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Annual Report

| Date of publication | April 28, 2023

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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>

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Chapter 1. Business Report

At a time of global economic uncertainty in the aftermath of the COVID-19 pandemic, ADLINK Technology Inc. delivered impressive operating results in 2022. The company achieved year-on-year revenue growth of 21.14% to reach NT\$11.718 billion, with a significant increase in pre-tax net profit to NT\$970 million. Both revenue and profit have reached all-time highs. In addition to a more than fourfold increase in profit from our core business to NT\$616 million year on year, we also generated a non-operating income of NT\$356 million from the sale of our Zhonghe plant, which significantly improved our profitability and strengthened our overall financial structure. Our earnings per share (EPS) increased to NT\$3.71 from NT\$0.55 in the previous year. The analysis of our primary financial income, expenses, and profitability for 2022 is shown in the table below:

Analysis of financial income and expenses and profitability

Unit: NT\$1,000

Item		2022	2021
Financial income	Consolidated operating income	11,718,175	9,673,054
	Consolidated profit before tax	970,329	202,910
Profitability	Consolidated return on assets	6%	1%
	Consolidated return on equity	16%	3%
	Consolidated operating income to paid-in capital	28%	6%
	Consolidated profit before tax to paid-in capital	45%	9%
	Consolidated net profit margin	7%	1%
	Earnings per share (NT\$)	3.71	0.55

In 2023, we will continue to improve our operational and management efficiency through process integration to shorten the production cycle of our products in both the research and development and manufacturing phases. We will also continue to implement cost control measures to increase our efficiency and profitability. In terms of management, we will introduce a dashboard system to visualize and quickly grasp useful information so that we can promptly review results and propose improvements. To improve inventory management, we will hold monthly production and sales meetings to implement customer demand forecasts and confirm orders, inventory, and production status more quickly, in the hope of allocating resources more efficiently and increasing the effectiveness of our inventory management.

In terms of R&D, in 2022 ADLINK Technology leveraged its 25 years of experience in machine vision design and launched the AI Camera Dev Kit, a compact vision development kit that integrates image sensors, lenses, industry-oriented I/O, various peripherals, and ADLINK's edge visual analysis software EVA, and combines with the NVIDIA Jetson Nano module. This AI

Camera Dev Kit features low cost, easy integration, rapid development, easy access to open resources, and high scalability. It can speed up the development of AI visual prototypes and enables users to seamlessly transfer the kit to ADLINK's edge AI vision devices.

Also in 2022, ADLINK's subsidiary, ZettaScale Technology, received a strategic investment from TTTech Auto, a well-known autonomous driving software company. The two companies have complementary technologies and will jointly develop the MotionWise Cyclone DDS autonomous driving software platform, which can provide comprehensive real-time communication for vehicles to ensure communication security and high quality. Both companies will work together to provide customers with safe, robust, and reliable systems that use innovative technologies to make a difference in the physical world.

Every year in April and May, ADLINK plans its Core Strategic Vision (CSV) for the following year. To develop strategic plans in line with the CSV and effectively implement the CVS, we seek consensus with each business unit, research customer needs, and propose strategies tailored to specific target customer groups to ensure that ADLINK's product development strategy is closely aligned with the market and customer needs. The key strategies for ADLINK Technology in 2023 are

1. ADLINK Technologies has a leading position in the Computer on Module market. In the future, we will strengthen this advantage by building a complete ecosystem and providing more comprehensive services and a wider range of products in vertical market applications to increase the momentum of revenue and profit growth.
2. ADLINK has long-term partnerships with major chip manufacturers and has accumulated strong technical capabilities in AI-related PCBA products. We have also established a comprehensive, high-quality product line that can provide system products to meet the needs of various vertical markets. In addition, we have integrated display systems from our strategic alliance partner, AUO Corporation, to create a complete edge system platform.
3. We will establish a professional team specializing in customization and diversified services. For large customers with customization needs, we will provide cost-effective products and services and strengthen our partnership with them through various approaches, including manufacturing quality, supply chain security, and design innovation.
4. ADLINK will offer more comprehensive smart factory solutions that leverage our critical technologies accumulated over the years in artificial intelligence, the Internet of Things, and edge computing, and integrate the AMR + 5G mobile intelligent platforms of FARobot—a joint venture between ADLINK and FOXCONN—to solve customers' pain points and help them reap benefits.
5. We will continue to strengthen relationships with regional partners by establishing local

sales channels to better serve the regional markets, and we will co-create the greatest market value with our partners by sharing integrated, aggregated, and analyzed information.

ADLINK Technology is committed to promoting corporate sustainability. In terms of environmental protection, the company is dedicated to implementing measures such as energy conservation, carbon reduction, and wastewater reduction, while actively developing innovative technologies and environmentally friendly products. In terms of social responsibility, ADLINK upholds the concept of "taking from society, giving back to society" and uses the ADLINK Education Foundation as a bridge to contribute to society. In addition, we continuously strengthen our corporate governance framework to ensure that the interests of all stakeholders are taken into account. By improving our performance, strengthening our business operations and safeguarding shareholders' rights, we aim to enhance our ability to achieve sustainable development for the company.

Finally, we hope that all shareholders can continue to provide support and guidance. In the face of various challenges in the overall economic environment, ADLINK will continue to strengthen its core technological advantages and focus on meeting customer needs with our products and technology. We aim to become a more competitive and valuable company.

ADLINK Technology Inc.

Chairman: Chun (Jim) Liu

President: I-Tun (Stephen) Huang