000 Employee bonus transferred to capital increase of NT\$17,340,000 Capital surplus transferred to capital increase of NT\$20,929,000	None	Note 4
2004.07	10	100,000,000	1,000,000,000	63,059,112	630,591,120	Convertible bonds convertible into common shares NT\$4,786,270	None	None
2004.10	10	100,000,000	1,000,000,000	63,335,707	633,357,070	Convertible bonds convertible into common shares NT\$2,765,950	None	None
2005.01	10	100,000,000	1,000,000,000	63,974,003	639,740,030	Convertible bonds convertible into common shares NT\$6,382,960	None	None
2005.05	10	100,000,000	1,000,000,000	64,268,884	642,688,840	Convertible bonds convertible into common shares NT\$1,063,810 Exercise of employee stock options NT\$1,885,000	None	None
2005.07	10	100,000,000	1,000,000,000	72,166,884	721,668,840	Surplus transferred to capital increase of NT\$70,700,000 Employee bonus transferred to capital increase of NT\$7,900,000 Exercise of employee stock options NT\$380,000	None	Note 5
2005.10	10	100,000,000	1,000,000,000	73,457,957	734,579,570	Convertible bonds convertible into common shares NT\$10,574,140 Exercise of employee stock options NT\$2,336,590	None	None
2006.02	10	100,000,000	1,000,000,000	74,664,542	746,645,420	Convertible bonds convertible into common shares NT\$11,865,850 Exercise of employee stock options NT\$200,000	None	None

Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2006.04	10	100,000,000	1,000,000,000	76,364,737	763,647,370	Convertible bonds convertible into common shares NT\$15,454,450 Exercise of employee stock options NT\$1,547,500	None	None
2006.07	10	100,000,000	1,000,000,000	93,846,024	938,460,240	Surplus transferred to capital increase of NT\$168,200,000 Convertible bonds convertible into common shares NT\$6,267,870 Exercise of employee stock options NT\$345,000	None	Note 6
2006.10	10	150,000,000	1,500,000,000	96,585,272	965,852,720	Convertible bonds convertible into common shares NT\$27,017,480 Exercise of employee stock options NT\$375,000	None	None
2007.01	10	150,000,000	1,500,000,000	96,983,731	969,837,310	Convertible bonds convertible into common shares NT\$3,859,590 Exercise of employee stock options NT\$125,000	None	None
2007.04	10	150,000,000	1,500,000,000	98,065,837	980,658,370	Convertible bonds convertible into common shares NT\$9,473,560 Exercise of employee stock options NT\$1,347,500	None	None
2007.07	10	150,000,000	1,500,000,000	99,646,695	996,466,950	Convertible bonds convertible into common shares NT\$15,438,580 Exercise of employee stock options NT\$370,000	None	None
2007.07	10	150,000,000	1,500,000,000	105,526,695	1,055,266,950	Surplus transferred to capital increase of NT\$58,800,000	None	Note 7
2007.10	10	150,000,000	1,500,000,000	105,554,195	1,055,541,950	Exercise of employee stock options NT\$275,000	None	None
2008.01	10	150,000,000	1,500,000,000	105,644,195	1,056,441,950	Exercise of employee stock options NT\$900,000	None	None
2008.03	10	150,000,000	1,500,000,000	103,694,195	1,036,941,950	Cancellation of treasury stock NT\$19,500,000	None	Note 8



Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2008.04	10	150,000,000	1,500,000,000	103,767,945	1,037,679,450	Exercise of employee stock options 73,750 shares	None	None
2008.07	10	150,000,000	1,500,000,000	103,856,945	1,038,569,450	Exercise of employee stock options 89,000 shares	None	None
2008.07	10	150,000,000	1,500,000,000	114,155,495	1,141,554,950	Surplus transferred to capital increase of NT\$102,985,500	None	Note 9
2008.10	10	150,000,000	1,500,000,000	114,174,495	1,141,744,950	Exercise of employee stock options 19,000 shares	None	None
2009.02	10	150,000,000	1,500,000,000	114,224,495	1,142,244,950	Exercise of employee stock options 50,000 shares	None	None
2009.04	10	150,000,000	1,500,000,000	114,344,495	1,143,444,950	Exercise of employee stock options 120,000 shares	None	None
2009.08	10	150,000,000	1,500,000,000	119,947,720	1,199,477,200	Surplus transferred to capital increase of NT\$56,032,250	None	Note 10
2009.10	10	150,000,000	1,500,000,000	119,957,720	1,199,577,200	Exercise of employee stock options 10,000 shares	None	None
2010.03	10	150,000,000	1,500,000,000	120,158,970	1,201,589,700	Exercise of employee stock options 201,250 shares	None	None
2011.06	10	150,000,000	1,500,000,000	138,053,870	1,380,538,700	Surplus transferred to capital increase of NT\$178,949,000	None	Note 11
2011.12	10	150,000,000	1,500,000,000	137,478,870	1,374,788,700	Cancellation of treasury stock NT\$5,750,000	None	Note 12
2012.07	10	200,000,000	2,000,000,000	158,100,700	1,581,007,000	Surplus transferred to capital increase of NT\$206,218,300	None	Note 13
2013.01	10	200,000,000	2,000,000,000	170,709,394	1,707,093,940	12,608,694 ordinary shares of privately-placed capital increase	None	Note 14
2013.10	10	200,000,000	2,000,000,000	170,780,894	1,707,808,940	Exercise of employee stock options 71,500 shares	None	None
2014.01	10	200,000,000	2,000,000,000	170,922,394	1,709,223,940	Exercise of employee stock options 141,500 shares	None	None
2014.04	10	200,000,000	2,000,000,000	170,987,394	1,709,873,940	Exercise of employee stock options 65,000 shares	None	None
2014.08	10	200,000,000	2,000,000,000	171,066,394	1,710,663,940	Exercise of employee stock options 79,000 shares	None	None

Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2014.08	10	200,000,000	2,000,000,000	183,055,964	1,830,559,640	Surplus transferred to capital increase of NT\$119,895,700	None	Note 15
2014.10	10	200,000,000	2,000,000,000	183,290,464	1,832,904,640	Exercise of employee stock options 234,500 shares	None	None
2015.03	10	200,000,000	2,000,000,000	183,433,464	1,834,334,640	Exercise of employee stock options 143,000 shares	None	None
2015.04	10	200,000,000	2,000,000,000	183,542,464	1,835,424,640	Exercise of employee stock options 109,000 shares	None	None
2015.06	10	250,000,000	2,500,000,000	183,802,464	1,838,024,640	Exercise of employee stock options 260,000 shares	None	None
2015.07	10	250,000,000	2,500,000,000	183,833,464	1,838,334,640	Exercise of employee stock options 31,000 shares	None	None
2015.08	10	250,000,000	2,500,000,000	200,397,834	2,003,978,340	Surplus transferred to capital increase of NT\$165,643,700	None	Note 16
2015.10	10	250,000,000	2,500,000,000	200,482,834	2,004,828,340	Exercise of employee stock options 85,000 shares	None	None
2015.11	10	250,000,000	2,500,000,000	201,702,834	2,017,028,340	The new shares 1,220,000 shares with restricted employee's rights	None	None
2015.12	10	250,000,000	2,500,000,000	201,758,834	2,017,588,340	Exercise of employee stock options 56,000 shares	None	None
2016.02	10	250,000,000	2,500,000,000	216,758,834	2,167,588,340	Cash capital increase 15,000,000 shares	None	Note 17
2016.02	10	250,000,000	2,500,000,000	216,898,834	2,168,988,340	The new shares 140,000 shares with restricted employee's rights	None	None
2016.03	10	250,000,000	2,500,000,000	217,074,834	2,170,748,340	Exercise of employee stock options 176,000 shares	None	None
2016.06	10	250,000,000	2,500,000,000	217,214,834	2,172,148,340	The new shares 140,000 shares with restricted employee's rights	None	None
2016.06	10	250,000,000	2,500,000,000	217,129,834	2,171,298,340	The new shares Capital reduction 85,000 shares with restricted employee's rights	None	None
2016.06	10	250,000,000	2,500,000,000	217,280,334	2,172,803,340	Exercise of employee stock options 150,500 shares	None	None

Month/Year	Issuance Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2016.09	10	250,000,000	2,500,000,000	217,557,834	2,175,578,340	Exercise of employee stock options 277,500 shares	None	None
2016.12	10	250,000,000	2,500,000,000	217,561,834	2,175,618,340	Exercise of employee stock options 4,000 shares	None	None
2017.03	10	250,000,000	2,500,000,000	217,567,834	2,175,678,340	Exercise of employee stock options 6,000 shares	None	None
2017.05	10	250,000,000	2,500,000,000	217,505,834	2,175,058,340	The new shares Capital reduction 62,000 shares with restricted employee's rights	None	None
2017.09	10	250,000,000	2,500,000,000	217,482,634	2,174,826,340	The new shares Capital reduction 23,200 shares with restricted employee's rights	None	None
2018.01	10	250,000,000	2,500,000,000	217,523,134	2,175,231,340	Exercise of employee stock options 40,500 shares	None	None
2019.04	10	250,000,000	2,500,000,000	217,520,449	2,175,204,490	The new shares Capital reduction 2,685 shares with restricted employee's rights	None	None
2019.11	10	280,000,000	2,800,000,000	217,497,257	2,174,972,570	The new shares Capital reduction 23,192 shares with restricted employee's rights	None	None

- Note 1: Approved by the Securities and Futures Commission of the Ministry of Finance (90) by Taiwan Financial certificate No. 002683.
- Note 2: Approved by the Securities and Futures Commission of the Ministry of Finance (91) by Taiwan Financial certificate No. 0910147385.
- Note 3: Approved by the Securities and Futures Commission of the Ministry of Finance by Taiwan Financial certificate No. 0920125431 on June 10, 2003.
- Note 4: Securities and Futures Management Committee of the Ministry of Finance in April, 2004 Approved by Taiwan Financial certificate No. 0930115165 on 26th.
- Note 5: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 0940121716 on May 31, 2005.
- Note 6: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 0950123298 on June 9, 2006.
- Note 7: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 0960032383 on June 27, 2007.
- Note 8: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 0970008212 on February 26, 2008.
- Note 9: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 09700249051 on August 22, 2008.
- Note 10: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 0980032524 on June 30, 2009.
- Note 11: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 1000029083 on June 24, 2011.
- Note 12: Approved by Taiwan Stock Exchange by certificate No. 10000390651 on December 20, 2011.
- Note 13: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 1010029277 on July 3, 2012.
- Note 14: Approved by the Commerce Department of the Ministry of Economy by certificate No. 10201002650 on January 8, 2013.
- Note 15: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 1030024515 on June 27, 2014.
- Note 16: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 1040024448 on June 29, 2015.
- Note 17: Approved by the Financial Supervisory Commission (FSC) by FSC issued certificate No. 1040050050 on December 14, 2015.

### 3. General Information About the Reporting System: None.

(II) The Structure of the Shareholders Including Private Placement of Common Shares

April 21, 2024

Structure Item	Government Institutions	Financial Institutions	Others Institutional Shareholders	Individuals	Foreign Institutions and Foreign Individuals	Total
Number of Shareholders	1	8	37	10,911	107	11,064
Shares Held	531,000	1,761,124	107,947,48	82,656,021	24,601,630	217,497,257
Shareholding Ratio	0.24%	0.81%	49.63%	38.00%	11.31%	100.00%

(III) Diversification of Equity Including Treasury Shares on April 21, 2024

Hierarchy	Number of Shareholders	Shares Held	Percentage
1 to 999	3,144	616,224	0.28%
1,000 to 5,000	6,422	12,066,237	5.55%
5001 to 10,000	681	5,379,060	2.47%
10,001 to 15,000	225	2,889,990	1.33%
15,001 to 20,000	164	3,002,698	1.38%
20,001 to 30,000	117	3,019,868	1.39%
30,001 to 40,000	65	2,302,481	1.06%
40,001 to 50,000	45	2,095,242	0.96%
50,001 to 100,000	86	5,915,465	2.72%
100,001 to 200,000	46	6,356,128	2.92%
200,001 to 400,000	27	7,532,072	3.46%
400,001 to 600,000	13	6,390,770	2.94%
600,001 to 800,000	5	3,658,146	1.68%
800,001 to 1, 000,000	3	2,720,389	1.25%
Over 1,000,001	21	153,552,487	70.60%
Total	11,064	217,497,257	100.00%

Note: The Company has not issued any special shares.

## (IV) List of Major Shareholders

April 21, 2024

Name of Major Shareholders	Shares	Shares Held	Percentage
AUO Corp.		42,310,407	19.45%
Konly Venture Corp.		15,944,000	7.33%
The investment account of Keysight Technologies UK Limited in the custody of Citibank (Taiwan)		14,707,559	6.76%
Chroma ATE Inc.		14,267,253	6.56%
Ronly Venture Corp.		13,175,000	6.06%
Chun (Jim) Liu		10,252,124	4.71%
Zenitron Corporation		6,825,592	3.14%
Kai Liu		5,532,632	2.54%
Continental Technology Co., Ltd.		4,500,000	2.07%
Han-Fen Ni		4,138,586	1.90%

## (V) Market Price, Net Worth, Earnings, Dividends, and Related Information per Share in the Last Two Years

Unit: NTD/ thousand shares

Item		Year	2022	2023	Current Year up to March 31, 2024 (Note 4)
Market Price Per Share	Highest		66.70	86.50	73.70
	Lowest		48.50	53.10	59.60
	Average		55.61	63.37	66.06
Book Value Per Share	Before distribution		25.65	24.80	-
	After distribution		23.15	23.80 (Note2)	-
Earnings Per Share	Weighted average shares		217,497	217,497	-
	Earnings per share		3.71	1.51	-
Dividends Per Share	Cash dividends		2.5	1.0 (Note 2)	-
	Stock dividends	Dividends from retained earnings	-	-	-
		Dividends from capital reserve	-	-	-
	Accrued unpaid dividends		-	-	-
Return on Investment Analysis (Note 3)	Price/earnings ratio		14.99	41.97	-
	Price/dividend ratio		22.24	63.37	-
	Cash dividend yield		4.5%	1.6%	-

Note 1: Calculate the average market price for each year according to the transaction value and transaction volume of each year.

Note 2 The Company's profit distribution plan for the fiscal year 2023 was approved by the Board of Directors on March 7, 2024, but has not yet been approved by the shareholders' meeting.

Note 3 Price/earnings Ratio = average closing price per share/earnings per share for the year.

Price/dividend ratio = average closing price per share/cash dividend per share for the year.

Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 4: Till the date of publication, there is no information audited by the CPA.

## (VI) Dividend Policy and Implementation Status

### 1. Dividend Policy

According to Article 27 of the Articles of Incorporation, the Company adopts a residual dividend policy. After measuring the capital budget for future years and retaining the necessary funds, the remaining surplus will be distributed as dividends, with cash dividends not less than 10% of the total dividends. In addition to the above provisions of the Articles of Incorporation, and in the absence of special considerations, the Company's principle is to distribute cash dividends, with the actual amount distributed not less than 50% of the distributable surplus for the year.

The specific method of surplus distribution is also set forth in Article 26-1 of the Articles of Incorporation: "When the Company distributes its surplus for the year, the net profit after tax for the period plus the amount included in the unappropriated retained earnings for the period other than the net profit after tax for the period, shall first be used to make up the accumulated deficit, and if there is still a surplus, a legal reserve of 10% shall be set aside. However, if the legal reserve has reached the paid-in capital of the Company, no further allocation is required. For the net amount of other equity deductions in previous periods, the Company shall set aside a special surplus reserve from the previous unappropriated retained earnings in an amount equal to the net amount of other equity deductions in previous periods. If there is still a shortage, the Company shall set aside a special surplus reserve from the net profit after tax for the period plus the amount included in the unappropriated retained earnings for the period other than the net profit after tax for the period. The remaining amount shall be allocated or reversed as a special surplus reserve in accordance with relevant laws and regulations. If there is still a balance, it shall be distributed to shareholders as dividends and bonuses together with the accumulated unappropriated retained earnings after the resolution of the shareholders' meeting." "The Board of Directors of the Company may, with the attendance of more than two-thirds of the directors and the approval of a majority of the directors present, distribute all or part of the dividends and bonuses, capital surplus or legal surplus reserve in cash, and report to the shareholders' meeting, without being subject to the requirement of a resolution of the shareholders' meeting as provided in the preceding paragraph."

2. At the 2024 shareholders' meeting, it is proposed to distribute a cash dividend of NT\$1.0 per share (from the 2023 retained earnings).

Distribution Item	Amount	Remark
Cash dividends- retained earnings	NT\$ 217,497,257	Approximately NT\$1.0 per share.

(VII) The Impact of the Proposed Bonus Share Issue in This Shareholders' Meeting on the Company's Business Performance and Earnings per Share: There is no issue of Bonus Share, so there is no impact.

(VIII) Employee and Director Compensation

1. The Percentage or Range of Employee and Director Compensation as Stated in the Company's Articles of Incorporation

Article 26 of the Company's articles of incorporation stipulates: "If the Company has a net profit before tax for the year, 3% to 20% shall be appropriated as employee compensation, and no more than 3% as director compensation, and reported to the Shareholders' meeting. However, when the Company has accumulated losses, the amount of compensation should be reserved in advance and then appropriated according to the aforementioned ratio. And "employee compensation shall be resolved by the Board of Directors to be issued in the form of shares or cash, and the recipients may include employees of controlled or subordinate companies who meet certain conditions, and the conditions and allocation methods shall be authorized by the Board of Directors or its authorized person."

2. The Accounting Treatment Applying If the Estimating Amount of the Remuneration of the Employees and Directors as well as the Calculating Basis for the Number of Shares of Employees' Remuneration Differs from the Actual Distribution Amount:

The Company's estimated employee compensation for 2023 is NT\$43,000,000 and the remuneration for directors and independent directors is NT\$3,700,000, which is based on the amount likely to be given based on past experience. After the end of the year, if there is a significant change in the amount resolved by the Board of Directors, the original accrued expense for the year should be adjusted; if the amount changes after the annual financial report is approved for disbursement, it shall be accounted for as a change in accounting estimate and adjusted in the following year. If the Board of Directors resolves to distribute the remuneration of the employees by share, the number of shares of stock remuneration shall be determined by dividing the amount of the resolution dividend by the fair value of the shares; and the fair value of the shares shall be the closing price on the day before the day of the Board of Directors' resolution, and the effect of ex-rights and dividends shall be considered as the basis of calculation.

3. The Distribution of Compensation Approved by the Board of Directors:
  - (1) On March 7, 2024 the Company's Board of Directors approved the distribution of employees' remuneration in cash of NT\$43,000,000 and

directors' remuneration of NT\$3,700,000, totaling NT\$46,700,000. Same amount as the annual estimate of recognized expenses with no discrepancy.

(2) Amount of employee compensation distributed in shares: N/A.

4. The Actual Distribution of Employee and Director Compensation for the Previous Year

The cash remuneration of the employees and directors' remuneration in 2022 were respectively NT\$67,662,000 and NT\$8,000,000; and the actual distributed amount did not differ from the recognized amount.

(IX) The Company Repurchased the Company's Shares: None.

**II. Situation of Corporate Bonds**

None.

**III. Issuance of Preferred Stocks**

None.

**IV. Global Depository Receipts**

None.

**V. Status of Employee Stock Options**

- Up to the date of publication of the annual report, the Company's handling of unexpired certificates in employee stock option and its impact on shareholders' rights and interests:

Type of the Employee Stock Option	2023 First Employee Stock Option Certificate
Effective Date and Total Units for Declaration	March 30, 2023 5,000 units
Issuance Date	May 2, 2023
Number of Units Issued	1,434
Number of Units Remaining to be Issued	3,566
Ratio of Shares that can be Subscribed to the Total Number of Issued Shares	0.66%
Stock Option Validity Period	From May 2, 2025 to May 1, 2029.
Fulfillment Method	Issuance new shares
Restrictions on Subscription Period and Ratio	Two years after the expiration of the option granting period, the exercisable subscription ratio (cumulative) is 100%
Number of Shares Obtained through Execution	-
Amount of Executed Subscription	-



Number of Unexecuted Subscriptions	1,434,000 shares
Subscription Price Per Share for Non-exercised Stock Options	58.71
Ratio of Unexercised Stock Subscription to the Total Issued Shares	0.66%
Impact on Shareholders' Equity	As the options can only be exercised two years after the issuance date and have a duration of up to 6 years, and the number of shares that can be subscribed accounts for only 0.66% of the total outstanding shares, the dilutive effect on shareholders' equity is still limited.

2. Accumulated until the date of publication of the annual report, the names of the Managers who obtained employee stock options and the top ten employees who obtained and subscribed for the most options

	Title	Name	Number of subscriptions obtained (shares)	Ratio of obtained number of subscribed shares to total issued shares	Executed				Unexecuted			
					Number of Subscriptions	Subscription Price	Subscription Amount	Ratio of Number of Subscriptions to Total Outstanding Shares	Number of Subscriptions (Share)	Subscription Price	Subscription Amount	Ratio of Number of Subscriptions to Total Outstanding Shares
Managers	President and COO	I-Tun (Stephen) Huang	201,000	0.09%	-	-	-	-	201,000	58.71	11,800,710	0.09%
	Vice President and global CFO	Ta-Chih (Jeff) Chou										
	Accounting Manager	Hsin-Yu Kuo										
Employees	Top 10 Employees		534,000	0.25%	-	-	-	-	534,000	58.71	31,351,140	0.25%

Note: Due to the principle of confidentiality, the titles and names of the top ten employees are not disclosed.

## VI. New Restricted Employee Shares

None.

## VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

None.

## VIII. Implementation of Capital Allocation Plans

None.

## Chapter 5. Operational Highlights

In 2023, ADLINK's business operations demonstrated sustained growth despite challenges posed by the global economic climate and the US-China trade dynamics. While the overall growth rate in the industrial computer sector experienced a slowdown, ADLINK successfully preserved its steady momentum and upheld its leadership in the industrial and embedded computer markets. Our extensive product portfolio, which includes pioneering technologies in the Internet of Things (IoT), Artificial Intelligence (AI), 5G, and machine vision, has been instrumental in advancing applications across sectors such as industrial automation, healthcare, transportation, and national defense. Traditional product lines, including industrial motherboards and panel computers, saw stable growth, whereas our network products and high-end AIoT devices exhibited significant expansion. Geographically, the North American and European markets emerged as principal contributors to our growth. Conversely, the Chinese market faced slight deceleration due to macroeconomic pressures, though this was counterbalanced by robust expansion in emerging markets like Southeast Asia. As we move into 2024 and beyond, ADLINK is committed to further strengthening its market presence in the industrial computing domain, driven by increasing demands for industrial IoT, AI, and 5G-related technological enhancements. The continuous pursuit of growth through technological and product innovation remains central to our long-term strategic vision.

### I. Business

#### (I) Business Scope

1. Main Business: Communication and computer products, measurement and automation products.
2. Consolidated Operating Revenue

Unit: NT\$ thousand

Business Unit	2023	Proportion
IoT Solutions & Technology Business Unit	1,448,802	13%
Network, Communication & Automotive Business Unit	1,170,347	10%
Computer on Modules Business Unit	3,326,963	29%
Edge Computing Platforms Business Unit	1,859,377	16%
Edge Visualization Business Unit	1,809,097	16%
DMS Rugged Computing Business Unit	1,466,672	13%
Others	333,261	3%
Total	11,414,519	100%

#### 3. Current Product Line

##### (1) IoT Solutions & Technology Business Unit

- Integrated controller/gateway/display all-in-one panel control system
- SuperCAT SoftMotion Controller

- Remote device management software EdgeGO
  - Autonomous Mobile Robot (AMR)
  - Data acquisition solution
  - Software-defined EtherCAT Solutions
  - AI Vision Platform
  - AI Smart Camera
  - Edge vision analytics software EVA SDK
  - Motion Control Card
  - Image capture card
  - PXI/PXIe modules and platforms
  - IIoT Gateway
- (2) Network, Communication & Automotive Business Unit
- Industrial-grade AI edge computing server
  - Network Security and Network Services Platform (Network Appliances)
  - Autonomous driving controller
  - Commercial vehicle AI Advanced Driver Assistance System (AI-ADAS)
  - Cockpit Domain Controller
- (3) Computer on Modules Business Unit
- Industrial-grade embedded modular computer
  - Product prototype development kit
- (4) Edge Computing Platforms Business Unit
- ROS2 open-source robot solution
  - Mobile robot controller
  - GPU inference platform
  - Internet of Things gateway
  - Fanless embedded computer
  - Industrial computer system and motherboard
  - 3.5", MiniITX embedded single board computer
  - Industrial-grade solid state drive
- (5) Edge Visualization Business Unit
- MXM GPU Module
  - PCI Express Graphics Card (PEG Card)
  - Industrial Touch Monitor
  - Industrial Touch Panel PC
  - Multimedia player
  - Medica Box PC, Panel PC and Monitor
  - Gaming Box PC, Mainboard and Monitor
- (6) DMS Rugged Computing Business Unit

- CompactPCI, PC104 and VPX industrial modular high reliability single board computer
- Fanless Rugged Edge AI computers
- Onboard Information System for Railway
- Rugged computers for outdoor applications
- Module and system customization service

#### 4. Development of New Products

##### (1) IoT Solutions & Technology Business Unit

- Launched SuperCAT SoftMotion Controller and controller/gateway/display all-in-one panel PC to strengthen the company's highly integrated product portfolio of industrial computers, motion controllers, IO communication cards and motor equipment, providing one-stop service to meet customers' various needs for IT and OT integration and assist customers in digital transformation and building smart factories
- Launched EdgeGO remote device management software, which can support the company's industrial computers, AI smart cameras, Ethernet-based data acquisition systems and other edge computing devices, allowing customers to remotely manage factory-side devices through a visualized platform, quickly realize device condition monitoring, firmware updates, edge application service collaboration and security maintenance.
- Provide data collection, streaming, and control solutions for industrial IoT, integrating software, hardware and data to offer comprehensive solutions. Assist customers in creating brand new business models and value in the IoT field. On the software side, will launch Edge Vision Analytics Software (EVA SDK), combined with AI vision platform, which will enable customers to implement AI vision analytics in smart factories more quickly.
- Provide ready-to-operate solutions such as legacy machine networking and rotating machinery condition monitoring for smart factories.
- For machine vision field, provide plug-and-play AI vision capture cards, server-grade AI vision platforms and other products.
- Continue to develop various data acquisition edge computing platforms.
- Continue to launch mid-to-high end PXI/PXIe controllers and platforms
- Continue to launch mid-to-high end motion control cards for automation equipment

##### (2) Network, Communication & Automotive Business Unit

- Leveraging strong ecosystem partnerships and support, ADLINK Technology assists global customers in building autonomous driving solutions, including robo-taxis, self-driving trucks and mining vehicles

developed based on Intel Sapphire Rapids, Ampere Altra and NVIDIA Jetson Orin technologies. ADLINK Technology's autonomous driving solutions have passed ISO 26262 automotive functional safety standard certification, with the highest ASIL D level used to establish this functional safety process. It has also passed IATF 16949 automotive quality management system verification. From product planning, development, design to production departments, a comprehensive and rigorous specification is established to identify and assess potential safety risks, demonstrating ADLINK's commitment to vehicle functional safety and reliability. ADLINK Technology will continue to work closely with strategic partners to provide a wide range of applications from L1 to L4 for the global self-driving market.

- Continue to develop and launch industrial-grade AI edge computing servers to meet the needs of different vertical application fields.
- Further improve telecom edge server and core network data product portfolio to meet low latency, high bandwidth, rich I/O expansion, high deployment flexibility, and accelerated computing needs, helping customers accelerate the transformation of communication networks and develop applications such as 5G base stations, enterprise private networks, and 5G Multi-access Edge Computing (MEC).
- Actively develop Open RAN virtualized open architecture hardware and partner with ecosystem partners to provide telecom network equipment vendors with more flexible and efficient 5G Open RAN solutions.

#### (3) Computer on Modules Business Unit

- In collaboration with major strategic alliance partners such as Intel, AMD, Arm, Qualcomm, NXP Semiconductors, and MediaTek, launch a new generation of heterogeneous computing modular computers.
- As a PICMG key member, work with other members such as Kontron, Advantech, MSC, and Congatec to jointly formulate the latest COM-HPC Rev.1.2 specification.
- Continue to provide embedded modular computer platform modules with an availability of seven years or more that comply with specifications such as ETX, COM Express, SMARC, Qseven, and OSM.

#### (4) Edge Computing Platforms Business Unit

- With the emergence of more communication and mobile application needs, such as autonomous driving and autonomous mobile robots, in addition to the x86 processor architecture, also strengthen product development for the Arm architecture to meet the needs of more diverse applications.
- To meet market demand for image processing and analysis, acceleration computing and artificial intelligence technologies, develop products equipped with GPUs on the existing industrial-grade single board computer specification architecture, enabling customers to quickly

upgrade technology and promote a new generation of heterogeneous computing applications.

- Grasping the future trend of artificial intelligence, actively invest in the research and development of GPU deep learning accelerator cards and inference platforms. Through the Deep-Learning Profiling Consultancy Service, recommend the most suitable hardware platform choice optimized for the user's application.
- Launch fanless industrial intelligent platforms with existing modular computers or single board computers as the underlying layer, as well as various specifications of industrial and solid-state hard drives, which can be used in multimedia, gaming, medical, industrial and other applications.
- Launch ASD+ embedded flash storage solutions, including industrial and enterprise-grade series, designed for harsh environments. ASD+ provides key flash technology advantages such as high-speed transmission, lightweight design and low power consumption. Industrial-grade models ensure reliability in harsh conditions, while enterprise-grade versions provide high performance and data integrity for data-intensive applications, meeting the needs of different customer applications.

#### (5) Edge Visualization Business Unit

- We collaborate with strategic partner AUO to expand the edge visualization product series. Our new offerings include high brightness, rugged, and curved industrial touch displays, as well as highly reliable and flexible modular panel PCs. These products are designed to meet the unique needs of various industries, including manufacturing, retail, services, and mass transit.
- In collaboration with our strategic partner NVIDIA, we continue to launch a new generation of Graphics Processing Unit (GPU) MXM modules and PEG cards. These products support edge computing applications with a heterogeneous computing architecture, promoting rapid industry upgrades. Additionally, we offer a compact, plug-and-play external AI accelerator, Pocket AI, enabling customers to instantly enhance computing performance and increase productivity.
- We are also accelerating the research and development of high-end medical platforms to improve edge computing for medical imaging, diagnosis, and treatment. These platforms are not only durable and reliable but also have a long product life cycle, fully meeting the clinical and R&D needs of the medical industry.

#### (6) DMS Rugged Computing Business Unit

- ADLINK Technology has over 25 years of design and manufacturing experience in embedded, distributed and intelligent computing. Through in-depth understanding of vertical fields, ADLINK Technology's

dedicated team will provide the best design and manufacturing services for our customers including ODM and OEM.

- Accelerate the research and development of rugged VPX single board computers and systems that comply with Modular Open Systems Approach (MOSA) and Sensor Open Systems Architecture (SOSA) design guidelines and standards to meet various defense and aerospace applications.
- Continue to consolidate the leading market position and focus on providing high-performance single board computers and systems that comply with CompactPCI and PC104 open standard technical specifications for a long time, meeting the stringent requirements of factory automation, rail transit and military industries in terms of operating environment, reliability and product life cycle.
- To expand the series of fanless rugged system computing platforms for rail transit, launching computer products equipped with GPUs that support AI artificial intelligence technology, enabling railway customers to achieve smarter, safer and more reliable railway transit operations and accelerate the process of railway digitalization.
- Develop the intelligent display solutions such as passenger information display systems and rugged outdoor computers.

## (II) Industry Overview

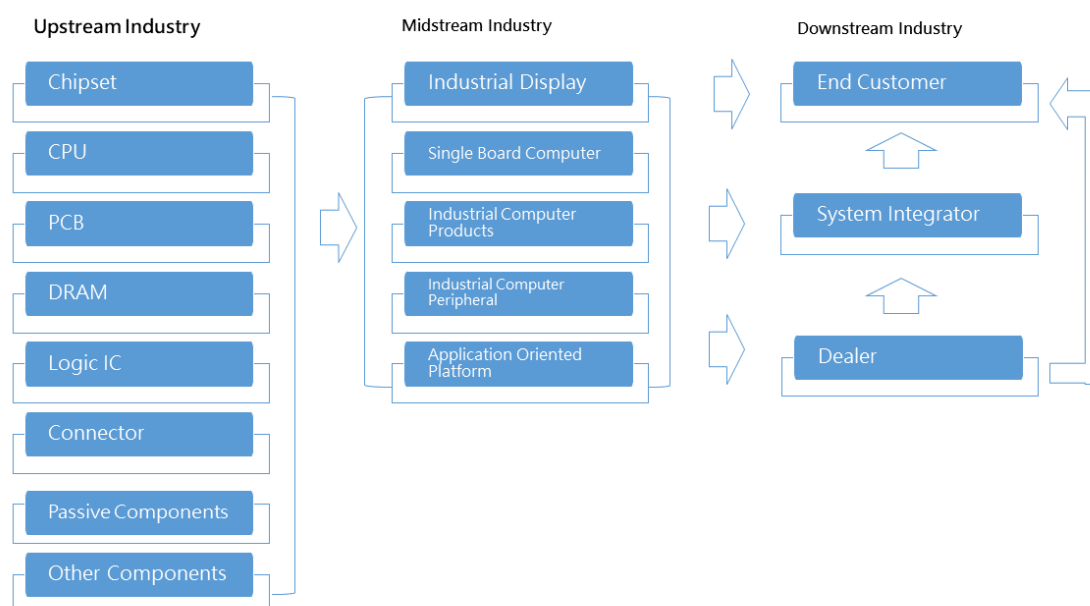
The industrial and embedded computer sector, where ADLINK Technology is a prominent participant, is fundamental to the support of industrial automation and digital construction. This industry exhibits a strong integration between upstream and downstream segments. Upstream, the sector is primarily fueled by semiconductor and chip design companies, which are pivotal in meeting the escalating demands spurred by advancements in the industrial Internet of Things (IoT), AI, and 5G technologies. These developments are driving the need for more sophisticated industrial control computer equipment.

ADLINK Technology, alongside other system and platform providers, occupies a crucial position in the midstream segment, which also includes a diverse array of solution and software vendors. Downstream, the industry services a broad spectrum of users, including factory manufacturers, machinery equipment manufacturers, and system integrators.

In terms of product development trends, there is an accelerated growth in industrial robots, AI-enabled systems, and industrial IoT-related equipment. Concurrently, there is a notable shift towards modularization and customization in product design. While the market growth rate for traditional industrial computer products has moderated, dynamic sectors such as industrial IoT, edge computing, artificial intelligence, and 5G are now the primary catalysts for industry expansion. This growth is further propelled by significant upgrades within the manufacturing sector. Additionally, fluctuations in the US-China trade relations have impacted the industry landscape, influencing market dynamics. The competitive arena is marked by the presence of established global entities such as Advantech, Kontron,

and AAEON, as well as the rapid emergence of local Chinese competitors, intensifying the competitive pressures within the industry.

**Figure:** Relationship between upstream, midstream and downstream of the industry



### (III) Overview of Technologies and R&D Work

1. The R&D expenses Spent in the Most Recent Year and up to the Publication Date of This Annual Report

Unit: NT\$ thousand

Item \ Year	2019	2020	2021	2022	2023
Combined R&D Expenses	1,437,059	1,452,997	1,521,068	1,544,496	1,693,220

Regarding R&D investment, ADLINK Technology has consistently allocated approximately 15% of its annual revenue to research and development, underlining our commitment to technological advancement and product innovation.

2. Successfully Developed Technologies or Products

Our investment strategy has catalyzed substantial breakthroughs in several cutting-edge technology domains, resulting in successful commercial deployments. Notable achievements include:

- The development of an Internet of Things operating system that facilitates intelligent interconnection of industrial-grade equipment and systems.
- An advanced machine vision and image processing platform that has been extensively applied in industrial inspections and medical systems.
- Enhanced 5G and edge computing solutions tailored for specific vertical markets, significantly improving real-time data processing capabilities.



- The design of highly reliable industrial control motherboards and system modules, crucial for the execution of critical applications.

ADLINK continues to pioneer developments in forward-looking technologies such as artificial intelligence, machine vision, and deep learning. Concurrently, we are increasing our investments in modular design and industry-specific solutions to fortify our technological leadership. In the marketplace, we are deepening our engagement in key vertical sectors, including industrial, healthcare, and communications, where we see significant growth potential. Our strategic focus remains on expanding our IoT, AI, and 5G product lines, alongside boosting our efforts in technological innovation and market development, particularly in emerging fields such as industrial and medical image recognition. Looking ahead, ADLINK is poised to further enhance its R&D framework, continue driving innovation, and expand its technological edge.

#### (IV) Short and Long-term Business Development Plans

##### Short-Term Strategic Objectives

- We are deeply engaged in specific vertical markets, such as industrial automation equipment, smart manufacturing, rail transportation, 5G communication, and smart medical.
- Customer demand-oriented, actively accelerate the product development of AIoT-related industries, including artificial intelligence inference platform and industrial display solutions, etc. Strengthen cooperation with local partners, such as: expand distribution cooperation opportunities in Japan, South Korea, Australia and New Zealand, and cultivate industry customers in North America, Europe, and China.
- Strengthen joint business development and marketing activities with strategic partners such as Intel, NVIDIA, Arm, Qualcomm, NXP Semiconductors, and MediaTek.
- Strengthen cooperation with AUO to develop new products and market promotion, and continue to expand the edge visualization product series, cultivating the fields of smart healthcare, smart manufacturing, and smart logistics.
- Develop more smart manufacturing solutions and vehicle-to-everything solutions, such as autonomous mobile robots (AMRs), through an alliance with Hon Hai Technology.
- Optimize DMS+ customized design and manufacturing services, providing one-stop customized services for key customers.
- Continuously enhance product quality and cost control.
- Promote production and warehousing automation.
- Shorten product design time.
- Shorten the period from order received to delivery made.

##### Medium and Long-Term Strategic Objectives

- We continuously invest R&D and technical resources in the development of artificial intelligence, autonomous mobile robot, and autonomous vehicle computers for

manufacture industry, warehousing, retail, intelligent transportation, and medical markets.

- Support open source software program and make efforts in innovation technologies.
- Build the EdgeOpen™ Alliance (EdgeOpen™ Consortium), create an EdgeOpen™ open edge co-creation business platform, provide shared technology and marketing resources, form alliances with industry partners to exert collective strength, strengthen the supply chain and value chain, and co-create business opportunities.
- Our global presence is supported locally, with design and R&D teams in Taiwan, China, Germany and the U.S. to provide expert service for customers.

## II. Market, Production, And Sales Overview

### (I) Market Analysis

#### 1. Sales Regions of Main Products (2023)

Unit: NT\$ thousand

Region	Revenue	Proportion
Asia	3,002,589	26%
Americas	3,638,448	32%
Europe	2,845,517	25%
China	1,830,413	16%
Others	97,552	1%

By region, in 2023, 32% of ADLINK Technology's revenue came from the Americas, 26% from Asia Pacific, 25% from Europe, and 16% from China.

2. Main product applications, market share, future market supply and demand, and future growth, as well as favorable and unfavorable factors and countermeasures for the competitive niche and development prospect

ADLINK Technology is a distinguished leader in the global market for industrial and embedded computers, offering a comprehensive range of products including industrial control motherboards, panel computers, system modules, and industrial network equipment. The company boasts a substantial presence in Tier 1 industrial and medical sectors across North America and Europe, playing a pivotal role in these regions. In the Asia-Pacific area, while China has experienced a deceleration in growth, emerging markets such as Southeast Asia and India have witnessed rapid expansion.

ADLINK Technology ranks among the top five global suppliers of industrial control computers. Market analyses project a compound annual growth rate of 15-20% over the next five years for our products, spurred by the industrial Internet of Things and smart upgrades in industrial equipment. The North American and European markets are expected to exhibit stable growth, whereas the markets in China and other emerging regions present more variability. The prospects for industrial automation

and digital transformation are expansive, presenting favorable conditions for ADLINK's sustained growth. Nonetheless, the intricate global political and economic landscape poses certain challenges. Accordingly, the company is focused on reinforcing its technological leadership, employing a differentiated competitive strategy, and adapting its business operations flexibly in response to emerging market dynamics.

Looking to the future, the fusion of industrial and IoT technologies is expected to significantly broaden market opportunities, while the effective commercialization of edge computing and Artificial Intelligence (AI) is anticipated to accelerate industry growth. These technologies are critical in advancing the development of smart, interconnected infrastructures that enhance autonomous systems across manufacturing settings and public transit. By facilitating local data processing, edge computing devices provide real-time insights and improved control, thereby enabling seamless interaction between vehicles, infrastructure, and pedestrians. Such advancements in situational awareness and responsiveness are crucial for ensuring the safe and efficient operation of autonomous systems within dynamic environments.

As a principal supplier in the domains of industrial IoT and manufacturing, ADLINK operates within the industrial control and edge computing sectors, which have demonstrated consistent growth. Key drivers of this industry growth include:

- The persistent advancement in digital and intelligent technologies within the manufacturing sector continuously fuels demand for industrial control equipment.
- The advent of 5G and the Internet of Everything, which injects new vitality into the market and enhances the connectivity of various systems.
- Upgrades in critical industries, such as automotive electronics and semiconductor manufacturing, which escalate the need for advanced computing capabilities.
- The burgeoning field of artificial intelligence, which opens up novel market opportunities.
- The energy sector, which continues to generate specific demands.

These factors collectively underscore ADLINK Technology's strategic positioning to capitalize on emerging trends and expand its market influence.

## (II) Usage and Manufacturing Processes for Main Products

### 1. Primary Functions for Main Products

- **Secure Edge Network and Server Platforms:** This platform integrates hardware and software for 5G telecom mini-base stations, private enterprise networks, and Multi-access Edge Computing (MEC) applications, conforming to the Open Compute Carrier-grade Edge Reference Architecture (OCCERA).

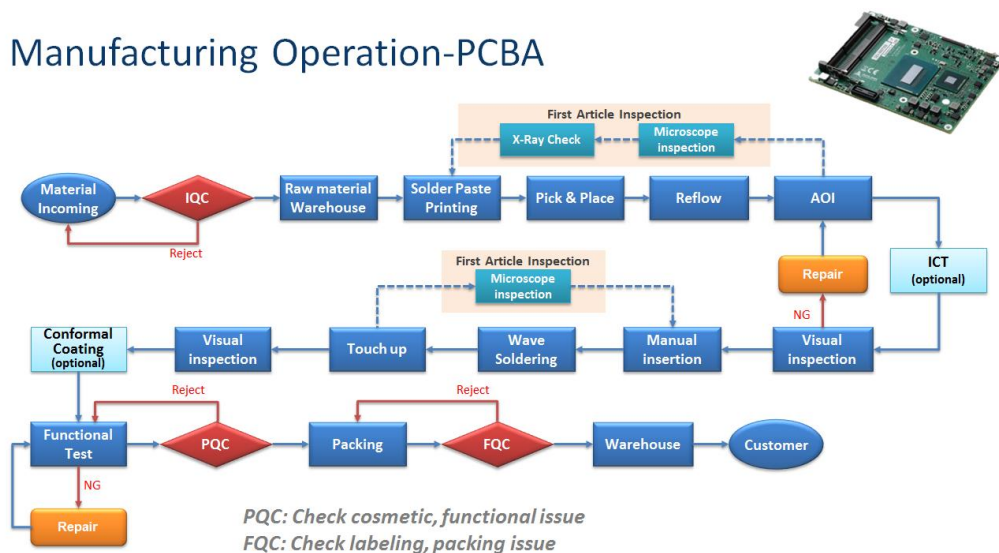
It targets medium to large enterprises and telecommunication providers, enhancing network security and communication.

- **Rugged Smart Transportation Computers:** Reliable computing solutions designed for critical applications in railway control centers, onboard signaling systems, and image analysis.
- **Military-Specific Platforms (VPX and HPERC):** These platforms cater to defense applications, including radar systems, digital signal processing, UAVs, ground vehicles, and electronic warfare, ensuring robust and secure military operations.
- **AI-Enabled Automotive Computers:** Advanced autonomous driving platforms equipped with Edge AI technology, supporting the development of next-generation intelligent transportation solutions such as autonomous mass transit vehicles, delivery drones, and mobile robots.
- **Industry 4.0 Smart Factory Solutions:** Platforms that facilitate the integration of IoT technologies for enhancing connectivity in manufacturing processes, including systems for data acquisition, equipment monitoring, diagnostics, and communications.
- **Industrial AI Cameras:** Cameras designed for automated inspection and monitoring, supporting applications in robot guidance, safety management, and quality control in smart manufacturing environments.
- **Automated Manufacturing Solutions:** Systems that provide critical functionalities for manufacturing, including motion control, image acquisition, I/O control, and various testing and inspection processes, vital for semiconductor manufacturing and packaging.
- **PXI Platforms and Modular Instruments:** High-end instruments suitable for a variety of measurement tasks, including automated production testing, radar signal acquisition, and RF signal measurement.
- **Industrial Display Solutions:** Durable, high-quality displays and panel PCs that offer customization options to meet the needs of various industrial applications, including HMI, automation, retail, and digital signage.
- **Specialized Casino Gaming Industry Computers and Displays:** Dedicated computing solutions and displays designed specifically for the casino gaming industry, ensuring optimal performance, security, and reliability.
- **Medical-Grade Panel PCs and Displays:** Devices designed for critical medical settings, capable of operating in environments such as operating rooms and medical imaging facilities.

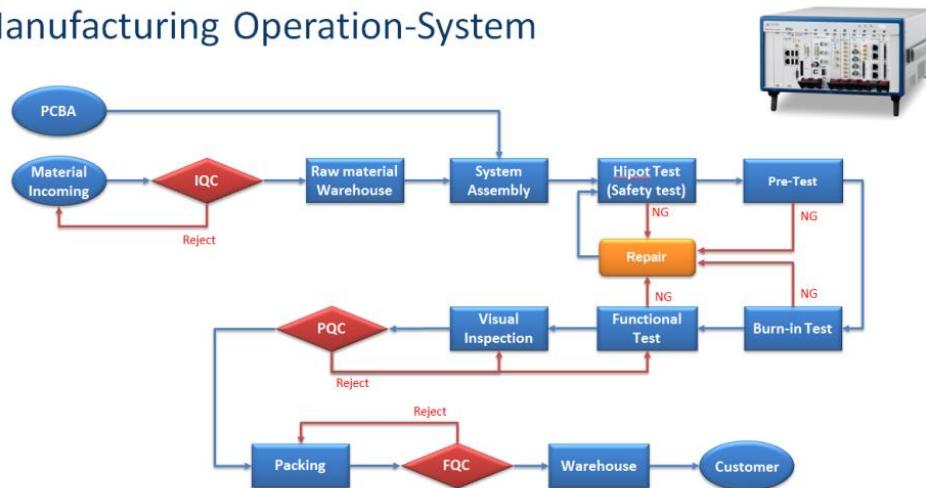
- **Industrial Computing Platforms:** Robust embedded computers, industrial motherboards, and chassis engineered to withstand extreme industrial conditions, supporting applications requiring high durability and reliability.
- **Computer-on-Modules:** These include COM Express, SMARC, Qseven, COM-HPC, OSM and ETX specifications, which are increasingly used in sectors like medical, gaming, automation, and transportation due to their versatility and performance.
- **Embedded GPU Products:** Widely utilized in AI applications across various sectors, including healthcare, transportation, urban management, retail, manufacturing, and defense.
- **ROS/ROS 2 Platforms:** Software and hardware solutions ready for autonomous mobile robot and mobile platform applications, facilitating advanced robotics development.

## 2. Production Processes of Main Products

### Manufacturing Operation-PCBA



### Manufacturing Operation-System



### (III) The Status of Supply of Raw Materials

Supply of Main Raw Materials	Status of Supply
CPU/ Chipset/ Computer Periphery	Good
PCB	Good
Single Board Computer	Good
IC	Good
Chassis	Good
Connectors	Good
Ironwork/fins	Good
RAM MODULE	Good

The sources of procurement are well-known domestic and foreign suppliers. The Company has a stable cooperative relationship with them, and the supply is stable and sufficient.

### (IV) Supplier and Customer Information Accounting for More Than 10% of the Total Amount in any Year of the Last two Years, and the Reasons for the Increase or Decrease

#### 1. Main Supplier Information for the Last Two Years

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Ratio to annual net purchase (%)	Relation with the Company	Name	Amount	Ratio to annual net purchase (%)	Relation with the Company
1	Supplier A	1,360,880	20%	None	Supplier A	1,594,377	26%	None
2	Others	5,359,340	80%	—	Others	4,434,907	74%	—
	Net purchase	6,720,220	100%	—	Net purchase	6,029,284	100%	—

#### 2. Main Customer Information in Sales for the Last Two Years

Unit: NT\$ thousand

Item	2022				2023			
	Name	Amount	Ratio to annual net revenue (%)	Relation with the Company	Name	Amount	Ratio to annual net revenue (%)	Relation with the Company
1	Others	11,718,175	100	—	Others	11,414,519	100	—
	Net sales	11,718,175	100		Net sales	11,414,519	100	

Note: No single customer of the Company has more than 10% of sales.

## (V) Production Volume and Value in the Last Two Years

Unit: pieces/units; NT\$ thousands

Year	2022			2023		
Divisions \ Production volume	Production Capacity (Note)	Production Volume	Production Value	Production Capacity (Note)	Production Volume	Production Value
IoT Solutions & Technology Business Unit	-	227,897	994,795	-	143,033	756,784
Network, Communication & Automotive Business Unit	-	46,345	957,774	-	288,838	1,795,956
Computer on Modules Business Unit	-	257,218	1,838,125	-	32,022	540,851
Edge Computing Platforms Business Unit	-	85,279	836,211	-	82,867	862,303
Edge Visualization Business Unit	-	63,115	845,227	-	109,444	599,387
DMS Rugged Computing Business Unit		83,429	652,793		85,343	1,305,508
Others	-	1,562	9,104	-	53,889	13,602
Total	-	764,845	6,134,029	-	795,436	5,874,391

Note: The characteristics of the products of the Company and its subsidiaries are different from general mass manufacturing and production, adopting the flexible production mode of “small quantity and variety”; all kinds of products adopt the resource-sharing production method (assembly lines /equipment), which is different from the general assessment of capacity utilization; The flexible and diversified manufacturing model is to respond to the market demand of various products, flexibly allocate appropriate production capacity to achieve quality/resource optimization, and provide customers with various industrial customized products within the delivery period on time.

## (VI) Sales Volume and Value in the Last Two Years

Unit: pieces/units; NT\$ thousands

Production amount Divisions	Year	2022				2023			
		Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer on Modules Business Unit		11,638	46,898	343,626	3,497,590	7,664	142,518	352,816	3,184,445
Edge Computing Platforms Business Unit		17,249	158,550	215,840	1,530,441	9,870	138,891	197,854	1,720,486
IoT Solutions & Technology Business Unit		71,774	383,846	308,867	1,584,713	25,978	135,748	195,065	1,313,054
Network, Communication & Automotive Business Unit		2,227	33,537	63,601	1,136,978	869	11,925	58,151	1,158,422
Edge Visualization Business Unit		21,131	187,864	96,817	1,514,951	14,346	184,346	145,642	1,624,751
DMS Rugged Computing Business Unit		5,334	49,890	146,931	1,256,715	2,804	80,912	167,872	1,385,760
Others		2,601	15,149	380,094	321,053	55,134	38,073	293,736	295,188
Total		131,954	875,734	1,555,776	10,842,441	116,665	732,413	1,411,136	10,682,106

## III. Employee Information for the Last Two Years

Year		2022	2023	Current year up to March 31, 2024
Number of employees	Direct personal	342	377	361
	Indirect personal	1,522	1,455	1,427
	Total	1,864	1,832	1,788
Average age		40.77	40.77	41.66
Average length of service (year)		6.79	6.79	6.39
Education	Doctor	1.32%	0.87%	0.79%
	Master	31.15%	28.51%	28.90%
	College	60.20%	63.82%	63.44%
	High School	6.30%	5.84%	5.90%
	Below high school	1.03%	0.96%	0.97%

## IV. Environmental Protection Expenditure

The total amount of the Company's losses including compensation and disposals due to environmental pollution, till the date of the publication of the latest annual report: None.



## V. Labor Relations

### (I) Employee Welfare Measures, Further Training, Retirement Systems as Well as the Implementation, and the Agreement of Labor Relations and Various Rights and Interests of Employees

The company is committed to creating a high-quality work environment. Employee care programs are initiated from six aspects: “Home/Comfort, Travel/Peace of Mind, Work/Focus, Education/Ease of Mind, Food/Assurance, Health/Joy”, going beyond traditional occupational safety and physical health to expand the focus to employees’ mental health and work-life balance, establishing a win-win situation for employees, families and the company. The highlights of the six-aspect care programs include the following:

- Home/Comfort: Propose flexible measures for employees affected by work-family conflicts to meet their family care needs. In addition, family members can participate in the company’s group insurance at a preferential premium, providing full protection for employees and their family members.
- Travel/Peace of Mind: Provide complete transportation options, and allow leaving work 1.5 hours early every Friday and the last working day before consecutive holidays to avoid peak traffic hours.
- Work/Focus: Implement flexible working hours, allowing employees to adjust their attendance time within a certain range according to their own situation.
- Education/Ease of Mind: Employees’ children with excellent academic performance who meet the qualifications can apply for educational scholarships each semester.
- Food/Assurance: Select HACCP-certified vendors to plan meals, provide employees with a variety of food choices, and obtain the “Eco-Friendly Restaurant” certification with an environmentally friendly, low-carbon dining environment.
- Health/Joy: Create a comprehensive healthy workplace. In addition to having a dedicated nurse in the medical office and occupational physician visits, psychological counselors are also regularly invited to provide counseling services; various health promotion activities are held, such as: weight loss competitions, smoking cessation activities, blood donation activities, workplace violence prevention workshops, etc., and there are professionally managed leisure sports facilities (swimming pool, gym), as well as massage stations to provide employees with shoulder and neck massage services for stress relief.

The company has been certified as a “Sports Enterprise” by the Sports Administration for four consecutive terms, and in 2023, it was awarded the “Healthy Workplace Promotion Badge” by the Health Promotion Administration.

#### 1. Employee Welfare Measures

The company allocates the highest ratio of welfare funds to establish an employee welfare committee, hiring full-time personnel to plan various employee welfare

activities and services. In addition, the welfare committee regularly holds a total of 16 communication meetings each year to listen to employees' voices and organize various group activities to meet employees' different welfare needs, such as: holiday gifts, year-end lucky draw party, various knowledge lectures, domestic travel, team competitions, Christmas thousand-person gift exchange, Lunar New Year market, etc. The welfare committee encourages the development of diverse clubs. Currently, there are a total of 18 clubs, with 45% of employees participating in clubs.

## 2. Employee Development and Training System

The company has a complete education and training system. From the date of employment, appropriate training plans are provided according to the employee's position and rank to conduct systematic career development training. Related course types include: new employee courses, general education courses, management courses, professional skills courses, production line professional courses, and courses for special practitioners. And in order to achieve the sustainable goal of cultivating potential talents, it includes diverse learning channels and resources, such as: The company's internal digital learning platform "ADLINK ki-pedia", subsidies for participating in external professional training courses, and job rotation or international assignment. In 2023, the company's total internal and external training hours were 16,068 hours.

## 3. Employee Retirement System

In order to stabilize employees' lives after retirement, the company has established labor retirement measures in accordance with the law, setting aside 2% of the total salary cost each month as a retirement reserve fund and depositing it in a special account of the Central Trust Bureau to protect labor rights and interests. Starting from July 2005, the government's new retirement system has been adopted in parallel. According to the calculation of the total labor income, 6% is allocated to the employee's individual retirement account; For those who voluntarily contribute to retirement funds, an amount will be deducted from their monthly salary according to the voluntary contribution rate and transferred to their personal retirement account at the Bureau of Labor Insurance.

## 4. The Agreement of Labor Relations and Various Rights and Interests of Employees

The company regards employees as the company's largest business partners and talent assets, and holds regular labor-management meetings every quarter, sparing no effort to maintain harmonious labor-management relations.

- (1) Complete complaint channels: Complaint channels for sexual harassment, workplace violence, etc. are established, as well as corresponding anti-retaliation and supervision mechanisms.
- (2) Fair reward system: The company's various performance appraisals and incentive measures are based on the principles of fairness and reasonableness,

and salary adjustments and profit sharing are carried out every year according to profitability, sharing operating results with employees.

- (3) Two-way opinion exchange: The company values the opinions of every employee and has physical and online suggestion areas. The management also announces business strategies from time to time, explaining the company's operating situation and future directions, and responds to employee questions.

## 5. Protective Measures for Working Environment and Personal Safety of Employees

Item	Content
Disaster Prevention Measures and Response	<p>(1) Complete training: Occupational safety and health training is conducted when new employees arrive, and regular retraining is also arranged for existing employees. Practical drills for emergency disaster response, chemical leakage, etc. are also conducted regularly to familiarize with the layout and use of fire protection equipment on each floor and escape routes.</p> <p>(2) Regular inspections and maintenance: Including building public safety inspections, annual fire equipment inspections, semi-annual workplace environment monitoring, quarterly drinking water machine maintenance and water quality testing, maintenance of low-voltage electrical equipment and various process equipment, etc., are all properly maintained and inspected.</p> <p>(3) Emergency response plan: An emergency response team for infectious diseases, earthquakes and other disasters is established. When an incident occurs, a risk assessment and response for business continuity are carried out to minimize damage as much as possible.</p>
Access Control Security	<p>(1) Signing contracts with security companies to ensure a plant-wide security.</p> <p>(2) Employees are required to use identification cards to enter the plant.</p> <p>(3) Access control is set to strengthen the safety protection of the plant, and strict access control monitoring system is set.</p>
Physical Health	<p>(1) On-site physician service: Occupational medicine specialists provide regular visits every month, offering health consultation services and assisting in the implementation of various health plans.</p> <p>(2) Health check-up: Subsidizing the physical examination fees for new employees beyond regulations, arranging health check-ups for existing employees every two years; those engaged in special hazardous operations undergo special health examinations every year. In addition, it also cooperates with medical institutions to provide employees and their families with more diverse health check-up options. Medical personnel conduct graded management of health examination results and arrange medical consultations or work-related assessments.</p> <p>(3) Environmental hygiene: The office area is completely smoke-free, regular environmental cleaning and disinfection are carried out, and alcohol disinfectant dispensers are set up at fixed points.</p> <p>(4) Maternal health protection: From pregnancy to postpartum and breastfeeding period, medical personnel are arranged to provide professional consultation and health education, and job responsibilities are adjusted according to the situation.</p> <p>(5) In response to emergencies, the company is equipped with automated external defibrillators (AEDs), and each floor is also equipped with first-aid kits. Wound care training is arranged for first-aid kit assistants.</p> <p>(6) The Company organizes occasional health lectures and events each year to promote health awareness among colleagues.</p>

Mental Health	<p>(1) Prevention of sexual harassment and workplace violence: The Company establishes complaint mechanisms and intervene to understand the situation in a timely manner. The Company develops a workplace abuse prevention plan and implement risk assessments and systemic controls as outlined in the plan.</p> <p>(2) Mental counseling: the psychologist provides one-on-one psychological counselling services to the staff every month at the station.</p> <p>(3) Mental health promotion: Holding special lectures on psychological adjustment, etc., and sending or posting related promotional materials on electronic bulletin boards.</p>
Insurance and Condolence Money	<p>(1) Labor insurance (including occupational disaster insurance), health insurance, employee group insurance and other mechanisms are insured according to law.</p> <p>(2) Provide employees with condolence money for injury, illness, death, emergency relief funds, etc.</p>

(II) Losses Suffered due to Labor Disputes in the Most Recent Year and up to the Date of Publication of the Annual Report: None.

## VI. Information Security Management

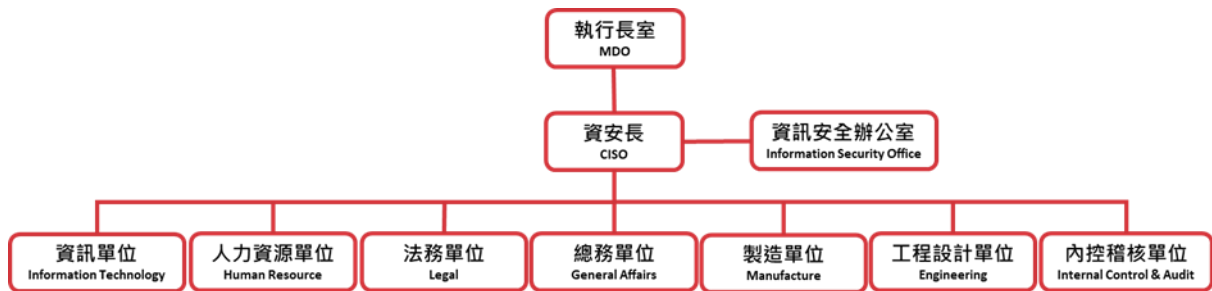
ADLINK Technology's corporate goal is to supply stable and reliable software and hardware products and develop complete industrial Internet of Things solutions. In order to achieve the corporate goal, the "Information Security Committee" formulates appropriate information security management strategies and regularly reviews them for gradual reinforcement to ensure that customers and employees are in a complete and reliable information environment.

(I) Information Security Risk Management Framework, Policy, Specific Management Plans, and Resources put in Information Security Management

### 1. Information Security Risk Management Framework

The Information Security Committee established by the company is guided and decided on information security by the Chairman and CEO Office based on the company's core vision and business guidelines. In 2022, the "Information Security Office" composed of dedicated information security supervisors and personnel was established to facilitate the promotion and implementation of information security operations. The committee will consolidate the unit organizations depending on the needs to evaluate information security policies and control its effectiveness.

According to the requirements of the information security policy, an information security risk assessment is conducted regularly every year, and risk issues are quantitatively analyzed according to the possible impact and influence degree. Based on this, short, medium, and long term planning and implementation are carried out according to the severity of risks to ensure that all listed risks can be controlled, visible, and effectively allocate and deploy resources for different risk levels.



## 2. Information Security Policy

To secure the company's sustainable operation and ensure the confidentiality, integrity, and availability of information assets, and prevent them from being altered, disclosed, destroyed or lost due to external threats or improper management and use by internal personnel, the information and communication security policy is specially formulated as follows:

- (1) Ensure the confidentiality of the Company's relevant information assets, and prevent the Company's sensitive information and personal data from being tampered with, disclosed, destroyed, lost due to internal or external, deliberate or accidental threats and destruction risk.
- (2) Ensure the integrity and availability of the Company's relevant information assets, to protect the security of its information assets and ensure that its equipment and networks are not damaged by various threats and damages, which pose service error or interruption.

## 3. Specific Control Plan

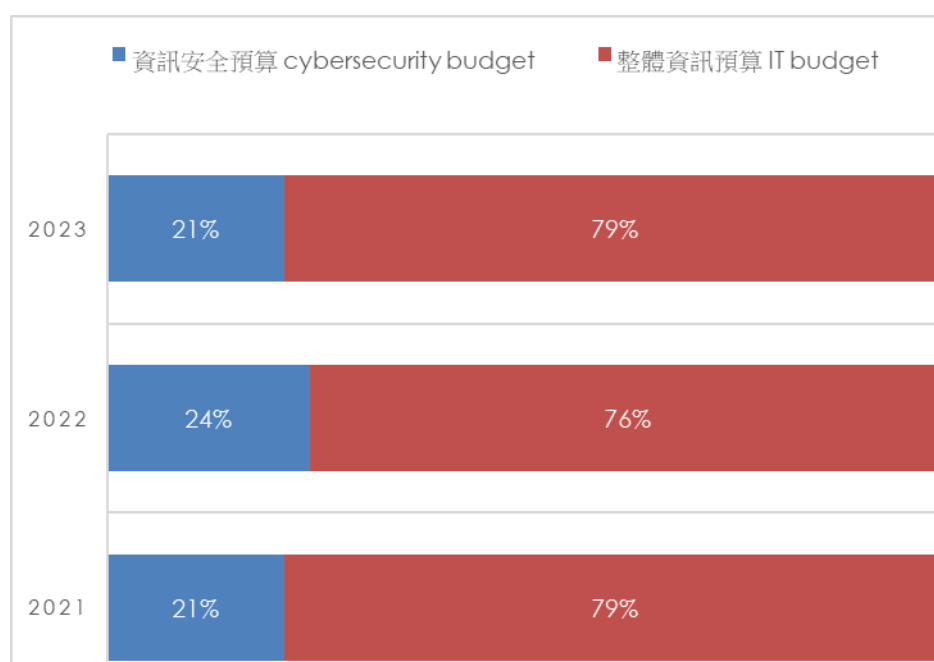
- (1) According to the Cybersecurity Framework (CSF) developed by the National Institute of Standards and Technology (NIST), assist organizations in establishing a complete risk management cycle, conduct risk indicator item establishment and assess overall information security maturity to ensure that information security item requirements can meet international requirements.
- (2) Every year, the Company will cooperate with external auditing and internal auditing units to conduct fact audits and confirm and update the current risk status based on information assets and risk assessment forms.
- (3) Every year, situation drills are carried out in the at the headquarters and the external Internet Data Center (IDC) according to the information business operation continuous drill plan to ensure that the information unit can provide continuous operation capabilities when problems occur.
- (4) Implement an information security incident response process, with a dedicated response team responsible for coordinating and executing necessary measures to mitigate or eliminate the impact of information security incidents.

- (5) Implement the Security Operation Center (SOC) project, with continuously year-round effective service. Comprehensive services for information security incidents are provided by conducting ex-ante detection, monitoring and response, as well as forensic and resume after the incident.
- (6) Install antivirus software on each endpoint and set up next-generation firewalls and next-generation endpoint protection mechanisms to control device security.
- (7) Create an information outsourcing supplier evaluation form, and regularly deliver the Company's latest information security regulations.
- (8) Enhance employees' information security risk awareness, arrange social engineering drills at least once a year, supplemented by information security promotion and education training.
- (9) Joined TWCERT/CC at the end of 2022. Through this diversified information sharing channel, the synergy of cross-domain information security threat joint defense is achieved.

#### 4. Resources Invest in Information Security Management

ADLINK has obtained the ISO/IEC 27001:2013 information security management system certification in 2022 and completed the surveillance audit in 2023, and the certificate remains valid. It is expected to complete the ISO/IEC 27001:2022 version transition and recertification in 2025. The company improves the information security level of information infrastructure, information application systems and related aspects through the introduction of international management certification to implement the core requirements of information management.

#### Information Security Budget Percentage



- (II) The company has not suffered losses due to major information security incidents in the most recent year and up to the date of publication of the annual report.

**VII. Significant Contracts**

None.

## Chapter 6. Financial Conditions

### I. Information on the Summarized Balance Sheet and Consolidated Income Statements for the Last Five Years

#### (I) International Financial Reporting Standards (IFRS)

##### Summarized Balance Sheet

Unit: NT\$ thousand

Item \ Year		Consolidated				
		2019	2020	2021	2022	2023
Current assets		6,173,992	6,194,938	7,597,107	8,086,738	7,590,835
Property, plant, and equipment		1,074,831	1,168,220	4,228,136	4,224,047	4,218,306
Intangible assets		648,452	404,677	316,353	336,189	325,632
Other Assets		532,247	974,592	1,038,514	948,907	930,350
Total Assets		8,429,522	8,742,427	13,180,110	13,595,881	13,065,123
Current liabilities	Before distribution	3,543,250	3,757,121	5,933,113	4,373,009	4,509,451
	After distribution	3,891,245	3,974,619	5,998,362	4,916,751	Note
Non-current liabilities		199,057	469,260	2,826,556	3,550,716	3,097,858
Total Liabilities	Before distribution	3,742,307	4,226,381	8,759,669	7,923,725	7,607,309
	After distribution	4,090,302	4,443,879	8,824,918	8,467,467	Note
Equity Attributable to Owners of the Parent		4,676,253	4,516,046	4,420,441	5,578,649	5,394,136
Share Capital		2,174,973	2,174,973	2,174,973	2,174,973	2,174,973
Capital surplus	Before distribution	1,515,716	1,167,721	956,432	1,264,450	1,298,616
	After distribution	1,167,721	950,223	956,432	1,264,450	Note
Retained earnings	Before distribution	1,166,414	1,406,353	1,530,112	2,286,535	2,076,700
	After distribution	1,166,414	1,406,353	1,464,863	1,742,793	Note
Other equity		(180,850)	(233,001)	(241,076)	(147,309)	(156,153)
Treasury stock		-	-	-	-	-
Non-Controlling Interests		10,962	0	0	93,507	63,678
Total equity	Before distribution	4,687,215	4,516,046	4,420,441	5,672,156	5,457,814
	After distribution	4,339,220	4,298,548	4,355,192	5,128,414	Note

Note: Earnings distribution for 2023 is pending approval at the shareholders' meeting, so it is not listed.



## Summarized Consolidated Income Statements

Unit: In addition to the earnings per share of NTD, the balance is NTD thousand

Item \ Year	Consolidated				
	2019	2020	2021	2022	2023
Operating revenue	10,497,070	9,635,678	9,673,054	11,718,175	11,414,519
Gross Profit	4,288,795	3,814,646	3,555,162	4,252,006	4,179,009
Profit from operations	767,190	474,846	138,498	616,405	323,048
Non-operating Income and Expenses	(150,970)	(124,034)	64,412	353,924	133,593
Profit Before tax	616,220	350,812	202,910	970,329	456,641
Income from Continuing Operations	443,747	241,648	118,884	805,396	293,881
Loss From Discontinued Operations	-	-	-	-	-
Net Income (Loss) of Current Term	443,747	241,648	118,884	805,396	293,881
Other Comprehensive Income (Net After Tax) of Current Term	(48,408)	(54,960)	(3,200)	108,906	1,353
Total comprehensive income for the period	395,339	186,688	115,684	914,302	295,234
Net profit (loss) attributable to owners of the parent company	443,171	243,665	118,884	805,858	328,797
Net profit (loss) attributable to non-controlling interests	576	(2,017)	-	(462)	(34,916)
Total Comprehensive Income Attributable to the Owner of the Parent Company	394,861	188,726	115,684	915,217	325,063
Comprehensive Income Attributable to Non-controlling Interests	478	(2,038)	-	(915)	(29,829)
Earnings per share	2.04	1.12	0.55	3.71	1.51

Note: Till the date of publication, there is no information audited by the CPA in the recent period.

## Summarized Balance Sheet

Unit: NT\$ thousand

Item \ Year		Individual				
		2019	2020	2021	2022	2023
Current assets		4,281,295	4,060,040	4,615,987	4,965,570	4,696,849
Property, plant, and equipment		296,941	274,076	3,370,594	3,336,182	3,357,566
Intangible assets		38,581	30,561	60,257	59,840	54,788
Other Assets		2,095,382	2,384,662	2,455,807	3,045,867	3,157,706
Total Assets		6,712,199	6,749,339	10,502,645	11,407,459	11,266,909
Current liabilities	Before distribution	1,901,654	1,883,256	3,310,494	2,341,828	2,853,502
	After distribution	2,249,649	2,100,754	3,375,743	2,885,570	Note
Non-current liabilities		134,292	350,037	2,771,710	3,486,982	3,019,271
Total Liabilities	Before distribution	2,035,946	2,233,293	6,082,204	5,828,810	5,872,773
	After distribution	2,383,941	2,450,791	6,147,453	6,372,552	Note
Equity Attributable to Owners of the Parent Equity		4,676,253	4,516,046	4,420,441	5,578,649	5,394,136
Share Capital		2,174,973	2,174,973	2,174,973	2,174,973	2,174,973
Capital surplus	Before distribution	1,515,716	1,167,721	956,432	1,264,450	1,298,616
	After distribution	1,167,721	950,223	956,432	1,264,450	Note
Retained earnings	Before distribution	1,166,414	1,406,353	1,530,112	2,286,535	2,076,700
	After distribution	1,166,414	1,406,353	1,464,863	1,742,793	Note
Other equity		(180,850)	(233,001)	(241,076)	(147,309)	(156,153)
Treasury stock		-	-	-	-	-
Non-Controlling Interests		-	-	-	-	-
Total equity	Before distribution	4,676,253	4,516,046	4,420,441	5,578,649	5,394,136
	After distribution	4,328,258	4,298,548	4,355,192	5,034,907	Note

Note: Earnings distribution for 2023 is pending approval at the shareholders' meeting, so it is not listed.

## Summarized Consolidated Income Statements

Unit: In addition to the earnings per share of NTD, the balance is NTD thousand

Item \ Year	Individual				
	2019	2020	2021	2022	2023
Operating revenue	7,399,729	6,081,925	6,506,478	7,997,996	7,847,211
Gross Profit	2,247,149	1,910,828	1,847,305	2,268,112	2,211,790
Profit from operations	603,511	305,770	54,347	362,568	276,433
Non-operating Income and Expenses	(51,055)	(6,220)	86,814	592,336	142,798
Net profit (loss) before tax	552,456	299,550	141,161	954,904	419,231
Income from Continuing Operations	443,171	243,665	118,884	805,858	328,797
Loss From Discontinued Operations	-	-	-	-	-
Net Income (Loss) of Current Term	443,171	243,665	118,884	805,858	328,797
Other Comprehensive Income (Net After Tax) of Current Term	(48,310)	(54,939)	(3,200)	109,359	(3,734)
Total comprehensive income for the period	394,861	188,726	115,684	915,217	325,063
Earnings per share	2.04	1.12	0.55	3.71	1.51

### (II) The Names and Opinions of CPAs for the Most Recent Five Years

Year	Name of the accounting firm	Names of the CPAs	Audit opinion
2019	Deloitte & Touche	Wen Chi Guo, Chen Ming Li	Unmodified opinion
2020	Deloitte & Touche	Wen Chi Guo, Chen Ming Li	Unmodified opinion
2021	Deloitte & Touche	Lin Wen-Chin, Wang Yi-Wen	Unmodified opinion
2022	Deloitte & Touche	Lin Wen-Chin, Wang Yi-Wen	Unmodified opinion
2023	Deloitte & Touche	Lin Wen-Chin, Wang Yi-Wen	Unmodified opinion

## II. Financial Analysis for the Last Five Years

Item		Year	Consolidated				
			2019	2020	2021	2022	2023
Financial Structure (%)	Debt ratio		44.40	48.34	66.46	58.28	58.23
	Ratio of long-term capital to property, plant, and equipment		440.28	411.59	168.09	214.69	199.24
Solvency (%)	Current ratio		174.25	164.89	128.05	184.92	168.33
	Quick ratio		115.92	113.17	63.82	97.77	96.84
	Interest coverage ratio		21.42	22.31	6.55	14.98	5.96
Operating Performance	Accounts Receivables Turnover (times)		5.19	4.72	4.33	5.12	5.02
	Average collection days		70.32	77.33	84.29	71.28	72.70
	Inventory Turnover (times)		2.70	3.04	2.21	2.00	2.10
	Accounts Payables Turnover (times)		4.16	4.45	3.69	4.19	5.12
	Average days in sales		135.18	120.06	165.15	182.50	173.80
	Property, Plant, and Equipment Turnover (times)		11.71	9.28	5.06	3.38	2.70
	Total Assets Turnover (Times)		1.26	1.14	0.99	0.96	0.85
Profitability	Return on assets (%)		5.60	2.97	1.35	6.43	2.76
	Return on Equity (%)		9.59	5.25	2.66	15.96	5.28
	Ratio of net income before tax to paid-in capital (%)		28.33	16.13	9.33	44.61	21.00
	Net Profit Ratio (%)		4.23	2.51	1.23	6.87	2.57
	Earnings per share (NT\$)		2.04	1.12	0.55	3.71	1.51
Cash Flow	Cash flow ratio (%)		43.26	17.39	(19.70)	21.30	12.67
	Cash Flow Adequacy Ratio (%)		94.23	85.21	17.93	26.26	31.28
	Cash Reinvestment Ratio (%)		24.29	5.50	(18.65)	8.91	0.30
Leverage	Operating Leverage		1.45	1.70	3.26	1.52	2.02
	Financial leverage		1.04	1.04	1.36	1.13	1.40

Causes for the changes in financial ratios in the last two years (difference up to 20%):

1. Interest coverage ratio decreased, mainly due to lower profitability in the current period compared to the previous period and increased interest expenses caused by rising market borrowing rates.
2. Accounts Payables turnover increased, mainly due to the payment of higher amounts of payables due in the current period.
3. Property, plant and equipment turnover declined from the previous period, mainly because the company purchased the Taiwan headquarters in 2022, resulting in a significant increase in fixed assets, which led to a significant increase in the denominator when calculating the ratio for the current period, causing the ratio to decline.
4. Overall profitability indicators declined from the previous period, mainly due to the decrease in operating profit for the current period and the larger amount of non-operating gains from the disposal of real estate in the previous period.
5. Cash flow ratio/cash reinvestment ratio decreased, mainly due to the decrease in cash inflows from operations in the current period and the payment of higher cash dividends.
6. Operating leverage increased, mainly due to the decrease in operating profit for the current period.
7. Financial leverage increased, mainly reflecting the decline in operating profit for the current period and the increase in interest expenses due to the rising interest rate environment.

Analysis Item		Year	Individual				
			2019	2020	2021	2022	2023
Financial Structure (%)	Debt ratio		30.33	33.09	57.91	51.10	52.12
	Ratio of long-term capital to property, plant, and equipment		1,589.96	1,744.42	210.86	269.02	248.42
Solvency (%)	Current ratio		225.14	215.59	139.43	212.04	164.60
	Quick ratio		173.55	165.15	87.90	133.44	109.44
	Interest coverage ratio		525.15	241.8	8.41	21.55	7.91
Operating Performance	Accounts Receivables Turnover (times)		3.95	3.57	3.51	3.72	3.66
	Average collection days		92.41	102.24	103.99	98.12	99.73
	Inventory Turnover (times)		4.58	4.49	3.56	3.23	3.35
	Accounts Payables Turnover (times)		4.63	3.87	4.05	5.22	5.77
	Average days in sales		79.69	81.29	102.53	113.00	108.96
	Property, Plant, and Equipment Turnover (times)		22.15	20.03	6.17	3.09	2.34
	Total Assets Turnover (Times)		1.12	0.91	0.85	0.82	0.70
Profitability	Return on assets (%)		6.7	3.63	1.55	7.70	3.33
	Return on Equity (%)		9.6	5.3	2.66	16.12	5.99
	Ratio of net income before tax to paid-in capital (%)		25.4	13.77	6.49	43.90	19.28
	Net Profit Ratio (%)		5.99	4.01	1.83	10.08	4.19
	Earnings per share (NT\$)		2.04	1.12	0.55	3.71	1.51
Cash Flow	Cash flow ratio (%)		68.86	35.95	(18.28)	8.27	34.10
	Cash Flow Adequacy Ratio (%)		101.39	91.97	27.10	28.01	40.57
	Cash Reinvestment Ratio (%)		20.06	6.29	(11.76)	1.40	4.95
Leverage	Operating Leverage		1.25	1.46	5.12	1.73	1.66
	Financial leverage		1.00	1.00	1.54	1.15	1.28
<p>Causes for the changes in financial ratios in the last two years (difference up to 20%):</p> <ol style="list-style-type: none"> <li>1. Current ratio/quick ratio decreased, mainly due to the increase in short-term borrowings, resulting in an increase in current liabilities.</li> <li>2. Interest coverage ratio decreased, mainly due to lower profitability in the current period compared to the previous period and increased interest expenses caused by rising market borrowing rates.</li> <li>3. Property, plant and equipment turnover declined from the previous period, mainly because the company purchased the Taiwan headquarters in 2022, resulting in a significant increase in fixed assets, which led to a significant increase in the denominator when calculating the ratio for the current period, causing the ratio to decline.</li> <li>4. Overall profitability indicators declined from the previous period, mainly due to the decrease in operating profit for the current period and the larger amount of non-operating gains from the disposal of real estate in the previous period.</li> <li>5. Overall cash flow ratio increased, mainly due to the significant increase in cash inflows generated from operations compared to the previous period.</li> </ol>							

Note 1: Till the date of publication, there is no information audited by the CPA in the recent period.

Note 2: The calculation formulas are as follows:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.

2. Solvency
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
  - (3) Interest earned ratio = Net income before tax and interest expense/ current interest expenses.
3. Operating performance
  - (1) Accounts receivable (including accounts receivable and notes receivable from operating activities) turnover = Net sales/Balance of average accounts receivable (including accounts receivable and notes receivable from operating activities).
  - (2) Average collection period (days) = 365/Accounts receivable turnover.
  - (3) Inventory turnover = Cost of goods sold/Average inventory.
  - (4) Accounts Payables (including accounts payable and notes payable from operating activities) turnover = Cost of goods sold/Balance of average accounts payable (including accounts payable and notes payable from operating activities).
  - (5) Average days in sales = 365/Inventory turnover.
  - (6) Property, plant, and equipment turnover = Net sales/Average net property, plant, and equipment.
  - (7) Total asset turnover = Net sales/Average total assets.
4. Profitability
  - (1) Return on assets = [Profit or loss after tax + Interest expenses  $\times$  (1 - Tax rate)]/Average total assets.
  - (2) Return on equity = Profit or loss after tax/Average total equity.
  - (3) Profit margin = Profit or loss after tax/Net sales.
  - (4) Earnings per share = (Income or loss attributable to owners of parent company - Preference shares dividends)/Weighted average number of shares issued. (Note 3:)
5. Cash flow
  - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
  - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4)
6. Leverage
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Profit from operations.
  - (2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

Note 3: The following matters shall be noted for the calculation formula for earnings per share:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.
3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.
4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether distributed or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 4: The following matters shall be noted for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash outflow from capital investments.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, they will be regarded as zero.
4. Cash dividends include cash dividends on ordinary shares and preference shares.
5. Gross property, plant, and equipment refer to the total average property, plant, and equipment before accumulated depreciation is deducted.

Note 5: The issuer shall classify each operating cost and expense according to its nature into fixed and variable. If it involves estimation or subjective judgment, attention should be paid to its reasonableness and consistency should be maintained.

### **III. Audit Committee's Audit Report**

ADLINK TECHNOLOGY INC.  
**Audit Committee's Audit Report**

The Board of Directors has audited the financial statements and the consolidated financial statements of the Company for Year 2023, which have been audited by CPAs Lin Wen-Chin and Wang Yi-Wen from Deloitte & Touche. Moreover, the business report and the earnings distribution proposal were audited by the Audit Committee of the Company with no inconsistency. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Companies Act, please review the report.

Respectfully submitted to

ADLINK Technology Inc.

2024 Annual Shareholders' Meeting

Audit Committee Convener: Hsing-Hai Wei

March 7, 2024

**IV. The Most Recent Year's Consolidated Financial Report Audited and Attested by CPAs**

Please refer to Appendix 1, pages 114 to 182.

**V. Parent Company Only Financial Statements of the Most Recent Year Audited by a CPA**

Please refer to Appendix 2, pages 183 to 247.

**VI. The Company and its Affiliates Recently Have Experienced the Financial Turnover Difficulties till the Date of Publication of the Annual Report, Which Has Impacted on the Financial Situation**

None.



## Chapter 7. Review of Financial Conditions, Operating Results, and Risk Management

### I. Analysis of the Financial Situation

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	7,590,835	8,086,738	(495,903)	(6.13%)
Property, plant, and equipment	4,218,306	4,224,047	(5,741)	(0.14%)
Intangible assets	325,632	336,189	(10,557)	(3.14%)
Other Assets	930,350	948,907	(18,557)	(1.96%)
Total Assets	13,065,123	13,595,881	(530,758)	(3.90%)
Current liabilities	4,509,451	4,373,009	136,442	3.12%
Non-current liabilities	3,097,858	3,550,716	(452,858)	(12.75%)
Total Liabilities	7,607,309	7,923,725	(316,416)	(3.99%)
Share Capital	2,174,973	2,174,973	0	0.00%
Capital surplus	1,298,616	1,264,450	34,166	2.70%
Retained earnings	2,076,700	2,286,535	(209,835)	(9.18%)
Other equity	(156,153)	(147,309)	(8,844)	(6.00%)
Non-Controlling Interests	63,678	93,507	(29,829)	(31.90%)
Total equity	5,457,814	5,672,156	(214,342)	(3.78%)
Analytical explanation of the ratio increase or decrease of 20% and more than ten million dollars in the last two years: Non-controlling interests decreased from the previous period, mainly due to the decrease in equity caused by the loss of the consolidated entity in the current period.				

## II. Financial Performance Analysis

Unit: NT\$ thousand

	2023	2022	Increase (decrease) in amounts	Increase (decrease) %
Operating revenue	11,414,519	11,718,175	(303,656)	(2.59%)
Operating costs	7,235,231	7,466,169	(230,938)	(3.09%)
Gross Profit	4,179,009	4,252,006	(72,997)	(1.72%)
Operating Expenses	3,855,961	3,635,601	220,360	6.06%
Operating profit	323,048	616,405	(293,357)	(47.59%)
Non-operating Income and Expenses	133,593	353,924	(220,331)	(62.25%)
Financial costs	92,063	69,422	22,641	32.61%
Net profit (loss) before tax	456,641	970,329	(513,688)	(52.94%)
Income Tax Expense	162,760	164,933	(2,173)	(1.32%)
Net profit (loss) for the year	293,881	805,396	(511,515)	(63.51%)
Other comprehensive profit or loss after tax	1,353	108,906	(107,553)	(98.76%)
Total comprehensive income	295,234	914,302	(619,068)	(67.71%)
Net profit attributable to owners of the parent company	328,797	805,858	(477,061)	(59.20%)
Total comprehensive profit or loss attributable to owners of the parent company	325,063	915,217	(590,154)	(64.48%)
<p>Analytical explanation of the ratio increase or decrease of 20% and more than ten million dollars in the last two years:</p> <ol style="list-style-type: none"> <li>1. Operating profit decreased from the previous period due to the decrease in operating revenue and increase in operating expenses.</li> <li>2. Non-operating income decreased because there was a large amount of gain on disposal of assets in the previous year, but not in the current period.</li> <li>3. The increase in finance costs was mainly due to the significant rise in bank borrowing rates caused by the rapid rise in interest rates in the financial market, resulting in an increase in interest expenses.</li> <li>4. The decrease in pre-tax net profit/net profit for the year was due to the decrease in both operating profit and non-operating income.</li> <li>5. The decrease in other comprehensive income after tax was due to the exchange differences on translation of the financial statements of foreign operations.</li> <li>6. The decrease in total comprehensive income/net profit attributable to owners of the parent/total comprehensive income attributable to owners of the parent was mainly due to the combined impact of the decline in net profit for the current period and the exchange differences on translation of the financial statements of foreign operations.</li> </ol>				

### III. Cash Flow Analysis

#### (I) Liquidity Analysis in the Last Two Years

Item \ Year	2023	2022	Increase/(decrease) ratio %
Cash Flow Ratio	12.67	21.30	(40.52%)
Cash Flow Adequacy Ratio	31.28	26.26	19.11%
Cash Reinvestment ratio	0.30	8.91	(96.63%)
Analytical explanation for changes in the ratio of increase or decrease of more than 20%: The cash flow ratio/cash reinvestment ratio decreased, mainly due to the decrease in cash inflows generated from operations in the current year and the payment of higher cash dividends.			

#### (II) Liquidity Analysis for the Next Year

Unit: NT\$ thousands

Cash at the beginning of the year ①	Estimated Cash flows from operating activities throughout the year ②	Estimated Cash outflows throughout the year ③	Cash flow surplus (deficit) amount ① + ② - ③	Remedial measures for cash flow deficit	
				Investment Plan	Financing plan
1,841,747	900,000	775,137	1,966,610	0	0
1. Analysis of changes in cash flow: Operating activities: Mainly due to cash inflows from operating activities. Investment activities: Mainly related to the capital expenditures for the purchase of computer software and research and development equipment. Financing activities: Mainly due to the cash outflow from paying cash dividends and repaying medium and long-term loans.					
2. Remedial measures and liquidity analysis of the expected cash flow deficiency: None.					

### IV. Effect of Significant Capital Expenditures on Financial Operations in the Most Recent Year

None.

### V. Reinvestment Policies and the Main Reasons for Profit or Loss, Improvement Plans for the Most Recent Year, and Investment Plans for the Coming Year

#### (I) Reinvestment Policy

The Company's reinvestment policy is to establish complete marketing channels and provide fast after-sales services to meet the unique needs of regional markets, develop potential new customers and increase market penetration by establishing overseas subsidiaries, offices or technical service centers, in alliance with distributors who are familiar with the local industry environment or have strong sales service capabilities; in addition, the Company actively seeks partners related to the Company's products and

industries, and does not exclude targets where the reinvestment or purchase is beneficial to the Company, in order to facilitate the Company's future development.

## (II) Analysis of Profit or Loss on Reinvestment

For the profit and loss of each reinvestment company, please refer to page 111 of the annual report "Status of Operations of Affiliates." The company recognized a loss of 722 thousand euros from its subsidiary ADLINK Technology GmbH in 2023, a significant reduction from the loss of 3,355 thousand euros in 2022, showing that after the restructuring of the organizational structure, reducing operating costs and improving efficiency have made significant progress. The loss of ZettaScale Technology Limited was 2,955 thousand pounds in 2023, mainly because it is still in the stage of developing and upgrading its main product, the autonomous driving software platform. The subsidiary received a strategic investment of 12.48 million euros from the well-known autonomous driving software company TTTech Auto in October 2022, injecting funds required for product research and development and company operations in the next few years. The two companies' technologies are complementary and will continue to jointly develop and upgrade autonomous driving software platform products to provide vehicles with comprehensive real-time communication and ensure communication security and high quality. It is expected to bring more benefits in the autonomous driving market in the future.

## (III) Investment Plans for the Next Year

The Company's reinvestment policy in the recent year is based on the principle to increase investment in existing business ventures and to align with specific regional market development strategies to achieve a comprehensive marketing channel layout; also seeking investment targets related to the business is actively and prudently promoted.

## VI. Analysis of Risk

### (I) The Impact of the Changes in Interest Rate, Exchange Rate, and Inflation on the Company's Profit and Loss and Future Response Measures

1. Interest Rate Changes: The company's capital planning is based on the principle of conservatism and prudence, prioritizing safety and liquidity, and regularly evaluating currency market interest rates and financial information. The company's capital expenditure in 2022 increased from the previous years' level due to the purchase of the group's corporate headquarters in Taiwan. Long-term bank loans were borrowed to meet part of the required funds. It is expected that future operating cash inflows will repay the loans year by year to reduce the increase in interest expenses caused by rising interest rates. In 2023, the company's interest coverage ratio was 5.96 times, which is still appropriate.
2. Exchange Rate Changes: In addition to adjusting product prices in response to exchange rate fluctuations to reasonably reflect cost changes, the company also strives to adjust the transaction currency of main purchase items in accounts payable

to correspond to the currency of accounts receivable, so that the currency of accounts receivable and payable can generate a natural hedging effect to reduce foreign exchange risk exposure. For the net exposure position of foreign currencies, forward foreign exchange transactions are planned to effectively avoid the risk of exchange rate fluctuations. In 2023, the net result of foreign currency and forward foreign exchange gains and losses was positive. For details, please refer to the explanation under other gains and losses in the company's income statement.

3. Inflation: The Company adjusted the selling price and the conditions of purchase and sales from time to time according to market situations, so inflation did not cause too much negative impact.

(II) Policies for Engaging in High-Risk, High-Leverage Investments, Financing Provided to Others, Endorsements/Guarantees Provided, and Derivative Transactions; Main Reasons for Profits or Losses and Future Response Measures

1. The situation of engagement in high-risk and high-yield investments in the current year: None.
2. The situation of financing provided to others in the current year: More details on page 173.
3. The situation of the endorsements/ guarantees provided in the current year: More details on page 174.
4. Policies for derivative transactions, main reasons for profits or losses and future response measures: Except for the exchange rate hedging adopted for the net exposure position of foreign currencies generated from operating activities, the company does not engage in other derivative transactions for non-hedging purposes. Its profits or losses will move in the opposite direction of the exchange gains and losses of the company's foreign currency exposure position, producing a hedging effect. Related operations are conducted in accordance with the provisions of the company's "Procedures for the Acquisition or Disposal of Assets".

(III) The Future Plan and Estimated Expenses of Research and Development

Products	Description	Current Progress	Expected Completion Time	Estimated Invested Amount
MLC-S	MLC-S All-in-One Touch Computer - A versatile all-round medical panel computer series integrated with the performance of 12th/13th generation Intel® Core™ processors. It complies with high safety standards and has passed the strict requirements of the European Medical Device Regulation (MDR), ensuring higher safety, reducing risks associated with standard IT certification, and has an IP54 waterproof and dustproof rating, and supports the ADLINK Pocket AI portable GPU. In medical diagnosis and decision-making, artificial	Ongoing	2024	NTD 4.03 million

Products	Description	Current Progress	Expected Completion Time	Estimated Invested Amount
	intelligence plays an increasingly important role, and medical all-in-one touch computers will become the best supporter for medical professionals.			
AVA-7200	Edge AI computing platform based on Intel x86 architecture combined with NVIDIA GPGPU design. The goal is to become the foundational platform for AI-ization of the rail transit industry. The main application area is to be placed on trains to assist Automatic Train Control (ATC). It can connect external devices such as cameras, LiDAR, or various sensors through Ethernet and USB. After receiving external signals, AVA-7200 performs data processing and AI computing and transmits the information to the train control center or train driver to assist train operation.	Ongoing	2024	NTD 3.46 million
MXC-3300	The latest cost-effective embedded fanless system, using Intel® ADL-N series N97 processor, supporting DDR5 SO-DIMM, providing various IO interfaces to adapt to different industrial applications, including isolated COM ports and DIO, 4x GbE LAN, M.2 expansion slots, and 3x PCIe slots.	Ongoing	2024	NTD 3.07 million

- (IV) The Impact of Important Domestic and Foreign Policy and Legal Changes on the Company's Finance and Business and the Response Measures: The operation of the finance and business of the Company is governed by the relevant laws and regulations, and there has been no impact till the present.
- (V) The Impact of Technological and Industrial Changes on the Company's Finance and Business and Response Measures: None.
- (VI) The Impacts of Changes in Corporate Image on the Company's Crisis Management and the Countermeasures: The company has a good corporate image and there are no events that damage the corporate image.
- (VII) Expected Benefits, Possible Risks, and Response Measures Because of the Merger and Acquisition: The Company has not had any plans for the merger or acquisition.
- (VIII) The Expected Benefits and Possible Risks to Expand the Plants and the Countermeasures: The expansion of the plant will enable the Company and its subsidiaries to increase their production capacity to take on more orders, thereby increasing their revenue and profitability, and have the opportunity to expand their market share. The expansion of the Company and its subsidiaries' plants has been carefully planned to meet the needs of customers while also optimizing the utilization of capital.
- (IX) Risks and Response Measures to the Concentration of Purchases or Sales: None.
- (X) The Effect, Risks and Response Measures of a Substantial Transfer of Equity or Change of the Directors, Supervisors or More Than 10% of the Major Shareholders: None.

- (XI) Impact, Risk, and Response Measures Related to any Change in the Management Control Towards the Company's operations: None.
- (XII) Any Significant Litigation, Non-litigation or Administrative Litigation Cases that Have Been Adjudicated or Are Pending of which the Company and the Company's Directors, Supervisors, General Managers, Substantive Responsible Persons, or Shareholders Representing More than Ten Percent of the Company Are Involved. If the Results of Which May Have a Substantial Effect on the Shareholders' Equity or the Price of the Securities, Shall Disclose the Facts in Dispute, the Targeted Amount, the Date of Commencement of the Litigation, the Principal Litigation Parties and the Disposition Status till the Date of Publication of the Annual Report: None.
- (XIII) Other Important Risks and Response Measures: None.

**VII. Other Important Matters**

None.

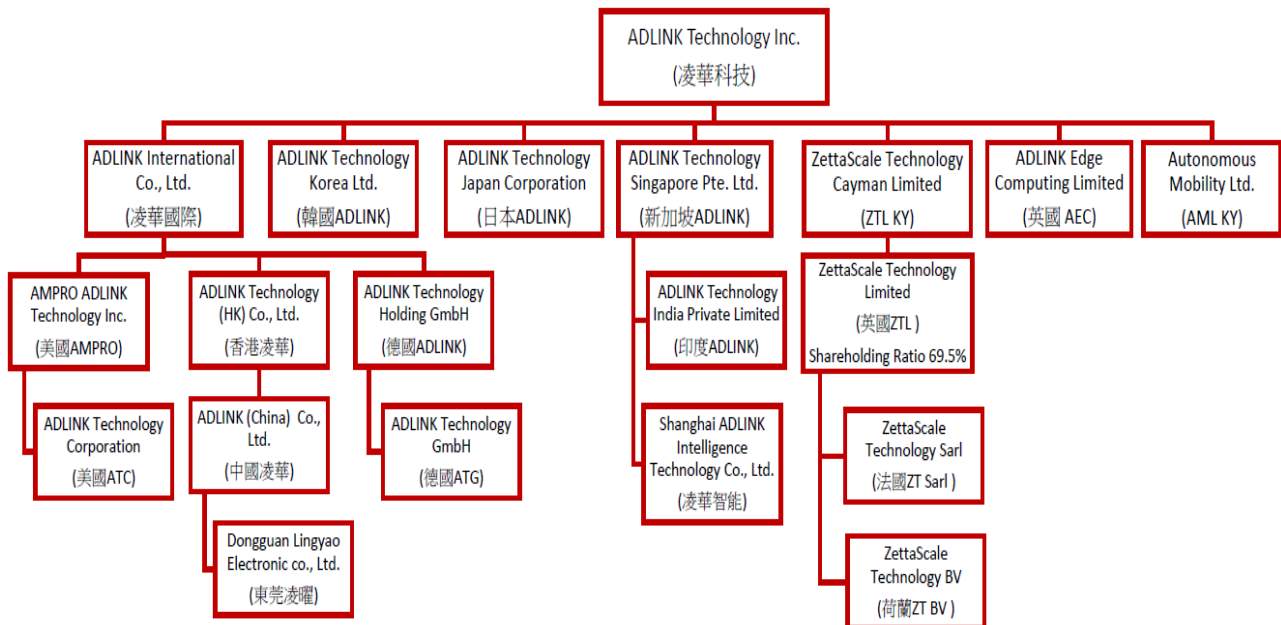
## Chapter 8. Special Disclosure

### I. Summary Of Affiliates

#### (I) Consolidated Business Report of Affiliated Companies

1. Organization Chart of Affiliated Companies (unless specifically marked, shareholding ratios are all 100%)

April 21, 2024





## 2. Basic Information of Affiliated Companies

April 21, 2024

Company Name	Abbreviation	Established Date	Registration Location	Actual Paid-In Capital (Thousands NTD)	Major Lines of Business or Products
ADLINK International Co., Ltd.	ADLINK International	2001.03	Samoa	USD 61,872	Investment
Ampro ADLINK Technology Inc.	USA AMPRO	1983.07	USA	USD 20,789	Research and development, manufacture and sales of industrial computers
ADLINK Technology Corporation	USA ATC	1997.04	USA	USD 12,701	Software licensing and services
ADLINK Technology (HK) Co., Ltd.	ADLINK HK	2001.03	Hong Kong	USD 24,255	Investment
ADLINK Technology (China) Co., Ltd.	ADLINK China	2004.04	China	USD 26,656	Research and development, manufacture and sales of industrial computers
Dongguan Lingyao Electronics Technology Co., Ltd.	Dongguan Lingyou	2011.08	China	RMB 2,000	Sales of electronic components
ADLINK Technology Holding GmbH	ADLINK Germany	2010.08	Germany	EUR 7,200	Investment
ADLINK Technology GmbH	Germany ATG	1987.03	Germany	EUR 750	Research and development, manufacture and sales of industrial computers
ADLINK Technology Korea Ltd.	ADLINK Korea	2018.11	Korea	KRW 335,460	Sales of industrial computers
Adlink Technology Japan Corporation	ADLINK Japan	2007.04	Japan	JPY 98,000	Sales of industrial computers
ADLINK Technology Singapore Pte. Ltd.	ADLINK Singapore	1987.05	Singapore	SGD 659	Sales of industrial computers
ADLINK Technology India Private Limited	ADLINK India	2024.01	India	INR 1,500	Sales of industrial computers
Shanghai ADLINK Intelligence Technology Co., Ltd.	ADLINK Intelligence	2024.03	China	-	Research and development, and sales of industrial computers
ZettaScale Technology Cayman Limited	ZTL KY	2021.06	Cayman Islands	GBP 9,050	Investment
ZettaScale Technology Limited	UK ZTL	1991.11	UK	GBP 8,316	Software licensing and services
ZettaScale Technology SARL	France ZT SARL	1993.03	France	EUR 221	Software licensing and services
ZettaScale Technology BV	Netherlands ZT BV	2011.08	Netherlands	EUR 18	The design, research, and development of software
ADLINK Edge Computing Limited	UK AEC	2021.09	UK	GBP 500	Software licensing and services
Autonomous Mobility Ltd.	AML KY	2022.01	Cayman Islands	-	Investment

3. The same shareholder information of those presumed to have control and subsidiary relationships: None.
4. Industries covered by the overall business operations of affiliated companies: Production and sales of industrial computer hardware, software and peripheral equipment, and use of holding companies to improve resource utilization efficiency.
5. Directors, Supervisors and President of Affiliated Companies

April 21, 2024

Company Name (Abbreviation)	Title	Name or Representative
ADLINK International	Director	ADLINK Technology, Inc. (Representative: Chun (Jim) Liu)
USA AMPRO	Director	ADLINK International (Representative: Chun (Jim) Liu), Ta-Chih (Jeff) Chou
	President	Sean Butler
USA ATC	Director	Mimi Han
ADLINK HK	Director	ADLINK International (Representative: Chun (Jim) Liu)
ADLINK China	Director	ADLINK HK (Representative: Chun (Jim) Liu), Han-Fen Ni, Ta-Chih (Jeff) Chou
	President	Kuo-Wei Lo
Dongguan Lingyou	Director	ADLINK China (Representative: Chun (Jim) Liu), Ta-Chih (Jeff) Chou, Cheng Chih Liu
	Supervisor	Shu-Fen (Iris) Chen
ADLINK Germany	Director	ADLINK International (Representative: Chun (Jim) Liu), Han-Fen Ni, Yi-Nan (Edgar) Chen, Ta-Chih (Jeff) Chou
Germany ATG	Director	Chun (Jim) Liu, Han-Fen Ni, Yi-Nan (Edgar) Chen, Ta-Chih (Jeff) Chou
	President	Shih-Hao (Roy) Wan
ADLINK Korea	Director	ADLINK Technology, Inc. (Representative: Chun (Jim) Liu)
ADLINK Japan	Director	Chun (Jim) Liu, Ta-Chih (Jeff) Chou, Mikio Hattori (Hattori)
	Supervisor	Shu-Fen (Iris) Chen
ADLINK Singapore	Director	ADLINK Technology, Inc. (Representative: Ta-Chih (Jeff) Chou)
ADLINK India	Director	I-Tun (Stephen) Huang, Ragha Vendra Ananth Bhat
ADLINK Intelligence	Director	ADLINK Singapore (Representative: Ta-Chih (Jeff) Chou), Sheng-I Ni, I-Ning Chen
	Supervisor	Yu-Ting (Samantha) Lin
ZTL KY	Director	ADLINK Technology Inc. (Representative: Chun (Jim) Liu), Ta-Chih (Jeff) Chou, Angelo Corsaro, Elizabeth Waters
UK ZTL	Director	Chun (Jim) Liu, Ta-Chih (Jeff) Chou, Angelo Corsaro, Stefan Poledna, Herwig Weiss
France ZT SARL	Director	Angelo Corsaro
Netherlands ZT BV	Director	Hans van't Hag
UK AEC	Director	Chun (Jim) Liu, Ta-Chih (Jeff) Chou, Elizabeth Waters
AML KY	Director	ADLINK Technology Inc. (Representative: Chun (Jim) Liu)

6. Status of Operations of Affiliates

December 31, 2023 Unit: US\$

Company name (Abbreviation)	Currency	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Operating profit	Net income or loss for current period (after tax)
ADLINK International	USD	61,872,494	70,863,428	0	70,863,428	0	1,163	5,101,703
USA AMPRO	USD	20,789,000	44,740,229	17,650,423	27,089,807	87,189,568	3,749,291	3,165,465
USA ATC	USD	12,701,000	638,601	1,348,336	-709,735	642,496	87,600	100,908
ADLINK HK	USD	24,255,369	51,226,925	0	51,226,925	0	-1400	2,642,581
ADLINK China	RMB	184,099,809	668,437,738	307,066,895	361,370,843	848,041,530	6,467,686	18,600,633
Dongguan Lingyou	RMB	2,000,000	14,500,725	4,234,564	10,266,161	19,411,349	197,104	160,513
ADLINK Germany	EUR	7,200,000	-16,903,033	200	-16,903,233	0	-267	-803
Germany ATG	EUR	750,000	25,008,555	42,665,275	-17,656,720	65,897,141	-566,195	-722,146
ADLINK Korea	KRW	335,460,000	3,157,857,462	1,638,515,025	1,519,342,437	8,536,193,204	607,946,618	455,000,969
ADLINK Japan	JPY	98,000,000	943,157,112	513,790,604	429,366,508	3,358,245,421	151,851,290	100,283,326
ADLINK Singapore	SGD	659,200	12,698,381	2,777,192	9,921,189	18,538,953	392,308	295,992
ZTL KY	GBP	9,050,000	3,706,331	0	3,706,331	0	0	-2,053,785
UK ZTL	GBP	8,316,283	9,532,404	4,199,589	5,332,815	2,934,970	-4,067,811	-2,955,087
UK AEC	GBP	500,000	391,110	38,953	352,157	0	-537,919	15,503

## (II) Consolidated Financial Statements of Affiliated Companies

### **Declaration**

For the year 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of affiliated companies according to the “Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Reports on Affiliations” are the same as the companies that should be included in the preparation of the consolidated financial statements of parent and subsidiary companies in accordance with International Financial Reporting Standard No. 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, no separate consolidated financial statements of affiliated companies will be prepared.

Hereby declare

Company Name: ADLINK Technology Inc.

Person in Charge: Chun (Jim) Liu

March 07, 2024

(III) Affiliation Report: Not applicable.

**II. Private Placement of Securities During the Most Recent Fiscal Year and During the Current Fiscal Year up to the Date of Publication of the Annual Report**

None.

**III. Holding or Disposal of Shares by Subsidiaries During the Most Recent Fiscal Year and During the Current Fiscal Year up to the Date of Publication of the Annual Report**

None.

**IV. Other Necessary Statements**

None.

**V. As of the Date of Publication of the Annual Report and as of the end of the Previous Year, Matters as Prescribed in Article 36 (3) (2) of the Securities and Exchange act That Have a Material Impact on Shareholders' Equity or the Price of Securities**

None.

## **Appendix 1. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Adlink Technology Inc.

#### **Opinion**

We have audited the accompanying consolidated financial statements of Adlink Technology Inc. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for the year ended December 31, 2023 are stated as follows:

#### Revenue Recognition

The operating revenue of Adlink Technology Inc. mainly comes from selling industrial computers. Based on our assessment, there is a risk that sales are recognized from some customers with specific indicator showing a higher revenue growth rate than what might not have actually occurred. Thus, we identified the occurrence of operating revenue from customers that met the abovementioned criteria as a key audit matter.

Refer to Notes 4 and 22 to the consolidated financial statements for details on accounting policies and relevant disclosures on revenue recognition.

The key audit procedures that we performed in respect of the recognition of operating revenue were as follows:

1. We obtained an understanding of the internal controls related to the aforementioned sales transactions, assessed and tested the operating effectiveness of the design and implementation of these controls.
2. We performed substantive procedure testing of the aforementioned sales transactions, examined the external documents and recovery of receivables, and verified that such transactions did occur. We also verified that the settlement of payments of major customers was consistent with the payment terms.
3. We checked for any significant sales return of the aforementioned sales after December 31, 2023, and we confirmed that no significant misstatements of revenue were found from the aforementioned customers.

#### **Other Matter**

We have also audited the parent company only financial statements of Adlink Technology Inc. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 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 audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.*

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,841,747	14	\$ 1,992,378	15
Financial assets at fair value through profit or loss (Note 7)	9,162	-	-	-
Financial assets at amortized cost	33,109	-	24,429	-
Notes receivable (Note 9)	51,957	-	41,064	-
Trade receivables (Note 9)	2,282,895	18	2,104,092	16
Trade receivables from related parties (Note 30)	36,969	-	31,590	-
Other receivables (Note 30)	73,391	1	55,998	-
Current tax assets	3,783	-	13,829	-
Inventories (Note 10)	3,159,285	24	3,747,032	28
Prepayments	64,818	1	64,247	-
Other current assets	33,719	-	12,079	-
Total current assets	7,590,835	58	8,086,738	59
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	78,328	1	57,800	1
Financial assets at amortized cost	-	-	8,607	-
Investments accounted for using the equity method (Note 12)	129,208	1	151,316	1
Property, plant and equipment (Notes 13, 30 and 31)	4,218,306	32	4,224,047	31
Right-of-use assets (Note 14)	149,613	1	140,065	1
Investment properties (Notes 15 and 31)	233,960	2	238,911	2
Intangible assets (Notes 16 and 30)	325,632	3	336,189	3
Deferred tax assets (Note 24)	299,396	2	322,782	2
Prepayments for equipment	8,643	-	3,089	-
Refundable deposits	28,712	-	22,871	-
Other non-current assets	2,490	-	3,466	-
Total non-current assets	5,474,288	42	5,509,143	41
TOTAL	\$ 13,065,123	100	\$ 13,595,881	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,434,404	11	\$ 930,631	7
Financial liabilities at fair value through profit or loss (Note 7)	401	-	-	-
Contract liabilities (Note 22)	249,187	2	278,613	2
Trade payables (Note 18)	1,249,147	9	1,550,374	11
Trade payables to related parties (Note 30)	13,294	-	12,693	-
Other payables (Notes 19 and 30)	876,503	7	899,434	7
Current tax liabilities	112,264	1	236,112	2
Provisions	75,172	-	68,170	1
Lease liabilities (Note 14)	37,252	-	29,525	-
Current portion of long-term borrowings (Note 17)	367,925	3	335,442	2
Other current liabilities	93,902	1	32,015	-
Total current liabilities	4,509,451	34	4,373,009	32
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	2,946,599	23	3,396,264	25
Provisions	43,744	-	45,520	-
Deferred tax liabilities (Note 24)	14,615	-	14,669	-
Lease liabilities (Note 14)	68,814	1	63,469	1
Net defined benefit liabilities (Note 20)	24,086	-	30,794	-
Total non-current liabilities	3,097,858	24	3,550,716	26
Total liabilities	7,607,309	58	7,923,725	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Ordinary shares	2,174,973	16	2,174,973	16
Capital surplus	1,298,616	10	1,264,450	9
Retained earnings				
Legal reserve	748,708	6	666,540	5
Special reserve	147,309	1	241,076	2
Unappropriated earnings	1,180,683	9	1,378,919	10
Total retained earnings	2,076,700	16	2,286,535	17
Other equity	(156,153)	(1)	(147,309)	(1)
Total equity attributable to owners of the Company	5,394,136	41	5,578,649	41
NON-CONTROLLING INTERESTS (Note 27)	63,678	1	93,507	1
Total equity	5,457,814	42	5,672,156	42
TOTAL	\$ 13,065,123	100	\$ 13,595,881	100

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

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 30)	\$ 11,414,519	100	\$ 11,718,175	100
OPERATING COSTS (Notes 10, 23 and 30)	<u>7,235,231</u>	<u>63</u>	<u>7,465,205</u>	<u>64</u>
GROSS PROFIT	4,179,288	37	4,252,970	36
UNREALIZED (GAIN) LOSS ON TRANSACTIONS WITH ASSOCIATES	<u>(279)</u>	<u>-</u>	<u>(964)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>4,179,009</u>	<u>37</u>	<u>4,252,006</u>	<u>36</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing	1,081,308	10	1,019,835	9
General and administrative	1,078,244	9	1,060,710	9
Research and development	1,693,220	15	1,544,496	13
Expected credit loss	<u>3,189</u>	<u>-</u>	<u>10,560</u>	<u>-</u>
Total operating expenses	<u>3,855,961</u>	<u>34</u>	<u>3,635,601</u>	<u>31</u>
PROFIT FROM OPERATIONS	<u>323,048</u>	<u>3</u>	<u>616,405</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 30)				
Interest income	24,603	-	7,421	-
Other income	175,657	2	128,197	1
Other gains and losses	53,796	-	335,804	3
Finance costs	(92,063)	(1)	(69,422)	(1)
Share of loss of associates (Note 12)	<u>(28,400)</u>	<u>-</u>	<u>(48,076)</u>	<u>-</u>
Total non-operating income and expenses	<u>133,593</u>	<u>1</u>	<u>353,924</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	456,641	4	970,329	8
INCOME TAX EXPENSE (Note 24)	<u>162,760</u>	<u>1</u>	<u>164,933</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>293,881</u>	<u>3</u>	<u>805,396</u>	<u>7</u>

(Continued)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 6,388	-	\$ 19,768	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 21)	21,942	-	690	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(1,278)	-	(3,954)	-
	<u>27,052</u>	<u>-</u>	<u>16,504</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 21)	(33,396)	-	115,616	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 21 and 24)	7,697	-	(23,214)	-
	<u>(25,699)</u>	<u>-</u>	<u>92,402</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>1,353</u>	<u>-</u>	<u>108,906</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 295,234</u>	<u>3</u>	<u>\$ 914,302</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 328,797	3	\$ 805,858	7
Non-controlling interests	<u>(34,916)</u>	<u>-</u>	<u>(462)</u>	<u>-</u>
	<u>\$ 293,881</u>	<u>3</u>	<u>\$ 805,396</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 325,063	3	\$ 915,217	8
Non-controlling interests	<u>(29,829)</u>	<u>-</u>	<u>(915)</u>	<u>-</u>
	<u>\$ 295,234</u>	<u>3</u>	<u>\$ 914,302</u>	<u>8</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.51</u>		<u>\$ 3.71</u>	
Diluted	<u>\$ 1.51</u>		<u>\$ 3.68</u>	

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

(Concluded)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 2022	\$ 2,174,973	\$ 956,432	\$ 654,165	\$ 233,001	\$ 642,946	\$ 1,530,112	\$ (226,025)	\$ (15,051)	\$ (241,076)	\$ 4,420,441	\$ -	\$ 4,420,441	
Appropriation of 2021 earnings													
Legal reserve	-	-	12,375	-	(12,375)	-	-	-	-	-	-	-	
Special reserve	-	-	-	8,075	(8,075)	-	-	-	-	-	-	-	
Cash dividends distributed by Company - NT\$0.3 per share	-	-	-	-	(65,249)	(65,249)	-	-	-	(65,249)	-	(65,249)	
Net profit for the year ended December 31, 2022	-	-	-	-	805,858	805,858	-	-	-	805,858	(462)	805,396	
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	15,814	15,814	92,855	690	93,545	109,359	(453)	108,906	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	821,672	821,672	92,855	690	93,545	915,217	(915)	914,302	
Changes in percentage of ownership interests in subsidiaries	-	308,018	-	-	-	-	222	-	222	308,240	-	308,240	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	94,422	94,422	
BALANCE AT DECEMBER 31, 2022	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	
Appropriation of 2022 earnings													
Legal reserve	-	-	82,168	-	(82,168)	-	-	-	-	-	-	-	
Special reserve	-	-	-	(93,767)	93,767	-	-	-	-	-	-	-	
Cash dividends distributed by Company - NT\$2.5 per share	-	-	-	-	(543,742)	(543,742)	-	-	-	(543,742)	-	(543,742)	
Compensation costs of share-based payments recognized by the Company	-	6,923	-	-	-	-	-	-	-	6,923	-	6,923	
Changes in capital surplus from investments in associates accounted for using the equity method	-	27,243	-	-	-	-	-	-	-	27,243	-	27,243	
Net profit for the year ended December 31, 2023	-	-	-	-	328,797	328,797	-	-	-	328,797	(34,916)	293,881	
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	5,110	5,110	(30,786)	21,942	(8,844)	(3,734)	5,087	1,353	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	333,907	333,907	(30,786)	21,942	(8,844)	325,063	(29,829)	295,234	
BALANCE AT DECEMBER 31, 2023	\$ 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	

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

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 456,641	\$ 970,329
Adjustments for:		
Depreciation expenses	243,229	234,942
Amortization expenses	85,558	85,289
Expected credit loss recognized on trade receivables	3,189	10,560
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	(8,761)	19
Finance costs	92,063	69,422
Interest income	(24,603)	(7,421)
Dividend income	(760)	(727)
Compensation cost of share-based payments	6,923	-
Share of loss of associates accounted for using the equity method	28,400	48,076
Loss on disposal of property, plant and equipment	18	2,891
Gain on disposal of investment properties	-	(356,210)
Loss on the liquidation of subsidiaries	-	594
Gain on disposal of investments accounted for using the equity method	(48,246)	-
Write-downs of inventories	84,057	76,253
Unrealized gain on the transactions with associates	279	964
Net gain on foreign currency exchange	(1,198)	(123,432)
Gain on lease modifications	(45)	(487)
Loss on compensation	-	144,709
Changes in operating assets and liabilities		
Notes receivable	(10,893)	11,810
Trade receivables	(226,599)	133,086
Trade receivables from related parties	(2,092)	48,748
Other receivables	(17,393)	55,956
Inventories	503,671	(115,143)
Prepayments	(571)	32,596
Other current assets	(21,640)	(8,989)
Other non-current assets	976	203
Contract liabilities	(29,426)	120,177
Trade payables	(293,518)	(478,673)
Trade payables to related parties	639	1,183
Other payables	(4,340)	132,531
Provisions	5,226	22,732
Other current liabilities	61,887	10,109
Net defined benefit liabilities	(320)	(65)
Cash generated from operations	882,351	1,122,032
Interest received	24,603	7,421
Interest paid	(88,969)	(70,481)
Income tax paid	(246,811)	(127,339)
Net cash generated from operating activities	571,174	931,633

(Continued)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	\$ (8,270)	\$ (116,387)
Proceeds from sale of financial assets at amortized cost	8,610	89,415
Acquisition of investments accounted for using the equity method	-	(99,849)
Proceeds from disposal of investments accounted for using the equity method	66,201	-
Payments for property, plant and equipment	(204,651)	(143,005)
Proceeds from disposal of property, plant and equipment	68	99
Increase in refundable deposits	(5,841)	-
Decrease in refundable deposits	-	456
Payments for intangible assets	(84,597)	(78,294)
Payments for investment properties	-	(439)
Proceeds from disposal of investment properties	-	547,946
Increase in prepayments for equipment	(7,641)	(4,009)
Dividends received	<u>760</u>	<u>727</u>
Net cash (used in) generated from investing activities	<u>(235,361)</u>	<u>196,660</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	3,301,882	6,794,518
Repayments of short-term borrowings	(2,808,764)	(8,269,432)
Proceeds from long-term borrowings	18,260	1,587,300
Repayments of long-term borrowings	(435,442)	(962,594)
Repayment of the principal portion of lease liabilities	(38,756)	(31,902)
Cash dividends paid	(543,742)	(65,249)
Change in non-controlling interests	<u>-</u>	<u>402,662</u>
Net cash used in financing activities	<u>(506,562)</u>	<u>(544,697)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>20,118</u>	<u>112,451</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(150,631)	696,047
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,992,378</u>	<u>1,296,331</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,841,747</u>	<u>\$ 1,992,378</u>

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

(Concluded)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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 referred to as 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 March 7, 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 material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.



The above amendments of standards and interpretations did not have the material impact on the Group's financial position, financial performance and accounting policies.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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
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, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- 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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right 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.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials and supplies, work-in-process, finished goods and merchandise, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

#### h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the

commencement of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination. If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Intangible assets (including trademarks, customer relationship and technological expertise) acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

For those financial assets which are measured at fair value, its fair value is determined in the manner described in Note 29.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group's financial assets are classified into the following categories:

a) Financial asset at FVTPL

The Group's financial assets mandatorily classified as at FVTPL are investments in equity instruments which are not designated as at FVTOCI, it was measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

b) Financial assets at amortized cost

If the financial assets, which are invested by the Group, are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Except for purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods, interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

The Group's financial assets at amortized cost include cash and cash equivalents, pledge deposits, trade receivables and project deposits at amortized cost, other receivables and refundable deposits. Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and third-party paying accounts, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

Except the financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

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

4) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Assessment of assets impairment

1) Property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of the above assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

2) Investments accounted for using the equity method

The entire carrying amount of investments in associates is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

3) Goodwill

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

4) Financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including trade receivables) by lifetime expected credit losses on each balance sheet date.



The Group always recognizes lifetime expected credit losses for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial instrument has not increased significantly, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. If the credit risk on a financial instrument has increased significantly, the Group measures the loss allowance for that financial instrument at lifetime expected credit losses.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that situations such as a default or delinquency in interest or principal payments, or internal or external information show that the debtor is unlikely to pay its creditors, indicates that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of hardware, software and peripheral devices of industrial computers. Sales of the above goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped, because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received prior to delivery of the goods is recognized as a contract liability until the goods have been transferred to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of self-developed software authorization, software and hardware installation services and extended warranty services.

Revenue from self-developed software authorization is recognized as the right of receiving royalty at the time of signing.

As the Group provides hardware and software installation services and extended warranty services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms. Right-of-use assets and lease liabilities are presented on a separate line in the consolidated balance sheets, respectively.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

### 3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when the Group recognizes any related restructuring costs.

#### s. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

#### t. Taxation

Current and deferred taxes are recognized in profit or loss as income tax expense, except when they are related to items recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

##### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

##### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 155	\$ 202
Checking accounts and demand deposits	1,834,490	1,988,915
Cash equivalents - third-party paying accounts	<u>7,102</u>	<u>3,261</u>
	<u>\$ 1,841,747</u>	<u>\$ 1,992,378</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Financial assets held for trading		
Foreign exchange forward contracts not under hedge accounting	<u>\$ 9,162</u>	<u>\$ -</u>
Financial liabilities held for trading		
Foreign exchange forward contracts not under hedge accounting	<u>\$ 401</u>	<u>\$ -</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Sell	EUR/NTD	January 2024	EUR2,000/NTD67,480
Sell	RMB/NTD	January 2024	RMB9,500/NTD41,764
Sell	USD/NTD	January 2024	USD8,700/NTD270,078
Sell	EUR/NTD	February 2024	EUR1,000/NTD33,889
Sell	RMB/NTD	February 2023	RMB11,900/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

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 December 31, 2023.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Investments in foreign equity instruments</u>		
Unlisted ordinary shares	<u>\$ 78,328</u>	<u>\$ 57,800</u>

Investments in foreign equity instruments, including ordinary shares and convertible preference 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 December 31, 2023.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes receivable</u>		
Gross carrying amount at amortized cost	\$ 51,957	\$ 41,064
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 51,957</u>	<u>\$ 41,064</u>
<u>Trade receivables</u>		
Gross carrying amount at amortized cost	\$ 2,303,748	\$ 2,122,465
Less: Allowance for impairment loss	<u>(20,853)</u>	<u>(18,373)</u>
	<u>\$ 2,282,895</u>	<u>\$ 2,104,092</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.

### December 31, 2023

	<b>Not Past Due</b>	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
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>

## December 31, 2022

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,638,562	\$ 274,411	\$ 61,861	\$ 147,631	\$ 2,122,465
Loss allowance	<u>-</u>	<u>-</u>	<u>(6,630)</u>	<u>(11,743)</u>	<u>(18,373)</u>
Amortized cost	<u>\$ 1,638,562</u>	<u>\$ 274,411</u>	<u>\$ 55,231</u>	<u>\$ 135,888</u>	<u>\$ 2,104,092</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 18,373	\$ 7,349
Add: Amounts recovered	-	183
Add: Net remeasurement of loss allowance	3,189	10,560
Less: Amounts written off	(693)	(159)
Foreign exchange gains and losses	<u>(16)</u>	<u>440</u>
Balance at December 31	<u>\$ 20,853</u>	<u>\$ 18,373</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials and supplies	\$ 1,735,202	\$ 2,175,674
Work in progress	253,438	385,387
Finished goods	993,741	920,782
Merchandise	<u>176,904</u>	<u>265,189</u>
	<u>\$ 3,159,285</u>	<u>\$ 3,747,032</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$84,057 thousand and \$76,253 thousand, respectively, and unallocated manufacturing expenses of \$141,637 thousand and \$110,676 thousand, respectively.

## 11. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2023	2022	
The Company	Adlink Technology Singapore Pte Ltd.	Selling of industrial computers	100.0	100.0	-
The Company	Adlink Technology Japan Corporation	Selling of industrial computers	100.0	100.0	-
The Company	Adlink Technology Korea Ltd.	Selling of industrial computers	100.0	100.0	-
The Company	Adlink International Co., Ltd.	Investment activities	100.0	100.0	-
The Company	Zettascale Technology Cayman Limited	Investment activities	100.0	100.0	-
The Company	Adlink Edge Computing Limited	Software development, authorization and service	100.0	100.0	-
The Company	Autonomous Mobility Ltd.	Investment activities	100.0	100.0	Note 2

(Continued)



Investor	Investee	Main Business	% of Ownership		Remark
			2023	2022	
Adlink International Co., Ltd.	Ampro Adlink Technology Inc	Manufacturing and selling of industrial computers	100.0	100.0	-
Adlink International Co., Ltd.	Adlink Technology Holding GmbH	Investment activities	100.0	100.0	-
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Investment activities	100.0	100.0	-
Zettascale Technology Cayman Limited	Zettascale Technology Limited (formerly named Adlink Technology Limited)	Software development, authorization and service	69.5	69.5	Note 1
Adlink Technology Holding GmbH	Adlink Technology GmbH	Manufacturing and selling of industrial computers	100.0	100.0	-
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Software authorization and service	100.0	100.0	-
Zettascale Technology Limited	Zettascale Technology SARL (formerly named Adlink Technology SARL)	Software development, authorization and service	100.0	100.0	-
Zettascale Technology Limited	Zettascale Technology BV (formerly named Adlink Technology OpenSplice B.V.)	Software development	100.0	100.0	-
Adlink Technology (HK) Co., Ltd.	Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial computers	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	-
(Concluded)					

(Concluded)

Note 1: Refer to Note 27 for the related information.

Note 2: In order to effectively utilize the Group's resources and leverage the Group's management effectiveness, The Company established Autonomous Mobility Ltd. in January 2022.

Note 3: The liquidation of Adlink Technology Canada Inc. had completed in April 2022.

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

	December 31			
	2023	% of Owner ship	2022	% of Owner ship
<u>Associates that are not individually material</u>				
JY Technology (Shanghai)	\$ 60,511	20.56	\$ 38,004	38.38
Shanghai Tuibu Enterprise Management Co., Ltd	-	-	15,393	27.97
JY Technology (Korea)	2,653	28.16	-	28.16
Farobot Technology Ltd.	<u>66,044</u>	49.00	<u>97,919</u>	49.00
	<u>\$ 129,208</u>		<u>\$ 151,316</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 and Hyield Venture Capital Co., Ltd., a subsidiary of Hon Hai Precision Industry Co., Ltd., jointly set up Farobot Technology Ltd. in March 2022. The Group acquired a 49% interest in Farobot Technology Ltd. with the amount of payment of \$99,849 thousand but did not have control over this investee.

To improve efficiency in management and utilization of the Group's resources, the Company restructured its organization and transferred the ownership of Farobot Inc. from the Company to Farobot Technology Ltd. in April 2022.

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 RMB15,000 thousand (or NT\$66,201 thousand); thus, a disposal gain of RMB10,932 thousand (or NT\$48,246 thousand) was recognized for the nine months ended September 30, 2023. Meanwhile, JY Technology (Shanghai) issued ordinary shares and was acquired by Shanghai Cehai, Shanghai Armillary and IDG, respectively, with a payment of RMB42,000 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%.

# 1. Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group's share of loss from continuing operations	<u>\$ (28,400)</u>	<u>\$ (48,076)</u>

## 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 2,410,567	\$ 2,039,041	\$ 668,516	\$ 524	\$ 209,039	\$ 520,436	\$ 819	\$ 5,848,942
Additions	-	23,188	42,014	1,682	3,212	78,866	43,492	192,454
Disposals	-	(13,714)	(9,123)	-	-	(19,918)	-	(42,755)
Reclassification	-	44,311	-	-	-	-	(44,311)	-
Transfers from right of use assets	-	-	-	-	-	11,432	-	11,432
Transfers from prepayments for equipment	-	-	214	-	-	1,783	-	1,997
Effect of foreign currency exchange differences	(34)	(12,327)	(1,867)	(24)	(28)	(1,738)	-	(16,018)
Balance at December 31, 2023	<u>\$ 2,410,533</u>	<u>\$ 2,080,499</u>	<u>\$ 699,754</u>	<u>\$ 2,182</u>	<u>\$ 212,223</u>	<u>\$ 590,861</u>	<u>\$ -</u>	<u>\$ 5,996,052</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 584,044	\$ 623,097	\$ 524	\$ 24,225	\$ 393,005	\$ -	\$ 1,624,895
Depreciation expense	-	90,297	24,535	144	8,799	72,476	-	196,251
Disposals	-	(13,714)	(9,123)	-	-	(19,832)	-	(42,669)
Transfers from right of use assets	-	-	-	-	-	11,432	-	11,432
Effect of foreign currency exchange differences	-	(8,451)	(1,862)	(2)	(141)	(1,707)	-	(12,163)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 652,176</u>	<u>\$ 636,647</u>	<u>\$ 666</u>	<u>\$ 32,883</u>	<u>\$ 455,374</u>	<u>\$ -</u>	<u>\$ 1,777,746</u>
Carrying amounts at December 31, 2023	<u>\$ 2,410,533</u>	<u>\$ 1,428,323</u>	<u>\$ 63,107</u>	<u>\$ 1,516</u>	<u>\$ 179,340</u>	<u>\$ 135,487</u>	<u>\$ -</u>	<u>\$ 4,218,306</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 2,389,989	\$ 1,980,259	\$ 647,168	\$ 472	\$ 189,310	\$ 455,852	\$ 300	\$ 5,663,350
Additions	-	10,971	17,769	-	6,066	65,081	15,909	115,796
Disposals	-	(3,845)	(2,978)	-	(5,640)	(12,758)	-	(25,221)
Reclassification	-	15,390	-	-	-	-	(15,390)	-
Transfers from investment properties	-	6,189	-	-	-	-	-	6,189
Transfers from prepayments for equipment	-	-	-	-	-	5,716	-	5,716
Effect of foreign currency exchange differences	20,578	30,077	6,557	52	19,303	6,545	-	83,112
Balance at December 31, 2022	<u>\$ 2,410,567</u>	<u>\$ 2,039,041</u>	<u>\$ 668,516</u>	<u>\$ 524</u>	<u>\$ 209,039</u>	<u>\$ 520,436</u>	<u>\$ 819</u>	<u>\$ 5,848,942</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 491,217	\$ 581,830	\$ 472	\$ 17,893	\$ 343,802	\$ -	\$ 1,435,214
Depreciation expense	-	88,818	38,312	-	8,036	57,257	-	192,423
Disposals	-	(3,845)	(2,911)	-	(2,872)	(12,603)	-	(22,231)
Transfers from investment properties	-	175	-	-	-	-	-	175
Effect of foreign currency exchange differences	-	7,679	5,866	52	1,168	4,549	-	19,314
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 584,044</u>	<u>\$ 623,097</u>	<u>\$ 524</u>	<u>\$ 24,225</u>	<u>\$ 393,005</u>	<u>\$ -</u>	<u>\$ 1,624,895</u>
Carrying amounts at December 31, 2022	<u>\$ 2,410,567</u>	<u>\$ 1,454,997</u>	<u>\$ 45,419</u>	<u>\$ -</u>	<u>\$ 184,814</u>	<u>\$ 127,431</u>	<u>\$ 819</u>	<u>\$ 4,224,047</u>

(Concluded)

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated 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 31.

## 14. LEASE ARRANGEMENTS

The Group's important lease projects include leasing the plants from other companies for the use of the plants and warehouses. The lease terms are 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:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 52,811</u>	<u>\$ 74,689</u>
Depreciation charge for right-of-use assets	<u>\$ 42,027</u>	<u>\$ 36,020</u>
Expenses relating to short-term and low-value asset leases	<u>\$ 24,343</u>	<u>\$ 23,029</u>
Total cash outflow for leases	<u>\$ 65,953</u>	<u>\$ 57,069</u>

## 15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023 and December 31, 2023	\$ <u>-</u>	\$ <u>247,577</u>	\$ <u>247,577</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 8,666	\$ 8,666
Depreciation expense	<u>-</u>	<u>4,951</u>	<u>4,951</u>
Balance at December 31, 2023	\$ <u>-</u>	\$ <u>13,617</u>	\$ <u>13,617</u>
Carrying amounts at December 31, 2023	\$ <u>-</u>	\$ <u>233,960</u>	\$ <u>233,960</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 131,362	\$ 365,177	\$ 496,539
Additions	-	439	439
Disposals	(131,362)	(111,850)	(243,212)
Transfers to property, plant and equipment	<u>-</u>	<u>(6,189)</u>	<u>(6,189)</u>
Balance at December 31, 2022	\$ <u>-</u>	\$ <u>247,577</u>	\$ <u>247,577</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 53,818	\$ 53,818
Depreciation expense	-	6,499	6,499
Disposals	-	(51,476)	(51,476)
Transfers to property, plant and equipment	<u>-</u>	<u>(175)</u>	<u>(175)</u>
Balance at December 31, 2022	\$ <u>-</u>	\$ <u>8,666</u>	\$ <u>8,666</u>
Carrying amounts at December 31, 2022	\$ <u>-</u>	\$ <u>238,911</u>	\$ <u>238,911</u>

The Group sold the investment properties in April 2022 to June 2022 to Team Group Inc., Peng Mingguang Investment Co., Ltd. and Power Logic Tech. Inc., respectively. The total sale price was \$547,946 thousand; thus, disposal gain of \$356,210 thousand was recognized for the year ended December 31, 2022. The fair value of investment properties as of December 31, 2023, which was arrived at by reference to market evidence of transaction prices for similar properties, was approximately \$798,492 thousand.

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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Lease commitments of investment properties	\$ <u>100,322</u>	\$ <u>144,909</u>

Investment property pledged by the Company as collateral for bank borrowing facilities are set out in Note 31.

## 16. INTANGIBLE ASSETS

	Computer Software	Goodwill	Trademarks	Customer Relationship	Technological Expertise	Golf license	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 170,433	\$ 603,826	\$ 161,160	\$ 327,983	\$ 119,490	\$ -	\$ 1,382,892
Additions	69,424	-	-	-	-	5,685	75,109
Disposals	(77,514)	-	-	-	-	-	(77,514)
Transfer from prepayments for equipment	90	-	-	-	-	-	90
Effect of foreign currency exchange differences	124	22,463	2,129	6,676	5,990	-	37,382
Balance at December 31, 2023	<u>\$ 162,557</u>	<u>\$ 626,289</u>	<u>\$ 163,289</u>	<u>\$ 334,659</u>	<u>\$ 125,480</u>	<u>\$ 5,685</u>	<u>\$ 1,417,959</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2023	\$ 93,892	\$ 434,196	\$ 71,142	\$ 327,983	\$ 119,490	\$ -	\$ 1,046,703
Amortization expense	85,558	-	-	-	-	-	85,558
Disposals	(77,514)	-	-	-	-	-	(77,514)
Effect of foreign currency exchange differences	280	22,490	2,144	6,676	5,990	-	37,580
Balance at December 31, 2023	<u>\$ 102,216</u>	<u>\$ 456,686</u>	<u>\$ 73,286</u>	<u>\$ 334,659</u>	<u>\$ 125,480</u>	<u>\$ -</u>	<u>\$ 1,092,327</u>
Carrying amounts at December 31, 2023	<u>\$ 60,341</u>	<u>\$ 169,603</u>	<u>\$ 90,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,685</u>	<u>\$ 325,632</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 167,280	\$ 585,703	\$ 148,372	\$ 306,660	\$ 118,328	\$ -	\$ 1,326,343
Additions	78,333	-	-	-	-	-	78,333
Disposals	(78,687)	-	-	-	-	-	(78,687)
Reclassification	760	-	-	-	-	-	760
Effect of foreign currency exchange differences	2,747	18,123	12,788	21,323	1,162	-	56,143
Balance at December 31, 2022	<u>\$ 170,433</u>	<u>\$ 603,826</u>	<u>\$ 161,160</u>	<u>\$ 327,983</u>	<u>\$ 119,490</u>	<u>\$ -</u>	<u>\$ 1,382,892</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2022	\$ 84,957	\$ 432,809	\$ 67,236	\$ 306,660	\$ 118,328	\$ -	\$ 1,009,990
Amortization expense	85,289	-	-	-	-	-	85,289
Disposals	(78,687)	-	-	-	-	-	(78,687)
Effect of foreign currency exchange differences	2,333	1,387	3,906	21,323	1,162	-	30,111
Balance at December 31, 2022	<u>\$ 93,892</u>	<u>\$ 434,196</u>	<u>\$ 71,142</u>	<u>\$ 327,983</u>	<u>\$ 119,490</u>	<u>\$ -</u>	<u>\$ 1,046,703</u>
Carrying amounts at December 31, 2022	<u>\$ 76,541</u>	<u>\$ 169,630</u>	<u>\$ 90,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,189</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank loans	<u>\$ 1,434,404</u>	<u>\$ 930,631</u>

As of December 31, 2023 and 2022, the interest rates on the short-term borrowings were 1.68%-4.95% and 1.56%-3.70% per annum, respectively. The expected repayment period of short-term borrowings was January to December 2024 and January to December 2023, respectively.

Refer to Note 29 for related information on utilized and unutilized bank loan facilities.

b. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank loans	\$ 1,853,124	\$ 2,200,306
Secured bank loans (Note 31)	1,461,400	1,531,400
Less: Current portions	<u>(367,925)</u>	<u>(335,442)</u>
Long-term borrowings	<u>\$ 2,946,599</u>	<u>\$ 3,396,264</u>

As of December 31, 2023 and 2022, the interest rates on the long-term borrowings were 1.25%-1.83% and 1.13%-1.78% per annum. The expected repayment period of long-term borrowings were in October 2024 to March 2033 and October 2024 to March 2023, respectively.

Refer to Note 29 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and bonuses	\$ 430,039	\$ 439,506
Annual leave	63,372	58,587
Compensation to employees	44,622	67,662
Others	<u>338,470</u>	<u>333,679</u>
	<u>\$ 876,503</u>	<u>\$ 899,434</u>

## 20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Overseas subsidiaries have to contribute amounts at certain percentage of salaries to the local governments. Employees of these subsidiaries will receive retirement pension from the local governments after retirement.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 89,451	\$ 93,075
Fair value of plan assets	<u>(65,365)</u>	<u>(62,281)</u>
Net defined benefit liabilities	<u>\$ 24,086</u>	<u>\$ 30,794</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2023	<u>\$ 93,075</u>	<u>\$ (62,281)</u>	<u>\$ 30,794</u>
Current service cost	1,051	-	1,051
Net interest expense (income)	<u>1,201</u>	<u>(813)</u>	<u>388</u>
Recognized in profit or loss	<u>2,252</u>	<u>(813)</u>	<u>1,439</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(512)	(512)
Actuarial loss (gain)			
Changes in demographic assumptions	(1,017)	-	(1,017)
Changes in financial assumptions	835	-	835
Experience adjustments	<u>(5,694)</u>	<u>-</u>	<u>(5,694)</u>
Recognized in other comprehensive income (loss)	<u>(5,876)</u>	<u>(512)</u>	<u>(6,388)</u>
Contributions from the employer	<u>-</u>	<u>(1,759)</u>	<u>(1,759)</u>
Balance at December 31, 2023	<u>\$ 89,451</u>	<u>\$ (65,365)</u>	<u>\$ 24,086</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 106,365</u>	<u>\$ (55,738)</u>	<u>\$ 50,627</u>
Current service cost	1,441	-	1,441
Net interest expense (income)	<u>740</u>	<u>(393)</u>	<u>347</u>
Recognized in profit or loss	<u>2,181</u>	<u>(393)</u>	<u>1,788</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,297)	(4,297)
Actuarial loss (gain)			
Changes in demographic assumptions	(94)	-	(94)
Changes in financial assumptions	(5,820)	-	(5,820)
Experience adjustments	<u>(9,557)</u>	<u>-</u>	<u>(9,557)</u>
Recognized in other comprehensive income (loss)	<u>(15,471)</u>	<u>(4,297)</u>	<u>(19,768)</u>
Contributions from the employer	<u>-</u>	<u>(1,853)</u>	<u>(1,853)</u>
Balance at December 31, 2022	<u>\$ 93,075</u>	<u>\$ (62,281)</u>	<u>\$ 30,794</u>
			(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.20%	1.30%
Expected rate(s) of salary increase	3.80%	3.80%



If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (2,006)</u>	<u>\$ (2,271)</u>
0.25% decrease	<u>\$ 2,080</u>	<u>\$ 2,357</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,022</u>	<u>\$ 2,294</u>
0.25% decrease	<u>\$ (1,961)</u>	<u>\$ (2,222)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 1,879</u>	<u>\$ 1,897</u>
Average duration of the defined benefit obligation	9.1 years	10.0 years

## 21. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>280,000</u>	<u>280,000</u>
Shares authorized	<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>
Shares issued	<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 December 31, 2023, 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

	December 31	
	2023	2022
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
Conversion of bonds	207,034	207,034
Arising from employee restricted shares vested	97,689	97,689
Arising from employee share options exercised	43,453	43,453
Treasury share transactions	17,579	17,579
Arising from employee share options expired	12,073	12,073
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries and associates (2)	346,984	319,741
<u>May not be used for any purpose</u>		
Employee share options	6,923	-
	<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 dividends 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 23-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 2022 and 2021 were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 82,168	\$ 12,375
Special reserve	\$ (93,767)	\$ 8,075
Cash dividends	\$ 543,742	\$ 65,249
Cash dividends per share (NT\$)	\$ 2.5	\$ 0.3

The appropriations of earnings for 2023 were proposed by the Company's board of directors. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 33,390	
Special reserve	8,844	
Cash dividends	217,498	\$ 1.0

The appropriation of earnings for 2023 was resolved in the shareholders' meeting held on June 19, 2024.

d. Other equity items

	<b>Exchange Differences Arising on Translation of Foreign Operations</b>	<b>Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</b>
<u>For the year ended December 31, 2023</u>		
Balance at January 1	\$ (132,948)	\$ (14,361)
Exchange differences on translation of the financial statements of foreign operations	(38,483)	-
		(Continued)

	<b>Exchange Differences Arising on Translation of Foreign Operations</b>	<b>Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</b>
Unrealized gain on equity instruments	\$ -	\$ 21,942
Related income tax	<u>7,697</u>	<u>-</u>
Balance at December 31	<u>\$ (163,734)</u>	<u>\$ 7,581</u>
<u>For the year ended December 31, 2022</u>		
Balance at January 1	\$ (226,025)	\$ (15,051)
Exchange differences on translation of the financial statements of foreign operations	116,069	-
Unrealized gain on equity instruments	-	690
Changes in percentage of ownership interests in subsidiaries (Note 27)	222	-
Related income tax	<u>(23,214)</u>	<u>-</u>
Balance at December 31	<u>\$ (132,948)</u>	<u>\$ (14,361)</u> (Concluded)

## 22. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from the sale of goods	\$ 11,304,394	\$ 11,603,049
Software authorization and service revenue	<u>110,125</u>	<u>115,126</u>
	<u>\$ 11,414,519</u>	<u>\$ 11,718,175</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 35 for information of the disaggregation of revenue.

## 23. NET PROFIT FOR THE YEAR

### a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income (Note 30)	\$ 55,631	\$ 56,774
Grant revenue	31,097	31,315
Compensation income	10,267	2,851
Income from clearance of overdue debts	475	3,215
Others	<u>78,187</u>	<u>34,042</u>
	<u>\$ 175,657</u>	<u>\$ 128,197</u>

### b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on disposal of investment accounted for using the equity method (Note 12)	\$ 48,246	\$ -
Net gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	8,761	(19)
Net foreign exchange gains	5,705	133,936
Loss on disposal of property, plant and equipment	(18)	(2,891)
Gain on disposal of investment properties (Note 15)	-	356,210
Loss on compensation	-	(144,709)
Loss on the liquidation of subsidiaries	-	(594)
Others	<u>(8,898)</u>	<u>(6,129)</u>
	<u>\$ 53,796</u>	<u>\$ 335,804</u>

### c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 89,209	\$ 67,284
Interest on lease liabilities	<u>2,854</u>	<u>2,138</u>
	<u>\$ 92,063</u>	<u>\$ 69,422</u>

### d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Cost of goods sold	\$ 67,529	\$ 71,205
Operating expenses	<u>175,700</u>	<u>163,737</u>
	<u>\$ 243,229</u>	<u>\$ 234,942</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of amortization by function		
Cost of goods sold	\$ 2,254	\$ 2,139
Operating expenses	<u>83,304</u>	<u>83,150</u>
	<u>\$ 85,558</u>	<u>\$ 85,289</u>
		(Concluded)

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 115,164	\$ 109,599
Defined benefit plans (Note 20)	<u>1,439</u>	<u>1,788</u>
	116,603	111,387
Equity-settled share-based payments (Note 26)	6,923	-
Other employee benefits	<u>3,126,378</u>	<u>2,880,605</u>
	<u>\$ 3,249,904</u>	<u>\$ 2,991,992</u>
An analysis of employee benefits expense by function		
Cost of goods sold	\$ 583,224	\$ 535,002
Operating expenses	<u>2,666,680</u>	<u>2,456,990</u>
	<u>\$ 3,249,904</u>	<u>\$ 2,991,992</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. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, respectively, which have been approved by the Company's board of directors respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Accrual Rate (%)</b>	<b>Cash</b>	<b>Accrual Rate (%)</b>
Employees' compensation	\$ 43,000	9.23	\$ 67,662	6.57
Remuneration of directors	3,700	0.79	8,000	0.78

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.

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, 2022 and 2021.

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.

## 24. INCOME TAXES

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 127,306	\$ 235,566
Income tax on unappropriated earnings	6,700	-
Adjustments for prior years	107	(10,959)
	<u>134,113</u>	<u>224,607</u>
Deferred tax		
In respect of the current year	<u>28,647</u>	<u>(59,674)</u>
Income tax expense recognized in profit or loss	<u>\$ 162,760</u>	<u>\$ 164,933</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 456,641</u>	<u>\$ 970,329</u>
Income tax expense calculated at the statutory rate	\$ 91,328	\$ 194,066
Tax-exempt income	(2,352)	(50,184)
Nondeductible expenses in determining taxable income	941	3,612
Land value increment tax	-	7,624
Income tax on unappropriated earnings	6,700	-
Unrecognized temporary differences	15,421	16,602
Unrecognized loss carryforwards	(2,520)	(4,118)
Effect of different tax rate of entities of group entities operating in other jurisdictions	53,135	8,290
Adjustments for prior years' tax	<u>107</u>	<u>(10,959)</u>
Income tax expense recognized in profit or loss	<u>\$ 162,760</u>	<u>\$ 164,933</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	\$ 7,697	\$ (23,214)
Remeasurement of defined benefit plans	<u>(1,278)</u>	<u>(3,954)</u>
Income tax recognized in other comprehensive income	<u>\$ 6,419</u>	<u>\$ (27,168)</u>

c. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized intercompany gains	\$ 27,691	\$ (8,998)	\$ -	\$ -	\$ 18,693
Defined benefit obligation	6,252	(157)	(1,278)	-	4,817
Allowance for write-down of inventories	51,442	(6,804)	-	(361)	44,277
Foreign investment loss	38,699	(18,620)	-	-	20,079
Exchange differences on translation of the financial statements of foreign operations	33,190	-	7,697	-	40,887
Invested company impairment loss	83,801	-	-	-	83,801
Others	81,707	5,963	-	(828)	86,842
	<u>\$ 322,782</u>	<u>\$ (28,616)</u>	<u>\$ 6,419</u>	<u>\$ (1,189)</u>	<u>\$ 299,396</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gains	\$ 9,928	\$ (7,573)	\$ -	\$ -	\$ 2,355
Property, plant and equipment	4,741	5,852	-	(85)	10,508
Others	-	1,752	-	-	1,752
	<u>\$ 14,669</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ (85)</u>	<u>\$ 14,615</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized intercompany gains	\$ 18,604	\$ 9,087	\$ -	\$ -	\$ 27,691
Defined benefit obligation	10,126	80	(3,954)	-	6,252
Allowance for write-down of inventories	53,239	(2,145)	-	348	51,442
Foreign investment loss	27,801	10,898	-	-	38,699
Exchange differences on translation of the financial statements of foreign operations	56,404	-	(23,214)	-	33,190
Invested company impairment loss	83,801	-	-	-	83,801
Others	32,920	47,029	-	1,758	81,707
	<u>\$ 282,895</u>	<u>\$ 64,949</u>	<u>\$ (27,168)</u>	<u>\$ 2,106</u>	<u>\$ 322,782</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gains	\$ 4,074	\$ 5,854	\$ -	\$ -	\$ 9,928
Property, plant and equipment	4,808	(575)	-	508	4,741
Others	4	(4)	-	-	-
	<u>\$ 8,886</u>	<u>\$ 5,275</u>	<u>\$ -</u>	<u>\$ 508</u>	<u>\$ 14,669</u>

d. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities.



## 25. EARNINGS PER SHARE

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

### 2. Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 328,797</u>	<u>\$ 805,858</u>

### 3. Shares

	<b>(In Thousands of Shares)</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	217,497	217,497
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>918</u>	<u>1,348</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>218,415</u>	<u>218,845</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 earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. 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:

	<b>Grant Date May 2, 2023</b>
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\$)	\$ 60.8
Exercise price per share as of independent auditors' report date (revised in accordance with relevant regulations) (NT\$)	\$ 60.8

Information on options granted for the year ended December 31, 2023 was as follows:

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

	<b>For the Year Ended December 31, 2023</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance at January 1	-	\$ -
Options granted	1,434	60.8
Options exercised	-	-
Options expired	-	-
Balance at December 31	<u>1,434</u>	60.8
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 December 31, 2023 was as follows:

	<b>December 31, 2023</b>
Range of exercise price (NT\$)	\$ 60.08
Weighted-average remaining contractual life (in years)	1.33

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:

	<b>May 2023</b>
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 \$6,923 thousand for the year ended December 31, 2023.

## 27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Zettascale Technology Limited, a subsidiary of Zettascale Technology Cayman Limited in the UK, issued ordinary shares in November 2022 and was acquired by TTTech Auto AG in Austria with the amount of payment of GBP10,821 thousand (or NT\$402,662 thousand).

The above transactions decreased its continuing interest from 100% to 69.5% for shares of Zettascale Technology Limited held by Zettascale Technology Cayman Limited and were accounted for as equity transactions since the Company did not change the control over the subsidiaries.

	<b>Zettascale Technology Limited</b>
Cash consideration received	\$ 402,662
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(94,422)
Reattribution of other equity from non-controlling interests	
Exchange differences on translation of the financial statements of foreign operations	<u>(222)</u>
Differences recognized from equity transactions (under capital surplus-changes in percentage of ownership interests in subsidiaries)	<u>\$ 308,018</u>

## 28. 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.

## 29. 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 assets 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 years ended December 31, 2023 and 2022.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 9,162	\$ -
Financial assets at amortized cost (1)	4,311,078	4,281,029
Financial assets at FVTOCI	78,328	57,800
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	401	-
Financial liabilities at amortized cost (2)	6,905,440	7,133,322

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 price 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 33.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB 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.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
USD impact	\$ 7,146	\$ 8,319
RMB impact	3,503	5,929
EUR impact	6,015	7,787

The impact listed above was mainly attributable to the exposure on outstanding USD, RMB 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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 25,371	\$ 25,309
Financial liabilities	1,125,481	723,625
Cash flow interest rate risk		
Financial assets	1,328,738	1,368,916
Financial liabilities	3,729,513	4,031,706

### 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 profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$12,004 thousand and \$13,314 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., mainland China and Europe. As of December 31, 2023 and 2022, the proportion of trade receivables from those mentioned above to total trade receivables were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Mainland China	28%	34%
U.S.A.	27%	25%
Europe	19%	17%

## 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 December 31, 2023 and 2022, 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.

December 31, 2023

	<b>Less than 1 Year</b>	<b>1-3 Year</b>	<b>3+ Years</b>
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>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-3 Year</b>	<b>3+ Years</b>
Non-interest bearing liabilities	\$ 2,470,985	\$ -	\$ -
Variable interest rate liabilities	685,259	1,184,474	2,403,120
Fixed interest rate liabilities	651,980	-	-
Lease liabilities	<u>32,431</u>	<u>43,671</u>	<u>21,153</u>
	<u>\$ 3,840,655</u>	<u>\$ 1,228,145</u>	<u>\$ 2,424,273</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank facilities:		
Amount used	\$ 3,287,528	\$ 3,130,937
Amount unused	<u>4,534,595</u>	<u>4,913,297</u>
	<u>\$ 7,822,123</u>	<u>\$ 8,044,234</u>
Secured bank facilities:		
Amount used	\$ 1,461,400	\$ 1,531,400
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 1,461,400</u>	<u>\$ 1,531,400</u>

### 30. 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
Chroma New Material Corp.	Subsidiary of 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
Edgetech Data Technologies (Suzhou) Corp., Ltd.	Subsidiary of investor with significant influence over the Group
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

#### b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Investors with significant influence over the Group	\$ 28,178	\$ 43,239
Subsidiaries of investors with significant influence over the Group	13,164	14,358
Associates	67,294	108,334
Others	-	189
	<u>\$ 108,636</u>	<u>\$ 166,120</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

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Investors with significant influence over the Group	\$ 312	\$ 354
Subsidiaries of investors with significant influence over the Group	48,701	18,883
Associates	-	8,800
Others	<u>26,385</u>	<u>21,674</u>
	<u>\$ 75,398</u>	<u>\$ 49,711</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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Trade receivables	Investors with significant influence over the Group	\$ 6,460	\$ 5,703
	Subsidiaries of investors with significant influence over the Group	7,682	2,803
	Associates	22,827	26,563
	Less: Share of loss of associates	<u>-</u>	<u>(3,479)</u>
		<u>\$ 36,969</u>	<u>\$ 31,590</u>
Other receivables	Investors with significant influence over the Group	\$ 3,347	\$ 2,858
	Subsidiaries of investors with significant influence over the Group	2,440	2,785
	Associates	<u>-</u>	<u>82</u>
		<u>\$ 5,787</u>	<u>\$ 5,725</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Investors with significant influence over the Group	\$ 82	\$ 101
	Subsidiaries of investors with significant influence over the Group	8,547	6,742
	Others	<u>4,665</u>	<u>5,850</u>
		<u>\$ 13,294</u>	<u>\$ 12,693</u>
Other payables	Investors with significant influence over the Group	\$ 3,826	\$ 713
	Subsidiaries of investors with significant influence over the Group	239	823
	Associates	15,075	566
	Others	<u>86</u>	<u>1</u>
		<u>\$ 19,226</u>	<u>\$ 2,103</u>

The outstanding trade payables to related parties are unsecured.

f. Intangible assets acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2023	2022
Investors with significant influence over the Group		
Chroma ATE Inc.	\$ 5,750	\$ 263
Subsidiaries of investors with significant influence over the Group	800	-
Others	<u>82</u>	<u>-</u>
	<u>\$ 6,632</u>	<u>\$ 263</u>

g. Property, plant and equipment acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2023	2022
Investors with significant influence over the Group	\$ 1,399	\$ -
Subsidiaries of investors with significant influence over the Group	941	-
Associates	<u>7,627</u>	<u>-</u>
	<u>\$ 9,967</u>	<u>\$ -</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental expenses	Others	\$ <u>7,884</u>	\$ <u>7,903</u>
Rental income	Investors with significant influence over the Group	\$ 35,189	\$ 35,032
	Subsidiaries of investors with significant influence over the Group	10,360	10,826
	Associates	<u>-</u>	<u>57</u>
		\$ <u>45,549</u>	\$ <u>45,915</u>

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:

	December 31	
	2023	2022
Adlink Technology GmbH	\$ <u>883,480</u>	\$ <u>850,720</u>
Ampro Adlink Technology Inc.	\$ <u>92,115</u>	\$ <u>184,260</u>
Adlink Technology (China) Co., Ltd.	\$ <u>-</u>	\$ <u>330,600</u>
Adlink Technology Korea Ltd.	\$ <u>-</u>	\$ <u>30,710</u>

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 35,104	\$ 33,164
Share-based payment	863	-
Post-employment benefits	<u>311</u>	<u>392</u>
	\$ <u>36,278</u>	\$ <u>33,556</u>

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

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Land	\$ 2,202,003	\$ 2,202,003
Investment properties	233,960	238,911
Buildings	1,021,144	1,021,265
Property under construction	-	819
	<u>\$ 3,457,107</u>	<u>\$ 3,462,998</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

#### 4. Contingent Liabilities

The facilities that the Group provided endorsements or guarantees for its subsidiaries refer to Note 30 for information.

### 33. 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:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,948	30.71 (USD:NTD)	\$ 1,533,904
USD	15,613	7.08 (USD:RMB)	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
RMB	82,452	4.34 (RMB: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>
			(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
Non-monetary items			
Derivative instruments			
USD	\$ 15,700	30.71 (USD:NTD)	\$ 7,519
RMB	21,400	4.34 (RMB:NTD)	1,069
EUR	2,300	33.98 (EUR:NTD)	<u>574</u>
			<u>\$ 9,162</u>

#### Financial liabilities

Monetary items			
USD	25,688	30.71 (USD:NTD)	\$ 788,884
USD	14,374	7.08 (USD:RMB)	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
RMB	1,652	4.34 (RMB: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>
			(Concluded)

#### December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 58,130	30.71 (USD:NTD)	\$ 1,785,174
USD	16,327	6.96 (USD:RMB)	501,392
USD	7,879	132.14 (USD:JPY)	241,976
USD	8,265	0.94 (USD:EUR)	253,819
USD	469	0.83 (USD:GBP)	14,403
USD	1,864	1,249.90 (USD:KRW)	57,254
RMB	135,460	4.41 (RMB:NTD)	597,304
EUR	11,781	32.72 (EUR:NTD)	385,484
EUR	12,613	0.88 (EUR:GBP)	<u>412,704</u>
			<u>\$ 4,249,510</u>
			(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 16,426	30.71 (USD:NTD)	\$ 504,454
USD	30,003	6.96 (USD:RMB)	921,390
USD	5,982	132.14 (USD:JPY)	183,714
USD	11,348	0.94 (USD:EUR)	348,512
USD	30	0.83 (USD:GBP)	919
USD	2,056	1,249.90 (USD:KRW)	63,149
RMB	1,001	4.41 (RMB:NTD)	4,413
EUR	527	32.72 (EUR:NTD)	17,230
EUR	68	0.88 (EUR:GBP)	<u>2,239</u>
			<u>\$ 2,046,020</u>
			(Concluded)

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

### 34. 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
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5

- 9) Trading in derivative instruments: Notes 7 and 29
- 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).

### 35. 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.

Mainland China - Adlink Technology (China) Co., Ltd., and Dongguan Lingyao Electronic Technology Co., Ltd.

America - Ampro Adlink Technology Inc., Adlink Technology Corporation and Adlink Technology Canada Inc (Liquidation was completed in April 2022).

Europe - Adlink Technology GmbH, ADLINK Edge Computing Limited (Incorporation was completed in September 2021), Zettascale Technology Limited, Zettascale Technology SARL and Zettascale Technology OpenSplice B.V.

a. Segment revenue and results

For the Year Ended December 31, 2023						
	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 3,892,342	\$ 1,842,701	\$ 2,736,408	\$ 2,943,068	\$ -	\$ 11,414,519
Inter-segment revenue	<u>5,718,753</u>	<u>1,994,894</u>	<u>-</u>	<u>40,662</u>	<u>(7,754,309)</u>	<u>-</u>
Segment revenue	<u>\$ 9,611,095</u>	<u>\$ 3,837,595</u>	<u>\$ 2,736,408</u>	<u>\$ 2,983,730</u>	<u>\$ (7,754,309)</u>	<u>\$ 11,414,519</u>
Interest income	\$ 9,026	\$ 9,370	\$ 4,206	\$ 2,001	\$ -	\$ 24,603
Finance costs	61,375	9,274	5	21,409	-	92,063
Depreciation expense	157,359	47,078	16,679	22,113	-	243,229
Amortization expense	79,301	5,490	384	383	-	85,558
Segment income (loss)	<u>\$ 2,219,840</u>	<u>\$ 82,330</u>	<u>\$ 98,620</u>	<u>\$ (138,844)</u>	<u>\$ -</u>	<u>2,261,946</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>1,805,305</u>
Profit before income tax						<u>\$ 456,641</u>

For the Year Ended December 31, 2022						
	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 4,181,942	\$ 2,259,870	\$ 2,814,778	\$ 2,461,585	\$ -	\$ 11,718,175
Inter-segment revenue	<u>4,785,594</u>	<u>2,421,596</u>	<u>-</u>	<u>45,017</u>	<u>(7,252,207)</u>	<u>-</u>
Segment revenue	<u>\$ 8,967,536</u>	<u>\$ 4,681,466</u>	<u>\$ 2,814,778</u>	<u>\$ 2,506,602</u>	<u>\$ (7,252,207)</u>	<u>\$ 11,718,175</u>
Interest income	\$ 4,744	\$ 1,813	\$ 864	\$ -	\$ -	\$ 7,421
Finance costs	47,035	14,977	33	7,377	-	69,422
Depreciation expense	149,471	52,142	15,754	17,575	-	234,942
Amortization expense	79,052	5,343	304	590	-	85,289
Segment income (loss)	<u>\$ 2,815,002</u>	<u>\$ 11,450</u>	<u>\$ 81,698</u>	<u>\$ (157,274)</u>	<u>\$ -</u>	<u>2,750,876</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>1,780,547</u>
Profit before income tax						<u>\$ 970,329</u>

b. Revenue from major products and services

Refer to Note 22 for information.

c. Information on major customers

There was no revenue from any individual customer exceeded 10% of the Group's revenue for the years ended December 31, 2023 and 2022.



TABLE 1

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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	\$ 194,550	\$ 184,230 (US\$ 6,000)	\$ -	-	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 539,414	\$ 2,157,654	Note 4
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	97,275	92,115 (US\$ 3,000)	92,115	2	b	-	Operation requirement	-	-	-	1,523,103	1,523,103	Note 4
2	Ampro Adlink Technology Inc.	Adlink Technology GmbH	Other receivables	Y	64,850	61,410 (US\$ 2,000)	-	-	b	-	Operation requirement	-	-	-	582,255	582,255	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 aggregate financing limit and financing limit for each borrower 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 YEAR ENDED DECEMBER 31, 2023  
(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	Adlink Technology Korea Ltd.	a. and b.	\$ 2,697,068	\$ 32,425	\$ -	\$ -	\$ -	-	\$ 2,697,068	Y	-	-
		Ampro Adlink Technology Inc.	a. and b.	2,697,068	194,550	92,115 (US\$ 3,000)	-	-	1.71	2,697,068	Y	-	-
		Adlink Technology GmbH	a. and b.	2,697,068	1,076,010	883,480 (EUR 26,000)	472,322	-	16.38	2,697,068	Y	-	-
		Adlink Technology (China) Co., Ltd.	a. and b.	2,697,068	333,375	-	-	-	-	2,697,068	Y	-	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)**  
**DECEMBER 31, 2023**  
**(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	December 31, 2023				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	78,328	3.95	78,328	-
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 YEAR ENDED DECEMBER 31, 2023**

**(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 Technology Japan Corporation	Subsidiary	(Sale)	\$ (639,841)	(8.15)	Net 120 days	-	-	\$ 81,840	3.88	Note
Adlink Technology Japan Corporation	The Company	Parent company	Purchase	639,841	96.93	Net 120 days	-	-	(81,840)	(99.59)	Note
The Company	Adlink Technology Korea Ltd.	Subsidiary	(Sale)	(162,548)	(2.07)	Net 60 days	-	-	31,834	1.51	Note
Adlink Technology Korea Ltd	The Company	Parent company	Purchase	162,548	93.46	Net 60 days	-	-	(31,834)	(99.26)	Note
The Company	Adlink Technology Singapore Pte Ltd.	Subsidiary	(Sale)	(144,848)	(1.85)	Net 60 days	-	-	16,818	0.80	Note
Adlink Technology Singapore Pte Ltd.	The Company	Parent company	Purchase	144,848	39.62	Net 60 days	-	-	(16,818)	(42.08)	Note
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(1,727,159)	(22.01)	Net 60 days	-	-	267,935	12.71	Note
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	1,727,159	85.05	Net 60 days	-	-	(267,935)	(93.34)	Note
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(1,629,770)	(20.77)	Net 150 days	-	-	776,026	36.81	Note
Adlink Technology GmbH	The Company	Parent company	Purchase	1,629,770	85.67	Net 150 days	-	-	(776,026)	(97.58)	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	(Sale)	(368,829)	(4.70)	Net 150 days	-	-	334,565	15.87	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Purchase	368,829	9.82	Net 150 days	-	-	(334,565)	(43.38)	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(1,898,053)	(50.59)	Net 60 days	-	-	348,873	34.39	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	1,898,053	36.99	Net 60 days	-	-	(348,873)	(31.55)	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  
DECEMBER 31, 2023  
(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 1)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	Trade receivables \$ 267,935 Other receivables - \$ 267,935	5.19	\$ -	-	\$ 258,599	\$ -	Note 2
	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables \$ 776,026 Other receivables 703 \$ 776,729	2.20	\$ -	-	\$ 198,323	\$ -	Note 2
	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables \$ 334,565 Other receivables 525 \$ 335,090	1.09	\$ -	-	\$ 182,555	\$ -	Note 2
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables \$ 348,873 Other receivables 961 \$ 349,834	6.13	\$ -	-	\$ 190,371	\$ -	Note 2

Note 1: It was the subsequent amount received as of March 7, 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 YEAR ENDED DECEMBER 31, 2023  
(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	\$ 16,818	Based on regular terms	-
		Adlink Technology Singapore Pte Ltd.	a	Operating revenue	144,848	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Trade receivables	81,840	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Operating revenue	639,841	Based on regular terms	6
		Adlink Technology Korea Ltd.	a	Trade receivables	31,834	Based on regular terms	-
		Adlink Technology Korea Ltd.	a	Operating revenue	162,548	Based on regular terms	1
		Ampro Adlink Technology Inc.	a	Trade receivables	267,935	Based on regular terms	2
		Ampro Adlink Technology Inc.	a	Operating revenue	1,727,159	Based on regular terms	15
		Ampro Adlink Technology Inc.	a	R&D design expense	16,716	Based on regular terms	-
		Adlink Technology GmbH	a	Trade receivables	776,026	Based on regular terms	6
		Adlink Technology GmbH	a	Operating revenue	1,629,770	Based on regular terms	14
		Adlink Technology GmbH	a	Other payables	12,383	Based on regular terms	-
		Adlink Technology GmbH	a	R&D design expense	44,557	Based on regular terms	-
		Adlink Technology (China) Co., Ltd.	a	Trade receivables	334,565	Based on operating requirements	3
		Adlink Technology (China) Co., Ltd.	a	Operating revenue	368,829	Based on regular terms	3
		Adlink Technology (China) Co., Ltd.	a	Trade payables	348,873	Based on regular terms	3
		Adlink Technology (China) Co., Ltd.	a	Purchase	1,898,053	Based on regular terms	17
		Dongguan Lingyao Electronic Technology Co., Ltd.	a	Trade payables	10,113	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	a	Purchase	45,998	Based on regular terms	-
1	Adlink Edge Computing Limited	Adlink Technology GmbH	c	Other income	15,561	Based on regular terms	-
2	ADLINK International Co., Ltd.	Adlink Technology (China) Co., Ltd.	c	Other receivables	92,449	Based on regular terms	1
3	Zettascale Technology Limited	Adlink Technology Corporation	c	Operating revenue	16,144	Based on regular terms	-
		Zettascale Technology SARL	c	Trade receivables	32,382	Based on regular terms	-
		Zettascale Technology SARL	c	Operating revenue	47,836	Based on regular terms	-
4	Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd.	c	Operating revenue	10,611	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	c	Trade payables	12,589	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	c	Purchase	39,877	Based on regular terms	-

(Continued)

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.

(Concluded)

**TABLE 7**

**ADLINK TECHNOLOGY INC. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.0	\$ 2,105,356	\$ 158,943	\$ 158,943	Subsidiary (Note 5)
	Adlink Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	659,200	100.0	214,239	6,867	6,867	Subsidiary (Note 5)
	Adlink Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	JPY 98,000	JPY 98,000	1,960	100.0	90,112	22,273	22,273	Subsidiary (Note 5)
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.0	33,340	10,952	10,952	Subsidiary (Note 5)
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	GBP 9,050	61,155,000	100.0	145,103	(79,564)	(79,564)	Subsidiary (Note 5)
	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	GBP 500	500,000	100.0	13,787	601	601	Subsidiary (Note 5)
	Autonomous Mobility Ltd.	Cayman Islands	Investment activities	(Note 4)	(Note 4)	1	100.0	-	-	-	Subsidiary (Note 5)
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300	66,624	28.2	2,653	18,123	5,185	Associate
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,076	US\$ 5,076	5,076,890	49.0	66,044	(65,613)	(32,155)	Associate
	Farobot Technology Ltd.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	NT\$ 400,000	NT\$ 400,000	40,000,000	100.0	205,318	(64,878)	-	Associate
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Hong Kong	Investment activities	US\$ 24,255	US\$ 24,255	24,255,369	100.0	US\$ 51,227	US\$ 2,643	-	Indirectly owned subsidiary (Note 5)
	Ampro Adlink Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789	39,743,137	100.0	US\$ 35,545	US\$ 3,165	-	Indirectly owned subsidiary (Note 5)
	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.0	US\$ (19,506)	US\$ (782)	-	Indirectly owned subsidiary (Note 5)
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 22,029	36,584,052	69.5	GBP 3,849	GBP (2,955)	-	Indirectly owned subsidiary (Note 5)
Adlink Technology Holding GmbH	Adlink Technology GmbH	Germany	Manufacturing and selling of industrial computers	EUR 12,409	EUR 12,409	750,000	100.0	EUR (17,719)	EUR (722)	-	Indirectly owned subsidiary (Note 5)
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.0	US\$ (710)	US\$ 101	-	Indirectly owned subsidiary (Note 5)
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.0	EUR (416)	EUR (2,832)	-	Indirectly owned subsidiary (Note 5)
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.0	EUR 9	EUR 24	-	Indirectly owned subsidiary (Note 5)

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: 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 YEAR ENDED DECEMBER 31, 2023  
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2)	Carrying Amount as of December 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 26,656 (NT\$ 818,606)	b. Adlink Technology (HK) Co., Ltd.	HK\$ 7,283 US\$ 22,671 (NT\$ 724,849) (Notes 5 and 7)	\$ -	\$ -	HK\$ 7,283 US\$ 22,671 (NT\$ 724,849) (Notes 5 and 7)	RMB 18,601 (NT\$ 82,216)	100.00	RMB 18,601 (NT\$ 82,216)	RMB 361,371 (NT\$ 1,568,350)	\$ -	Note 9
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 8,680)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB 161 (NT\$ 712)	100.00	RMB 161 (NT\$ 712)	RMB 10,266 (NT\$ 44,554)	-	Note 9
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 54,230 (NT\$ 235,358)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (531) (NT\$ -2,437)	20.56 (Note 8)	RMB (238) (NT\$ -1,052)	RMB 14,494 (NT\$ 60,511)	-	-
Shanghai Tuibu Enterprise Management Co., Ltd.	Investment activities	(Note 8)	c. Adlink Technology (China) Co., Ltd.	(Note 8)	-	-	(Note 8)	RMB (305) (NT\$ -1,348)	- (Note 8)	RMB (85) (NT\$ -378)	-	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$724,849 (HK\$7,283, US\$22,671)	\$729,449 (HK\$7,305, US\$22,818)	\$3,236,482 (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) and Shanghai Tuibu Enterprise Management Co., Ltd., the others are all based on audited financial statements.

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

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$3.98, US\$1=NT\$31.16, RMB1=NT\$4.42 for the year ended December 31, 2023; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$3.93, US\$1=NT\$30.71, RMB1=NT\$4.34 prevailing on December 31, 2023.

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: Adlink Technology (China) Co., Ltd., a 100%-owned subsidiary of the Group, invested in Shanghai Tuibu Enterprise Management Co., Ltd. with the partial equity interest of JY Technology (Shanghai). As a result, the Group directly held 31.3% equity interest in JY Technology (Shanghai) and indirectly held 7.11% equity interest in JY Technology (Shanghai) through Shanghai Tuibu Enterprise Management Co., Ltd. Therefore, the Group directly or indirectly held 38.38% equity interest in JY Technology (Shanghai). 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. After Adlink Technology (China) Co., Ltd. sold partial equity interest and did not subscribe for newly issued shares of JY Technology (Shanghai), the Group directly held 20.56% equity interest in JY Technology (Shanghai); refer to Note 12.

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

**TABLE 9****ADLINK TECHNOLOGY INC.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023****(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 Inc. 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.

## **Appendix 2. Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Adlink Technology Inc.

#### **Opinion**

We have audited the accompanying financial statements of Adlink Technology Inc. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the financial statements for the year ended December 31, 2023 are stated as follows:

#### Revenue Recognition

The operating revenue of Adlink Technology Inc. mainly comes from selling industrial computers. Based on our assessment, there is a risk that sales are recognized from some customers with specific indicator showing a higher revenue growth rate than what might not have actually occurred. Thus, we identified the occurrence of operating revenue from customers that met the abovementioned criteria as a key audit matter.

Refer to Notes 4 and 19 to the financial statements for details on accounting policies and relevant disclosures on revenue recognition.

The key audit procedures that we performed in respect of the recognition of operating revenue were as follows:

1. We obtained an understanding of the internal controls related to the aforementioned sales transactions, assessed and tested the operating effectiveness of the design and implementation of these controls.
2. We performed substantive procedure testing of the aforementioned sales transactions, examined the external documents and recovery of receivables, and verified that such transactions did occur. We also verified that the settlement of payments of major customers was consistent with the payment terms.
3. We checked for any significant sales return of the aforementioned sales after December 31, 2023, and we confirmed that no significant misstatements of revenue were found from the aforementioned customers.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 7, 2024

Notice to Readers

*The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.*

# ADLINK TECHNOLOGY INC.

## BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 924,642	8	\$ 811,403	7
Financial assets at amortized cost	8,000	-	-	-
Financial assets at fair value through profit or loss (Note 7)	9,162	-	-	-
Notes receivable (Note 8)	2,329	-	3,623	-
Trade receivables (Note 8)	566,994	5	426,848	4
Trade receivables from related parties (Note 26)	1,538,875	14	1,749,340	16
Other receivables	29,552	-	29,235	-
Other receivables from related parties (Note 26)	8,456	-	100,107	1
Inventories (Note 9)	1,561,409	14	1,827,070	16
Other current assets	47,430	1	17,944	-
Total current assets	4,696,849	42	4,965,570	44
NON-CURRENT ASSETS				
Financial assets at amortized cost	-	-	7,727	-
Investments accounted for using the equity method (Note 10)	2,670,634	24	2,525,319	22
Property, plant and equipment (Notes 11, 26 and 27)	3,357,566	30	3,336,182	29
Right-of-use assets (Note 12)	23,697	-	26,735	-
Investment properties (Notes 13 and 27)	233,960	2	238,911	2
Intangible assets (Note 26)	54,788	-	59,840	1
Deferred tax assets (Note 21)	204,207	2	231,473	2
Prepayments for equipment	8,039	-	3,089	-
Refundable deposits	14,680	-	9,147	-
Other non-current assets	2,489	-	3,466	-
Total non-current assets	6,570,060	58	6,441,889	56
TOTAL	\$ 11,266,909	100	\$ 11,407,459	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 650,000	6	\$ 300,000	3
Financial liabilities at fair value through profit or loss (Note 7)	401	-	-	-
Trade payables (Note 15)	752,452	7	559,158	5
Trade payables to related parties (Note 26)	367,224	3	290,000	2
Other payables (Notes 16 and 26)	534,594	5	572,235	5
Current tax liabilities	79,450	1	167,105	1
Provisions	32,248	-	26,089	-
Lease liabilities (Note 12)	10,466	-	8,829	-
Current portion of long-term borrowings (Note 14)	367,925	3	335,442	3
Other current liabilities (Note 19)	58,742	-	82,970	1
Total current liabilities	2,853,502	25	2,341,828	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	2,946,599	26	3,396,264	30
Provisions	31,419	1	32,248	1
Deferred tax liabilities (Note 21)	4,107	-	9,928	-
Lease liabilities (Note 12)	13,060	-	17,748	-
Net defined benefit liabilities (Note 17)	24,086	-	30,794	-
Total non-current liabilities	3,019,271	27	3,486,982	31
Total liabilities	5,872,773	52	5,828,810	51
EQUITY (Note 18)				
Ordinary shares	2,174,973	19	2,174,973	19
Capital surplus	1,298,616	12	1,264,450	11
Retained earnings				
Legal reserve	748,708	7	666,540	6
Special reserve	147,309	1	241,076	2
Unappropriated earnings	1,180,683	10	1,378,919	12
Total retained earnings	2,076,700	18	2,286,535	20
Other equity	(156,153)	(1)	(147,309)	(1)
Total equity	5,394,136	48	5,578,649	49
TOTAL	\$ 11,266,909	100	\$ 11,407,459	100

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

# ADLINK TECHNOLOGY INC.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 26)	\$ 7,847,211	100	\$ 7,997,996	100
OPERATING COSTS (Notes 9, 20 and 26)	<u>5,677,596</u>	<u>72</u>	<u>5,683,573</u>	<u>71</u>
GROSS PROFIT	2,169,615	28	2,314,423	29
UNREALIZED (GAIN) LOSS ON TRANSACTIONS WITH ASSOCIATES	<u>42,175</u>	<u>-</u>	<u>(46,311)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,211,790</u>	<u>28</u>	<u>2,268,112</u>	<u>29</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing	264,758	3	245,632	3
General and administrative	507,550	7	578,475	7
Research and development	1,153,028	15	1,081,328	14
Expected credit loss	<u>10,021</u>	<u>-</u>	<u>109</u>	<u>-</u>
Total operating expenses	<u>1,935,357</u>	<u>25</u>	<u>1,905,544</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>276,433</u>	<u>3</u>	<u>362,568</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
Interest income	9,086	-	5,615	-
Other income	101,853	2	162,000	2
Other gains and losses	(572)	-	531,891	7
Finance costs	(60,671)	(1)	(46,469)	(1)
Share of profit or loss of subsidiaries and associates	<u>93,102</u>	<u>1</u>	<u>(60,701)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>142,798</u>	<u>2</u>	<u>592,336</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	419,231	5	954,904	12
INCOME TAX EXPENSE (Note 21)	<u>90,434</u>	<u>1</u>	<u>149,046</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>328,797</u>	<u>4</u>	<u>805,858</u>	<u>10</u>

(Continued)



# ADLINK TECHNOLOGY INC.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ 6,388	-	\$ 19,768	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method (Note 18)	21,942	-	690	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(1,278)</u>	<u>-</u>	<u>(3,954)</u>	<u>-</u>
	<u>27,052</u>	<u>-</u>	<u>16,504</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 18)	(38,483)	-	116,069	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	<u>7,697</u>	<u>-</u>	<u>(23,214)</u>	<u>-</u>
	<u>(30,786)</u>	<u>-</u>	<u>92,855</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>(3,734)</u>	<u>-</u>	<u>109,359</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 325,063</u>	<u>4</u>	<u>\$ 915,217</u>	<u>11</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.51</u>		<u>\$ 3.71</u>	
Diluted	<u>\$ 1.51</u>		<u>\$ 3.68</u>	

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

(Concluded)

# ADLINK TECHNOLOGY INC.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

			Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity
	Ordinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings				
BALANCE AT JANUARY 1, 2022	\$ 2,174,973	\$ 956,432	\$ 654,165	\$ 233,001	\$ 642,946	\$ 1,530,112	\$ (226,025)	\$ (15,051)	\$ (241,076)	\$ 4,420,441
Appropriation of the 2021 earnings										
Legal reserve	-	-	12,375	-	(12,375)	-	-	-	-	-
Special reserve	-	-	-	8,075	(8,075)	-	-	-	-	-
Cash dividends - NT\$0.3 per share	-	-	-	-	(65,249)	(65,249)	-	-	-	(65,249)
Net profit for the year ended December 31, 2022	-	-	-	-	805,858	805,858	-	-	-	805,858
Other comprehensive loss for the year ended December 31, 2022	-	-	-	-	15,814	15,814	92,855	690	93,545	109,359
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	821,672	821,672	92,855	690	93,545	915,217
Changes in percentage of ownership interests in subsidiaries	-	308,018	-	-	-	-	222	-	222	308,240
BALANCE AT DECEMBER 31, 2022	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
Appropriation of the 2022 earnings										
Legal reserve	-	-	82,168	-	(82,168)	-	-	-	-	-
Special reserve reversed	-	-	-	(93,767)	93,767	-	-	-	-	-
Cash dividends - NT\$2.5 per share	-	-	-	-	(543,742)	(543,742)	-	-	-	(543,742)
Compensation costs of share-based payments recognized	-	6,923	-	-	-	-	-	-	-	6,923
Changes in capital surplus from investments in associates accounted for using the equity method	-	27,243	-	-	-	-	-	-	-	27,243
Net profit for the year ended December 31, 2023	-	-	-	-	328,797	328,797	-	-	-	328,797
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	5,110	5,110	(30,786)	21,942	(8,844)	(3,734)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	333,907	333,907	(30,786)	21,942	(8,844)	325,063
BALANCE AT DECEMBER 31, 2023	\$ 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

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

# ADLINK TECHNOLOGY INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 419,231	\$ 954,904
Adjustments for:		
Depreciation expenses	146,123	138,286
Amortization expenses	79,302	79,052
Expected credit loss recognized on trade receivables	10,021	109
Net (gain) loss of financial assets and liabilities at fair value through profit or loss	(8,761)	19
Finance costs	60,671	46,469
Interest income	(9,086)	(5,615)
Dividend income	(760)	(727)
Compensation cost of share-based payments	6,923	-
Share of (profit) loss of subsidiaries and associates accounted for using the equity method	(93,102)	60,701
(Gain) loss on disposal of property, plant and equipment	(32)	108
Gain on disposal of investment properties	-	(356,210)
Write-downs of inventories	27,147	46,617
Unrealized (loss) gain on transactions with subsidiaries	(42,175)	46,311
Net gain on foreign currency exchange	(15,837)	(123,719)
Unrealized loss on procurement with subsidiaries	(2,815)	(875)
Changes in operating assets and liabilities		
Notes receivable	1,294	15,225
Trade receivables	(152,202)	199,508
Trade receivables from related parties	222,921	(107,107)
Other receivables	(317)	24,477
Other receivables from related parties	93,048	(90,238)
Inventories	238,514	(178,839)
Other current assets	(29,576)	(5,124)
Other non-current assets	977	203
Trade payables	196,262	(302,577)
Trade payables to related parties	78,437	(256,575)
Other payables	(32,264)	73,674
Provisions	5,330	13,036
Other current liabilities	(24,228)	12,551
Net defined benefit liabilities	(320)	(65)
Cash generated from operations	1,174,726	283,579
Interest received	9,086	5,615
Interest paid	(60,596)	(45,332)
Income tax paid	(150,225)	(50,107)
Net cash generated from operating activities	972,991	193,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(8,000)	(95,927)
Proceeds from sale of financial assets at amortized cost	7,727	89,415

(Continued)

# ADLINK TECHNOLOGY INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Acquisition of investments accounted for using the equity method	\$ -	\$ (462,430)
Payments for property, plant and equipment	(156,598)	(110,542)
Proceeds from disposal of property, plant and equipment	34	18
(Increase) decrease in refundable deposits	(5,533)	1,204
Payments for intangible assets	(74,160)	(77,875)
Payments for investment properties	-	(439)
Proceeds from disposal of investment properties	-	547,946
Increase in prepayments for equipment	(6,947)	(4,009)
Dividends received	<u>760</u>	<u>727</u>
Net cash used in investing activities	<u>(242,717)</u>	<u>(111,912)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,400,100	4,309,500
Repayments of short-term borrowings	(2,050,100)	(4,901,273)
Proceeds from long-term borrowings	18,260	1,587,300
Repayments of long-term borrowings	(435,442)	(962,594)
Repayment of the principal portion of lease liabilities	(9,976)	(6,713)
Cash dividends paid	<u>(543,742)</u>	<u>(65,249)</u>
Net cash used in financing activities	<u>(620,900)</u>	<u>(39,029)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>3,865</u>	<u>43,707</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	113,239	86,521
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>811,403</u>	<u>724,882</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 924,642</u>	<u>\$ 811,403</u>

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

(Concluded)

# ADLINK TECHNOLOGY INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 financial statements are presented in the Company’s functional currency, the New Taiwan dollar (NTD).

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 7, 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 material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

The above amendments of standards and interpretations did not have the material impact on the Company's financial position, financial performance and accounting policies.

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

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
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
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, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company'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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The 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.

When preparing these financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and related equity items, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right 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.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting financial statements, the functional currencies of the Company and the group entities (including subsidiaries and associates in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials and supplies, work-in-process, finished goods and merchandise, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

Investments in subsidiaries and associates are accounted for using the equity method.

Under the equity method, investments in a subsidiary and associates are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries and associates. The Company recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company, and recognizes the changes in the Company's share of equity of associates.

1) Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

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



When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses resulting from downstream transactions are eliminated in full in the Company's financial statement. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

## 2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent that interests in the associate are not related to the Company.

## g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

For a transfer of classification from the investment properties to property, plant and equipment, the deemed cost of the property, plant and equipment for subsequent accounting is its carrying amount at the commencement of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

For those financial assets and financial liabilities which are measured at fair value, its fair value is determined in the manner described in Note 25.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards

of ownership of the asset to another party.

The Company's financial assets are classified into the following categories:

a) Financial asset at FVTPL

The Company's financial assets mandatorily classified as at FVTPL are investments in equity instruments which are not designated as at FVTOCI, it was measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

b) Financial assets at amortized cost

If the financial assets, which are invested by the Company, are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost.

Subsequent to initial recognition, financial assets are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Except for purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods, interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

The Company's financial assets at amortized cost include cash and cash equivalents, pledge deposits, trade receivables and project deposits at amortized cost, other receivables and refundable deposits. Cash equivalents include third-party paying accounts, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

## 2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

Except the Financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

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

## 4) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

## k. Assessment of asset impairment

### 1) Property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of the above assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

## 2) Investments accounted for using the equity method

The Company assesses its investment in subsidiaries for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

The entire carrying amount of an investment in associate is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

## 3) Financial assets

The Company assesses the impairment loss of financial assets at amortized cost (including trade receivables) by lifetime expected credit losses on each balance sheet date.

The Company always recognizes lifetime expected credit losses for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial instrument has not increased significantly, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. If the credit risk on a financial instrument has increased significantly, the Company measures the loss allowance for that financial instrument at lifetime expected credit losses.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that situations such as a default or delinquency in interest or principal payments, or internal or external information show that the debtor is unlikely to pay its creditors, indicates that a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

## 1. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the obligations.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of hardware, software and peripheral devices of industrial computers. Sales of the above goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped, because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received prior to delivery of the goods is recognized as a contract liability until the goods have been transferred to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms. Right-of-use assets and lease liabilities are presented on a separate line in the balance sheets, respectively.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income

in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefits and when the Company recognizes any related restructuring costs.

q. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

Current and deferred taxes are recognized in profit or loss as income tax expense, except when they are related to items recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.



Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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 Company 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 Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgement, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 50	\$ 50
Checking accounts and demand deposits	917,490	808,092
Cash equivalents		
Third-party paying accounts	<u>7,102</u>	<u>3,261</u>
	<u>\$ 924,642</u>	<u>\$ 811,403</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets held for trading		
Foreign exchange forward contracts not under hedge accounting	\$ <u>9,162</u>	\$ <u>-</u>
Financial liabilities held for trading		
Foreign exchange forward contracts not under hedge accounting	\$ <u>401</u>	\$ <u>-</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Sell	EUR/NTD	January 2024	EUR2,000/NTD67,480
Sell	RMB/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	RMB/NTD	February 2023	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

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

Refer to Table 3 for information relating to the equity instruments held by the Company were classified as financial assets at FVTPL as of December 31, 2023.

## 8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Gross carrying amount at amortized cost	\$ 2,329	\$ 3,623
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	\$ <u>2,329</u>	\$ <u>3,623</u>
<u>Trade receivables</u>		
Gross carrying amount at amortized cost	\$ 579,314	\$ 429,529
Less: Allowance for impairment loss	<u>(12,320)</u>	<u>(2,681)</u>
	\$ <u>566,994</u>	\$ <u>426,848</u>

The average credit period of sales of goods is 30 to 90 days. In order to minimize credit risk, the management of the Company 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 Company'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 Company's different customer base.

The Company 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 Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	<b>Not Past Due</b>	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 520,958	\$ 45,986	\$ 8,976	\$ 3,394	\$ 579,314
Loss allowance	<u>-</u>	<u>-</u>	<u>(8,926)</u>	<u>(3,394)</u>	<u>(12,320)</u>
Amortized cost	<u>\$ 520,958</u>	<u>\$ 45,986</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 566,994</u>

December 31, 2022

	<b>Not Past Due</b>	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 345,098	\$ 80,803	\$ 1,996	\$ 1,632	\$ 429,529
Loss allowance	<u>-</u>	<u>-</u>	<u>(1,049)</u>	<u>(1,632)</u>	<u>(2,681)</u>
Amortized cost	<u>\$ 345,098</u>	<u>\$ 80,803</u>	<u>\$ 947</u>	<u>\$ -</u>	<u>\$ 426,848</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,681	\$ 2,641
Add: Net remeasurement of loss allowance	10,021	109
Less: Amounts written off	<u>(382)</u>	<u>(69)</u>
Balance at December 31	<u>\$ 12,320</u>	<u>\$ 2,681</u>

## 9. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials and supplies	\$ 869,269	\$ 1,093,243
Work in progress	189,508	252,672
Finished goods	408,057	398,245
Merchandise	<u>94,575</u>	<u>82,910</u>
	<u>\$ 1,561,409</u>	<u>\$ 1,827,070</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$27,147 thousands and \$46,617 thousands, respectively, and unallocated manufacturing expenses of \$83,785 thousands and \$46,668 thousands, respectively.

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>Percentage of Equity Interest (%)</b>	<b>Amount</b>	<b>Percentage of Equity Interest (%)</b>
<u>Investments in subsidiaries (a)</u>				
Adlink International Co., Ltd.	\$ 2,105,356	100.00	\$ 1,908,979	100.00
Adlink Technology Singapore Pte Ltd.	214,239	100.00	193,672	100.00
Adlink Technology Japan Company	90,112	100.00	74,942	100.00
Adlink Technology Korea Ltd.	33,340	100.00	24,246	100.00
Zettascale Technology Cayman Limited	145,103	100.00	213,074	100.00
Adlink Edge Computing Limited	13,787	100.00	12,487	100.00
Autonomous Mobility Limited.	-	100.00	-	100.00
	<u>2,601,937</u>		<u>2,427,400</u>	
<u>Investments in associates (b)</u>				
Associates that are not individually material				
Farobot Technology Ltd.	66,044	49.00	97,919	49.00
JY Technology (Korea)	<u>2,653</u>	28.16	<u>-</u>	28.16
	<u>68,697</u>		<u>97,919</u>	
	<u>\$ 2,670,634</u>		<u>\$ 2,525,319</u>	

a. Investments in subsidiaries

Refer to Tables 6 and 7 for the details of the subsidiaries indirectly held by the Company.

In order to effectively utilize the Group's resources and leverage the Group's management effectiveness, The Company established Autonomous Mobility Ltd. in January 2022.

The liquidation of Adlink Technology Canada Inc. had completed in April 2022.

Zettascale Technology Limited, a subsidiary of Zettascale Technology Cayman Limited in the UK, issued ordinary shares in November 2022 and was acquired by TTTech Auto AG in Austria with the amount of payment of GBP10,821 thousands (or NT\$402,662 thousand).

The above transactions decreased its continuing interest from 100% to 69.5% for shares of Zettascale Technology Limited held by Zettascale Technology Cayman Limited and were accounted for as equity transactions since the Company did not change the control over the subsidiaries. For further details, please refer to Note 27 of the Company's consolidated financial statements for 2023.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were calculated based on the financial statements which have been audited.

b. Investments in associates

Refer to Tables 6 and 7 for the nature of activities, principal place of business and country of incorporation of the associate.

The Company and Hyield Venture Capital Co., Ltd., a subsidiary of Hon Hai Precision Industry Co., Ltd., jointly set up Farobot Technology Ltd. in March 2022. The Company acquired a 49% interest in Farobot Technology Ltd. with the amount of payment of NT\$99,849 thousand but did not have control over this investee.

To improve efficiency in management and utilization of the Group's resources, the Company restructured its organization and transferred the ownership of Farobot Inc. from the Company to Farobot Technology Ltd. in April 2022.

The Company's indirectly owned subsidiaries, Adlink Technology (China) Co., Ltd., 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 a 7 partial equity interest in JY Technology (Shanghai). Adlink Technology (China) Co., Ltd., 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 all ordinary shares and repay the shareholders. 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, Adlink Technology (China) Co., Ltd., sold a partial equity interest in JY Technology (Shanghai) to IDG. Meanwhile, JY Technology (Shanghai) issued ordinary shares and was acquired by Shanghai Cehai, Shanghai Armillary and IDG, respectively. Adlink Technology (China) Co., Ltd., did not subscribe for newly issued shares of JY Technology (Shanghai); Adlink Technology (China) Co., Ltd., recorded 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 Adlink Technology (China) Co., Ltd.'s significant influence over JY Technology (Shanghai) and the Company was also accounted for as equity transactions. For further details, please refer to Note 12 of the Company's consolidated financial statements for 2023.

Aggregate information of associates that are not individually material:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
The Company's share of loss from continuing operations	<u>\$ (26,970)</u>	<u>\$ (45,892)</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Leasehold Improvements</b>	<b>Other Equipment</b>	<b>Property under Construction</b>	<b>Total</b>
<u>Cost</u>							
Balance at January 1, 2023	\$ 2,202,003	\$ 1,107,783	\$ 403,878	\$ 59	\$ 306,612	\$ 819	\$ 4,021,154
Additions	-	19,043	29,328	234	58,501	43,492	150,598
Disposals	-	-	(7,428)	-	(10,785)	-	(18,213)
Reclassification	-	44,311	-	-	-	(44,311)	-
Transfers from prepayments for equipment	-	-	214	-	1,783	-	1,997
Balance at December 31, 2023	<u>\$ 2,202,003</u>	<u>\$ 1,171,137</u>	<u>\$ 425,992</u>	<u>\$ 293</u>	<u>\$ 356,111</u>	<u>\$ -</u>	<u>\$ 4,155,536</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 86,518	\$ 378,653	\$ -	\$ 219,801	\$ -	\$ 684,972
Depreciation expense	-	63,476	15,920	83	51,730	-	131,209
Disposals	-	-	(7,428)	-	(10,783)	-	(18,211)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 149,994</u>	<u>\$ 387,145</u>	<u>\$ 83</u>	<u>\$ 260,748</u>	<u>\$ -</u>	<u>\$ 797,970</u>
Carrying amounts at December 31, 2023	<u>\$ 2,202,003</u>	<u>\$ 1,021,143</u>	<u>\$ 38,847</u>	<u>\$ 210</u>	<u>\$ 95,363</u>	<u>\$ -</u>	<u>\$ 3,357,566</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 2,202,003	\$ 1,081,280	\$ 396,723	\$ 219	\$ 258,613	\$ 300	\$ 3,939,138
Additions	-	4,924	9,011	59	49,116	15,909	79,019
Disposals	-	-	(1,856)	(219)	(6,833)	-	(8,908)
Reclassification	-	15,390	-	-	-	(15,390)	-
Transfers from prepayments for equipment	-	-	-	-	5,716	-	5,716
Transfers from investment properties	-	6,189	-	-	-	-	6,189
Balance at December 31, 2022	<u>\$ 2,202,003</u>	<u>\$ 1,107,783</u>	<u>\$ 403,878</u>	<u>\$ 59</u>	<u>\$ 306,612</u>	<u>\$ 819</u>	<u>\$ 4,021,154</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 27,620	\$ 351,035	\$ 170	\$ 189,719	\$ -	\$ 568,544
Depreciation expense	-	58,723	29,461	31	36,820	-	125,035
Disposals	-	-	(1,843)	(201)	(6,738)	-	(8,782)
Transfers from investment properties	-	175	-	-	-	-	175
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 86,518</u>	<u>\$ 378,653</u>	<u>\$ -</u>	<u>\$ 219,801</u>	<u>\$ -</u>	<u>\$ 684,972</u>
Carrying amounts at December 31, 2022	<u>\$ 2,202,003</u>	<u>\$ 1,021,265</u>	<u>\$ 25,225</u>	<u>\$ 59</u>	<u>\$ 86,811</u>	<u>\$ 819</u>	<u>\$ 3,336,182</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	50 years
Mechanical and electrical accessories	2-10 years
Decoration	2-10 years
Machinery equipment	3-8 years
Leasehold improvements	3 years
Other equipment	1-5 years

Property, plant and equipment pledged by the Company as collateral for bank borrowing facilities are set out in Note 27.

## 12. LEASE ARRANGEMENTS

The Company'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 3 years. The Company does not have bargain purchase options to acquire lease items at the end of lease terms. In addition, the Company leases building and office equipment which qualify as short-term leases and low-value asset leases. The Company 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 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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 6,925</u>	<u>\$ 25,473</u>
Depreciation charge for right-of-use assets	<u>\$ 9,963</u>	<u>\$ 6,752</u>
Expenses relating to short-term leases	<u>\$ 2,387</u>	<u>\$ 2,301</u>
Total cash outflow for leases	<u>\$ 12,603</u>	<u>\$ 9,169</u>

## 13. INVESTMENT PROPERTY

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Costs</u>			
Balance at January 1, 2023 and December 31, 2023	<u>\$ -</u>	<u>\$ 247,577</u>	<u>\$ 247,577</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 8,666</u>
Depreciation expense	<u>-</u>	<u>4,951</u>	<u>4,951</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 13,617</u>	<u>\$ 13,617</u>
Carrying amounts at December 31, 2023	<u>\$ -</u>	<u>\$ 233,960</u>	<u>\$ 233,960</u>

(Continued)

	Freehold Land	Buildings	Total
<u>Costs</u>			
Balance at January 1, 2022	\$ 131,362	\$ 365,177	\$ 496,539
Additions	-	439	439
Disposals	(131,362)	(111,850)	(243,212)
Transfers to property, plant and equipment	<u>-</u>	<u>(6,189)</u>	<u>(6,189)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 247,577</u>	<u>\$ 247,577</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 53,818	\$ 53,818
Depreciation expense	-	6,499	6,499
Disposals	-	(51,476)	(51,476)
Transfers to property, plant and equipment	<u>-</u>	<u>(175)</u>	<u>(175)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 8,666</u>
Carrying amounts at December 31, 2022	<u>\$ -</u>	<u>\$ 238,911</u>	<u>\$ 238,911</u>
			(Concluded)

The Company sold the investment properties in April 2022 to June 2022 to Team Group Inc., Peng Mingguang Investment Co., Ltd. and Power Logic Tech. Inc., respectively. The total sale price was \$547,946 thousands; thus, disposal gain of \$356,210 thousands was recognized for the year ended December 31, 2022. The fair value of investment properties as of December 31, 2023, which was arrived at by reference to market evidence of transaction prices for similar properties, was approximately NT\$798,492 thousands.

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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Lease commitments of investment properties	<u>\$ 100,322</u>	<u>\$ 144,909</u>

Investment property pledged by the Company as collateral for bank borrowing facilities are set out in Note 27.

#### 14. BORROWINGS

##### a. Short-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank loans	<u>\$ 650,000</u>	<u>\$ 300,000</u>



As of December 31, 2023 and 2022, the interest rates on the short-term borrowings were 1.68%-1.77% and 1.56%-1.60% per annum, respectively. The expected repayment period of short-term borrowings was from January to March 2024 and February to August 2023, respectively.

Refer to Note 25 for related information on utilized and unutilized bank loan facilities.

b. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank loans	\$ 1,853,124	\$ 2,200,306
Secured bank loans (Note 27)	1,461,400	1,531,400
Less: Current portion	<u>(367,925)</u>	<u>(335,442)</u>
	<u>\$ 2,946,599</u>	<u>\$ 3,396,264</u>

As of December 31, 2023 and 2022, the interest rates on the long-term borrowings were 1.25%-1.83% and 1.13%-1.78% per annum, respectively. The expected repayment period of long-term borrowings was the same in October 2026 to March 2033.

Refer to Note 25 for related information on utilized and unutilized bank loan facilities.

## 15. TRADE PAYABLES

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

## 16. OTHER PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and bonuses	\$ 277,161	\$ 294,263
Compensation to employees	44,622	67,662
Insurances	24,719	24,287
Others	<u>188,092</u>	<u>186,023</u>
	<u>\$ 534,594</u>	<u>\$ 572,235</u>

## 17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of length of service and average monthly salaries of the six months before retirement. The Company contributes amount equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of year, the Company assesses the balances in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 89,451	\$ 93,075
Fair value of plan assets	<u>(65,365)</u>	<u>(62,281)</u>
Net defined benefit liabilities	<u>\$ 24,086</u>	<u>\$ 30,794</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2023	<u>\$ 93,075</u>	<u>\$ (62,281)</u>	<u>\$ 30,794</u>
Current service cost	1,051	-	1,051
Net interest expense (income)	<u>1,201</u>	<u>(813)</u>	<u>388</u>
Recognized in profit or loss	<u>2,252</u>	<u>(813)</u>	<u>1,439</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(512)	(512)
Actuarial loss (gain)			
Changes in demographic assumptions	(1,017)	-	(1,017)
Changes in financial assumptions	835	-	835
Experience adjustments	<u>(5,694)</u>	<u>-</u>	<u>(5,694)</u>
Recognized in other comprehensive income (loss)	<u>(5,876)</u>	<u>(512)</u>	<u>(6,388)</u>
Contributions from the employer	-	<u>(1,759)</u>	<u>(1,759)</u>
Balance at December 31, 2023	<u>\$ 89,451</u>	<u>\$ (65,365)</u>	<u>\$ 24,086</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 106,365</u>	<u>\$ (55,738)</u>	<u>\$ 50,627</u>
Current service cost	1,441	-	1,441
Net interest expense (income)	<u>740</u>	<u>(393)</u>	<u>347</u>
Recognized in profit or loss	<u>2,181</u>	<u>(393)</u>	<u>1,788</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,297)	(4,297)
Actuarial gain			
Changes in demographic assumptions	(94)	-	(94)
Changes in financial assumptions	(5,820)	-	(5,820)
Experience adjustments	<u>(9,557)</u>	<u>-</u>	<u>(9,557)</u>
Recognized in other comprehensive income (loss)	<u>(15,471)</u>	<u>(4,297)</u>	<u>(19,768)</u>
Contributions from the employer	<u>-</u>	<u>(1,853)</u>	<u>(1,853)</u>
Balance at December 31, 2022	<u>\$ 93,075</u>	<u>\$ (62,281)</u>	<u>\$ 30,794</u>
			(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.20%	1.30%
Expected rate(s) of salary increase	3.80%	3.80%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	\$ <u>(2,006)</u>	\$ <u>(2,271)</u>
0.25% decrease	\$ <u>2,080</u>	\$ <u>2,357</u>
Expected rate(s) of salary increase		
0.25% increase	\$ <u>2,022</u>	\$ <u>2,294</u>
0.25% decrease	\$ <u>(1,961)</u>	\$ <u>(2,222)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	\$ <u>1,879</u>	\$ <u>1,897</u>
Average duration of the defined benefit obligation	9.1 years	10.0 years

## 18. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>280,000</u>	<u>280,000</u>
Shares authorized	\$ <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>
Shares issued	\$ <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 December 31, 2023, 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 566,881	\$ 566,881
Conversion of bonds	207,034	207,034
Arising from employee restricted shares vested	97,689	97,689
Arising from employee share options exercised	43,453	43,453
Treasury share transactions	17,579	17,579
Arising from employee share options expired	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	319,741
<u>May not be used for any purpose</u>		
Employee share options	<u>6,923</u>	<u>-</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 associates 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 20-f.

The Company's Articles of Incorporation 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 Company's Articles of Incorporation 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 2022 and 2021, were as follows:

	<b>Appropriation of Earnings For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 82,168	\$ 12,375
Special reserve	\$ (93,767)	\$ 8,075
Cash dividends	\$ 543,742	\$ 65,249
Cash dividends per share (NT\$)	\$ 2.5	\$ 0.3

The appropriations of earnings for 2023 were proposed by the Company's board of directors. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividend Per Share (NT\$)</b>
Legal reserve	\$ 33,390	
Special reserve	8,884	
Cash dividends	217,498	\$ 1.0

The appropriation of earnings for 2023 was resolved in the shareholders' meeting held on June 19, 2024.

d. Other equity items

	<b>Exchange Differences on Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</b>
<u>For the year ended December 31, 2023</u>		
Balance at January 1	\$ (132,948)	\$ (14,361)
Exchange differences on translation of the financial statements of foreign operations	(38,483)	-
Unrealized gain on equity instruments	-	21,942
Related income tax	<u>7,697</u>	<u>-</u>
Balance at December 31	<u>\$ (163,734)</u>	<u>\$ 7,581</u>
<u>For the year ended December 31, 2022</u>		
Balance at January 1	\$ (226,025)	\$ (15,051)
Exchange differences on translation of the financial statements of foreign operations	116,069	-
Unrealized gain on equity instruments	-	690
Changes in percentage of ownership interests in subsidiaries (Note 10)	222	-
Related income tax	<u>(23,214)</u>	<u>-</u>
Balance at December 31	<u>\$ (132,948)</u>	<u>\$ (14,361)</u>

## 19. REVENUE

All revenue comes from sale of goods. Refer to Note 4 for the information of contracts with customers. Except for trade receivables, the balance of contract liabilities at the end of reporting period and the information of contracts with customers for the years ended December 31, 2023 and 2022, respectively, were as follows:

a. Contract information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Computer-On-Modules	\$ 2,383,590	\$ 2,589,700
Edge Visualization	1,282,926	1,251,051
Edge Computing Platforms	1,242,453	965,833
DMS Rugged Computing	1,019,254	-
Networking, Communications, Public Sector	959,005	1,483,923
IoT Solutions and Technology	885,786	1,401,995
Others	<u>74,197</u>	<u>305,494</u>
	<u>\$ 7,847,211</u>	<u>\$ 7,997,996</u>

b. Contract balances

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Contract liabilities (reported as other current liabilities)		
Sale of goods	\$ <u>41,896</u>	\$ <u>67,779</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

**20. NET PROFIT FOR THE YEAR**

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income (Note 26)	\$ 46,881	\$ 49,007
Procurement service revenue (Note 26)	12,900	53,541
Grant revenue	8,000	3,223
Others (Note 26)	<u>34,072</u>	<u>56,229</u>
	<u>\$ 101,853</u>	<u>\$ 162,000</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net gain (loss) of financial assets and liabilities at fair value through profit or loss	\$ 8,761	\$ (19)
Gain (loss) on disposal of property, plant and equipment	32	(108)
Gain on disposal of investment properties (Note 13)	-	356,210
Net foreign exchange gains (losses) (Note 29)	(6,889)	177,641
Others	<u>(2,476)</u>	<u>(1,833)</u>
	<u>\$ (572)</u>	<u>\$ 531,891</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 60,431	\$ 46,312
Interest on lease liabilities	<u>240</u>	<u>157</u>
	<u>\$ 60,671</u>	<u>\$ 46,469</u>



d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Cost of goods sold	\$ 50,101	\$ 53,210
Operating expenses	<u>96,022</u>	<u>85,076</u>
	<u>\$ 146,123</u>	<u>\$ 138,286</u>
An analysis of amortization by function		
Cost of goods sold	\$ 1,630	\$ 1,532
Operating expenses	<u>77,672</u>	<u>77,520</u>
	<u>\$ 79,302</u>	<u>\$ 79,052</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Short-term benefits						
Salary expenses	\$ 300,073	\$ 1,028,566	\$ 1,328,639	\$ 258,193	\$ 1,061,860	\$ 1,320,053
Insurance expenses	27,404	76,451	103,855	23,593	71,276	94,869
Remuneration of directors	-	4,120	4,120	-	8,610	8,610
	<u>327,477</u>	<u>1,109,137</u>	<u>1,436,614</u>	<u>281,786</u>	<u>1,141,746</u>	<u>1,423,532</u>
Retirement benefits						
Defined contribution plans	10,968	44,386	55,354	9,850	42,273	52,123
Defined benefit plans	-	1,439	1,439	-	1,788	1,788
	<u>10,968</u>	<u>45,825</u>	<u>56,793</u>	<u>9,850</u>	<u>44,061</u>	<u>53,911</u>
Equity-settled share-based payments (Note 23)	-	6,923	6,923	-	-	-
Other employee benefits	<u>19,176</u>	<u>29,765</u>	<u>48,941</u>	<u>15,015</u>	<u>35,469</u>	<u>50,484</u>
Total employee benefits expense	<u>\$ 357,621</u>	<u>\$ 1,191,650</u>	<u>\$ 1,549,271</u>	<u>\$ 306,651</u>	<u>\$ 1,221,276</u>	<u>\$ 1,527,927</u>

As of December 31, 2023 and 2022, the Company's average number of employees was 1,115 and 1,041 employees, respectively, among which 8 directors not concurrently holding positions in the Company in 2023 and 2022. The basis of the above calculations was the same as the basis used in the calculation of employee benefits expense.

As of December 31, 2023 and 2022, the average employee benefit expenses were \$1,396 thousands and \$1,471 thousands, respectively; average salary expenses were \$1,200 thousands and \$1,278 thousands, respectively. The change in average salary expense was (6.5%).

The Company's compensation policy of the remuneration of directors and supervisors, managers and employees are as follows:

Remuneration of directors

In accordance with Article 26 of the Company's Articles of Incorporation, no more than 3% of the Company's annual net income before tax shall be allocated as remuneration of directors. The Company shall mainly pay remuneration based on remuneration of directors and transportation allowance to directors at each board meeting. Members of the audit committee will be paid quarterly and shall not participate in the distribution of remuneration of directors.

### Salary of managers and staffs

In accordance with Article 26 of the Company's Articles of Incorporation, the Company accrues employees' compensation at rates from of 3% to 20% of the Company's annual net income before tax. The Company has established the Regulations Incentives for Staffs, and he/she shall be paid a fixed monthly salary based on the pay standards for similar positions in the industry. Any proposal to change employee bonus shall be made according to the Company's operational performance for the current year and by taking individual performance appraisal into consideration.

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 the rates from 3% to 20% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employee's compensation and remuneration of directors for the years ended December 31, 2023 and 2022, respectively, which have been approved by the Company's board of directors were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Cash</b>	<b>Accrual Rate (%)</b>	<b>Cash</b>	<b>Accrual Rate (%)</b>
Employees' compensation	\$ 43,000	9.23	\$ 67,662	6.57
Remuneration of directors	3,700	0.79	8,000	0.78

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

There is no difference between the actual amounts of the employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## **21. INCOME TAXES**

a. Major components of income tax expense recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 55,870	\$ 165,578
Income tax on unappropriated earnings	6,700	-
Adjustments for prior years	-	(934)
	<u>62,570</u>	<u>164,644</u>
Deferred tax		
In respect of the current year	<u>27,864</u>	<u>(15,598)</u>
Income tax expense recognized in profit or loss	<u>\$ 90,434</u>	<u>\$ 149,046</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	\$ 419,231	\$ 954,904
Income tax expense calculated at the statutory rate	\$ 83,846	\$ 190,980
Nondeductible expenses in determining taxable income	3	1,246
Tax-exempt income	(115)	(49,870)
Land value increment tax	-	7,624
Income tax on unappropriated earnings	6,700	-
Adjustments for prior years' tax	-	(934)
Income tax expense recognized in profit or loss	\$ 90,434	\$ 149,046

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	\$ 7,697	\$ (23,214)
Remeasurement of defined benefit plans	(1,278)	(3,954)
Income tax recognized in other comprehensive income	\$ 6,419	\$ (27,168)

c. Deferred tax assets and liabilities

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany gains	\$ 27,691	\$ (8,998)	\$ -	\$ 18,693
Defined benefit obligation	6,252	(157)	(1,278)	4,817
Allowance for write-down of inventories	30,173	(6,976)	-	23,197
Foreign investment loss	38,699	(18,620)	-	20,079
Exchange differences on translation of the financial statements of foreign operations	33,190	-	7,697	40,887
Others	95,468	1,066	-	96,534
	<u>\$ 231,473</u>	<u>\$ (33,685)</u>	<u>\$ 6,419</u>	<u>\$ 204,207</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	\$ 9,928	\$ (7,573)	\$ -	\$ 2,355
Others	-	1,752	-	1,752
	<u>\$ 9,928</u>	<u>\$ (5,821)</u>	<u>\$ -</u>	<u>\$ 4,107</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany gains	\$ 18,604	\$ 9,087	\$ -	\$ 27,691
Defined benefit obligation	10,126	80	(3,954)	6,252
Allowance for write-down of inventories	31,397	(1,224)	-	30,173
Foreign investment loss	27,801	10,898	-	38,699
Exchange differences on translation of the financial statements of foreign operations	56,404	-	(23,214)	33,190
Others	<u>92,861</u>	<u>2,607</u>	<u>-</u>	<u>95,468</u>
	<u>\$ 237,193</u>	<u>\$ 21,448</u>	<u>\$ (27,168)</u>	<u>\$ 231,473</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	<u>\$ 4,078</u>	<u>\$ 5,850</u>	<u>\$ -</u>	<u>\$ 9,928</u>

d. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 328,797</u>	<u>\$ 805,858</u>

## Shares

(In Thousands of Shares)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	217,497	217,497
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>918</u>	<u>1,348</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>218,415</u>	<u>218,845</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company 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 earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

### 23. 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:

	<b>Grant Date May 2, 2023</b>
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\$)	\$ 60.8
Exercise price per share as of independent auditors' report date (revised in accordance with relevant regulations) (NT\$)	60.8

Information on options granted for the years ended December 31, 2023 was as follows:

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

Employee Stock Option	For the Year Ended December 31, 2023	
	Unit (Thousands)	Weighted Average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	1,434	60.8
Options exercised	-	-
Options expired	-	-
Balance at December 31	<u>1,434</u>	60.8
Options exercisable, end of the period	<u>-</u>	
Weighted-average fair value of options granted (NT\$)	<u>\$ 15.47</u>	

b. Information on outstanding options as of December 31, 2023 was as follows:

	December 31, 2023
Range of exercise price (NT\$)	\$ 60.08
Weighted-average remaining contractual life (in years)	1.33

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 \$6,923 thousand for the year ended December 31, 2023.

## 24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company 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 Company's overall strategy is expected to remain unchanged for the year ahead.

Key management personnel of the Company 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 Company may adjust the amount of dividends paid to shareholders, the number of new shares, and the amount of new debt issued.

The Company review the capital structure and component on basis of related amount in its consolidated financial statements. Refer to related information of the Company in its consolidated financial statements.

## 25. 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 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 Company measured and foreign exchange forward contracts at fair value under Level 2.

There was no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

#### 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.

### c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 9,162	\$ -
Financial assets at amortized cost (1)	3,093,528	3,137,430
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	401	-
Financial liabilities at amortized cost (2)	5,627,154	5,460,848

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

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, trade (including related parties) 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 Company's major financial instruments include trade receivables, trade payables and borrowings. The Company'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 Company 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 price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the US\$, RMB and EUR.

The Company'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.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
USD Impact	\$ 7,449	\$ 12,807
RMB Impact	3,503	5,929
EUR Impact	3,337	3,683

The impact listed above was mainly attributable to the exposure on outstanding US\$, RMB and EUR deposits, receivables, and payables.

b) Interest rate risk

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



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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial liabilities	\$ 673,526	\$ 26,577
Cash flow interest rate risk		
Financial assets	925,490	815,819
Financial liabilities	3,314,524	4,031,706

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$11,945 thousands and \$16,079 thousands, respectively.

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company 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 balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties. Before accepting new customers, the Company 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 Company 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 Company's concentration of credit risk of 40% and 36% of total trade receivables as of December 31, 2023 and 2022, respectively, was attributable to the Company's the three largest customers (non-related parties). However, the Company considered credit risk is not significant because the above customers were the listed companies in domestic and foreign.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank facilities as set out in (b) below.

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

1.

2. The following table details the Company'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 Company 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.

3.

December 31, 2023

	<b>Less than 1 Year</b>	<b>1-3 Year</b>	<b>3+ Years</b>
Non-interest bearing liabilities	\$ 1,662,630	\$ -	\$ -
Variable interest rate liabilities	415,538	1,311,334	1,803,762
Fixed interest rate liabilities	652,502	-	-
Lease liabilities	<u>10,665</u>	<u>13,167</u>	<u>-</u>
	<u>\$ 2,741,335</u>	<u>\$ 1,324,501</u>	<u>\$ 1,803,762</u>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-3 Year</b>	<b>3+ Years</b>
Non-interest bearing liabilities	\$ 1,429,142	\$ -	\$ -
Variable interest rate liabilities	685,259	1,184,474	2,403,120
Lease liabilities	<u>8,952</u>	<u>17,051</u>	<u>1,000</u>
	<u>\$ 2,123,353</u>	<u>\$ 1,201,525</u>	<u>\$ 2,404,120</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank facilities:		
Amount used	\$ 2,503,124	\$ 2,500,306
Amount unused	<u>2,911,782</u>	<u>3,739,262</u>
	<u>\$ 5,414,906</u>	<u>\$ 6,239,568</u>
Secured bank facilities:		
Amount used	\$ 1,461,400	\$ 1,531,400
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 1,461,400</u>	<u>\$ 1,531,400</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company 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 Company
AUO Corp.	Investor with significant influence over the Company
Chroma New Material Corp.	Subsidiary of 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
Edgetech Data Technologies (Suzhou) Corp., Ltd.	Subsidiary of investor with significant influence over the Group
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
Adlink Technology (China) Co., Ltd.	Subsidiary
Dongguan Lingyao Electronic Technology Co., Ltd.	Subsidiary
Adlink Technology Singapore Pte Ltd.	Subsidiary
Adlink Technology Japan Company	Subsidiary
Adlink Technology Korea Ltd.	Subsidiary
Zettascale Technology Cayman Limited	Subsidiary
Adlink Edge Computing Limited	Subsidiary
Ampro Adlink Technology Inc.	Subsidiary
Adlink Technology GmbH	Subsidiary
Zettascale Technology Limited	Subsidiary
JY Technology (Korea)	Associate
Farobot Inc.	Associate
Farobot Technology Ltd.	Associate
Zenitron Company	Other related party
AutoCore Technology (Nanjing) Co., Ltd.	Other related party
eeWare SAS	Other related party (the Company is its director)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Ampro Adlink Technology Inc.	\$ 1,727,159	\$ 1,983,388
Adlink Technology GmbH	1,629,770	1,398,747
Others	<u>1,316,065</u>	<u>1,400,741</u>
	4,672,994	4,782,876
Investors with significant influence over the Company	28,178	43,239
Subsidiaries of investors with significant influence over the Company	13,164	13,866
Associates	<u>52,960</u>	<u>80,926</u>
	<u>\$ 4,767,296</u>	<u>\$ 4,920,907</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Adlink Technology (China) Co., Ltd.	\$ 1,898,053	\$ 2,200,368
Others	<u>53,064</u>	<u>69,504</u>
	1,951,117	2,269,872
Investors with significant influence over the Company	312	354
Subsidiaries of investors with significant influence over the Company	23,918	292
Others	<u>22,899</u>	<u>15,653</u>
	<u>\$ 1,998,246</u>	<u>\$ 2,286,171</u>

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiaries		
	Adlink Technology GmbH	\$ 776,026	\$ 703,972
	Ampro Adlink Technology Inc.	267,935	397,698
	Adlink Technology (China) Co., Ltd.	334,565	340,463
	Adlink Technology Japan Company	81,840	194,724
	Others	<u>48,652</u>	<u>87,238</u>
		1,509,018	1,724,095
	Investors with significant influence over the Company	6,460	5,703
	Subsidiaries of investors with significant influence over the Company	7,682	2,803
	Associates	15,715	20,218
	Less: Share of loss of associates	<u>-</u>	<u>(3,479)</u>
		<u>\$ 1,538,875</u>	<u>\$ 1,749,340</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Subsidiaries		
	Adlink Technology (China) Co., Ltd.	\$ 525	\$ 92,903
	Adlink Technology GmbH	703	1,056
	Others	<u>1,441</u>	<u>423</u>
		2,669	94,382
	Investors with significant influence over the Company	3,347	2,858
	Subsidiaries of investors with significant influence over the Company	2,440	2,785
	Associates	<u>-</u>	<u>82</u>
		<u>\$ 8,456</u>	<u>\$ 100,107</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Subsidiaries		
	Adlink Technology (China) Co., Ltd.	\$ 348,873	\$ 270,862
	Others	<u>11,032</u>	<u>8,456</u>
		359,905	279,318
	Investors with significant influence over the Company	82	102
	Subsidiaries of investors with significant influence over the Company	3,295	6,742
	Others	<u>3,942</u>	<u>3,838</u>
		<u>\$ 367,224</u>	<u>\$ 290,000</u>
Other payables	Subsidiaries	\$ 21,660	\$ 19,637
	Investors with significant influence over the Company	3,826	713
	Subsidiaries of investors with significant influence over the Company	239	823
	Associates	15,075	566
	Others	<u>86</u>	<u>1</u>
		<u>\$ 40,886</u>	<u>\$ 21,740</u>

f. Intangible assets acquired

Related Party Category/Name	Price	
	For the Year Ended December 31 2023	2022
Investors with significant influence over the Company		
Chroma ATE Inc.	\$ 5,750	\$ 263
Subsidiaries of investors with significant influence over the Company	800	-
Others	<u>82</u>	<u>-</u>
	<u>\$ 6,632</u>	<u>\$ 263</u>

g. Property, plant and equipment acquired

Related Party Category/Name	Price	
	For the Year Ended December 31 2023	2022
Investors with significant influence over the Company	\$ 1,399	\$ -
Subsidiaries of investors with significant influence over the Company	941	-
Associates		
Farobot Inc	<u>7,627</u>	<u>-</u>
	<u>\$ 9,967</u>	<u>\$ -</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental income	Investors with significant influence over the Company	\$ 35,189	\$ 35,032
	Subsidiaries of investors with significant influence over the Company	10,360	10,826
	Associates	<u>-</u>	<u>57</u>
		<u>\$ 45,549</u>	<u>\$ 45,915</u>

The rentals were received monthly based on local normal commercial rates.

i. Endorsements and guarantees

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

	December 31	
	2023	2022
Adlink Technology GmbH	\$ 883,480	\$ 850,720
Ampro Adlink Technology Inc.	\$ 92,115	\$ 184,260
Adlink Technology (China) Co., Ltd.	\$ -	\$ 330,600
Adlink Technology Korea Ltd.	\$ -	\$ 30,710

j. Others

1) Revenue from the rendering of services

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
<u>Operating expense</u>			
R&D design expense	Subsidiaries	\$ 66,587	\$ 53,839

2) Procurement of raw materials and equipment

Related Party Category/Name	Price		Procurement Service Revenue (Classified as Other Income)	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Subsidiaries				
Adlink Technology (China) Co., Ltd.	\$ 229,317	\$ 359,164	\$ 7,820	\$ 55,066
Others	20,624	35,124	5,080	(1,525)
	<u>\$ 249,941</u>	<u>\$ 394,288</u>	<u>\$ 12,900</u>	<u>\$ 53,541</u>

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 33,946	\$ 30,890
Share-based payment	863	-
Post-employment benefits	311	392
	<u>\$ 35,120</u>	<u>\$ 31,282</u>

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

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Land	\$ 2,202,003	\$ 2,202,003
Investment properties	233,960	238,911
Buildings	1,021,144	1,021,265
Property under construction	-	819
	<u>\$ 3,457,107</u>	<u>\$ 3,462,998</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

### Contingent Liabilities

The facilities that the Company provided endorsements or guarantees for its subsidiaries refer to Note 26 for information.

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's 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:

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,948	30.71 (USD:NTD)	\$ 1,533,655
RMB	82,452	4.34 (RMB:NTD)	357,447
EUR	10,188	33.98 (EUR:NTD)	<u>346,194</u>
			<u>\$ 2,237,296</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	70,718	30.71 (USD:NTD)	\$ 2,171,401
SGD	9,199	23.29 (SGD:NTD)	214,239
GBP	4,058	39.15 (GBP:NTD)	<u>158,890</u>
			<u>\$ 2,544,530</u>
Derivative instruments			
USD	15,700	30.71 (USD:NTD)	\$ 7,519
RMB	21,400	3.34 (RMB:NTD)	1,069
EUR	2,300	33.98 (EUR:NTD)	<u>574</u>
			<u>\$ 9,162</u>
			(Continued)



	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 25,688	30.71 (USD:NTD)	\$ 788,755
RMB	1,652	4.34 (RMB:NTD)	7,161
EUR	369	33.98 (EUR:NTD)	<u>12,525</u>
			<u>\$ 808,441</u>
Non-monetary items			
Derivative instruments			
EUR	2,000	33.98 (EUR:NTD)	<u>\$ 401</u>
			(Concluded)

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 58,130	30.71 (USD:NTD)	\$ 1,785,174
RMB	135,460	4.41 (RMB:NTD)	597,304
EUR	11,781	32.72 (EUR:NTD)	<u>385,484</u>
			<u>\$ 2,767,962</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	65,350	30.71 (USD:NTD)	\$ 2,006,898
SGD	8,465	22.88 (SGD:NTD)	193,672
GBP	6,081	37.09 (GBP:NTD)	<u>225,561</u>
			<u>\$ 2,426,131</u>
<u>Financial liabilities</u>			
Monetary items			
USD	16,426	30.71 (USD:NTD)	\$ 504,454
RMB	1,001	4.41 (RMB:NTD)	4,413
EUR	527	32.72 (EUR:NTD)	<u>17,230</u>
			<u>\$ 526,097</u>

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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$(6,889) thousands and \$177,641 thousands, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

### **30. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3
- 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
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: Notes 7 and 25

b. Information on investees: Table 6

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 7
- 2) Any of the following significant transactions with investee 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
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4
  - 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
  - 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
  - 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: Note 26
- 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 8.

TABLE 1

ADLINK TECHNOLOGY INC.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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	\$ 194,550	\$ 184,230 (US\$ 6,000)	\$ -	-	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 539,414	\$ 2,157,654	-
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	97,275	92,115 (US\$ 3,000)	92,115	2	b	-	Operation requirement	-	-	-	1,523,103	1,523,103	-
2	Ampro Adlink Technology Inc.	Adlink Technology GmbH	Other receivables	Y	64,850	61,410 (US\$ 2,000)	-	-	b	-	Operation requirement	-	-	-	582,255	582,255	-

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. For transactions.
- b. 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.

**TABLE 2**

**ADLINK TECHNOLOGY INC.**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, 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	Adlink Technology Korea Ltd.	a. and b.	\$ 2,697,068	\$ 32,425	\$ -	\$ -	\$ -	-	\$ 2,697,068	Y	-	-
		Ampro Adlink Technology Inc.	a. and b.	2,697,068	194,550	92,115 (US\$ 3,000)	-	-	1.71	2,697,068	Y	-	-
		Adlink Technology GmbH	a. and b.	2,697,068	1,076,010	883,480 (EUR 26,000)	472,322	-	16.38	2,697,068	Y	-	-
		Adlink Technology (China) Co., Ltd.	a. and b.	2,697,068	333,375	-	-	-	-	2,697,068	Y	-	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.**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES AND ASSOCIATES)**  
**DECEMBER 31, 2023**  
**(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	December 31, 2023				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	78,328	3.95	78,328	-
Ampro Adlink Technology Inc.	<u>Shares - convertible preference shares</u> Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income	750	-	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 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.**

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**(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 Technology Japan Corporation	Subsidiary	(Sale)	\$ (639,841)	(8.15)	Net 120 days	-	-	\$ 81,840	3.88	
Adlink Technology Japan Corporation	The Company	Parent company	Purchase	639,841	96.93	Net 120 days	-	-	(81,840)	(99.59)	
The Company	Adlink Technology Korea Ltd	Subsidiary	(Sale)	(162,548)	(2.07)	Net 60 days	-	-	31,834	1.51	
Adlink Technology Korea Ltd.	The Company	Parent company	Purchase	162,548	93.46	Net 60 days	-	-	(31,834)	(99.26)	
The Company	Adlink Technology Singapore Pte Ltd.	Subsidiary	(Sale)	(144,848)	(1.85)	Net 60 days	-	-	16,818	0.80	
Adlink Technology Singapore Pte Ltd.	The Company	Parent company	Purchase	144,848	39.62	Net 60 days	-	-	(16,818)	(42.08)	
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(1,727,159)	(22.01)	Net 60 days	-	-	267,935	12.71	
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	1,727,159	85.05	Net 60 days	-	-	(267,935)	(93.34)	
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(1,629,770)	(20.77)	Net 150 days	-	-	776,026	36.81	
Adlink Technology GmbH	The Company	Parent company	Purchase	1,629,770	85.67	Net 150 days	-	-	(776,026)	(97.58)	
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	(Sale)	(368,829)	(4.70)	Net 150 days	-	-	334,565	15.87	
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Purchase	368,829	9.82	Net 150 days	-	-	(334,565)	(43.38)	
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(1,898,053)	(50.59)	Net 60 days	-	-	348,873	34.39	
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	1,898,053	36.99	Net 60 days	-	-	(348,873)	(31.55)	

**TABLE 5**

**ADLINK TECHNOLOGY INC.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2023**  
**(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 \$ 267,935 Other receivables <u>-</u> \$ <u>267,935</u>	5.19	\$ <u>-</u>	-	\$ <u>258,599</u>	\$ <u>-</u>	
	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables \$ 776,026 Other receivables <u>703</u> \$ <u>776,729</u>	2.20	\$ <u>-</u>	-	\$ <u>198,323</u>	\$ <u>-</u>	
	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables \$ 334,565 Other receivables <u>525</u> \$ <u>335,090</u>	1.09	\$ <u>-</u>	-	\$ <u>182,555</u>	\$ <u>-</u>	
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables \$ 348,873 Other receivables <u>961</u> \$ <u>349,834</u>	6.13	\$ <u>-</u>	-	\$ <u>190,371</u>	\$ <u>-</u>	

Note: It was the amount received as of March 7, 2024.



**TABLE 6**

**ADLINK TECHNOLOGY INC.**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.0	\$ 2,105,356	\$ 158,943	\$ 158,943	Subsidiary
	Adlink Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	659,300	100.0	214,239	6,867	6,867	Subsidiary
	Adlink Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	JPY 98,000	JPY 98,000	1,960	100.0	90,112	22,273	22,273	Subsidiary
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.0	33,340	10,952	10,952	Subsidiary
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	GBP 9,050	67,501	100.0	145,103	(79,564)	(79,564)	Subsidiary
	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	GBP 500	500,000	100.0	13,787	601	(601)	Subsidiary
	Autonomous Mobility Ltd.	Cayman Islands	Investment activities	(Note 4)	(Note 4)	1	100.0	-	-	-	Subsidiary
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300	66,624	28.2	2,653	18,123	5,185	Associate
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,076	US\$ 5,076	5,076,890	49.0	66,044	(65,613)	(32,155)	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	100.0	205,318	(64,878)	-	Associate
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Hong Kong	Investment activities	US\$ 24,255	US\$ 24,255	24,255,369	100.0	US\$ 51,227	US\$ 2,643	-	Indirectly owned subsidiary
	Ampro Adlink Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789	39,743,137	100.0	US\$ 35,545	US\$ 3,165	-	Indirectly owned subsidiary
	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.0	US\$ (19,506)	US\$ (782)	-	Indirectly owned subsidiary
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 22,029	36,584,052	69.5	GBP 3,849	GBP (2,955)	-	Indirectly owned subsidiary
Adlink Technology Holding GmbH	Adlink Technology GmbH	Germany	Manufacturing and selling of industrial computers	EUR 12,409	EUR 12,409	750,000	100.0	EUR (17,719)	EUR (722)	-	Indirectly owned subsidiary
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.0	US\$ (710)	US\$ 101	-	Indirectly owned subsidiary
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.0	EUR (416)	EUR (2,832)	-	Indirectly owned subsidiary
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.0	EUR 9	EUR 24	-	Indirectly owned subsidiary

Note 1: Refer to Table 7 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.

TABLE 7

ADLINK TECHNOLOGY INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 26,656 (NT\$ 818,606)	b. Adlink Technology (HK) Co., Ltd.	HK\$ 7,283 US\$ 22,671 (NT\$ 724,849) (Notes 5 and 7)	\$ -	\$ -	HK\$ 7,283 US\$ 22,671 (NT\$ 724,849) (Notes 5 and 7)	RMB 18,601 (NT\$ 82,216)	100.00	RMB 18,601 (NT\$ 82,216)	RMB 361,371 (NT\$ 1,568,350)	\$ -	
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 8,680)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB 161 (NT\$ 712)	100.00	RMB 161 (NT\$ 712)	RMB 10,266 (NT\$ 44,554)	-	
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 54,230 (NT\$ 235,358)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (531) (NT\$ (2,347))	20.56 (Note 8)	RMB (238) (NT\$ (1,052))	RMB 14,494 (NT\$ 60,511)	-	
Shanghai Tuibu Enterprise Management Co., Ltd.	Investment activities	(Note 8)	c. Adlink Technology (China) Co., Ltd.	(Note 8)	-	-	(Note 8)	RMB (305) (NT\$ (1,348))	- (Note 8)	RMB (85) (NT\$ (378))	-	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US\$ 22,671 HK\$ 7,283 (NT\$ 724,849)	US\$ 22,818 HK\$ 7,305 (NT\$ 729,449)	\$ 3,236,482 (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) and Shanghai Tuibu Enterprise Management Co., Ltd., the others are all based on audited financial statements.

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

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$3.98, US\$1=NT\$31.16, RMB1=NT\$4.42 for the year ended December 31, 2023; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$3.93, US\$1=NT\$30.71, RMB1=NT\$4.34 prevailing on December 31, 2023.

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: Adlink Technology (China) Co., Ltd., a 100%-owned subsidiary of the Company, invested in Shanghai Tuibu Enterprise Management Co., Ltd. with the partial equity interest of JY Technology (Shanghai). As a result, the Company directly held 31.3% equity interest in JY Technology (Shanghai) and indirectly held 7.11% equity interest in JY Technology (Shanghai) through Shanghai Tuibu Enterprise Management Co., Ltd. Therefore, the Company directly or indirectly held 38.38% equity interest in JY Technology (Shanghai). 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. After Adlink Technology (China) Co., Ltd. sold partial equity interest and did not subscribe for newly issued shares of JY Technology (Shanghai), the Company directly held 20.56% equity interest in JY Technology (Shanghai); refer to Note 10.

**TABLE 8****ADLINK TECHNOLOGY INC.****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2023****(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 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.

**ADLINK Technology Inc.**

**Chairman: Chun (Jim) Liu**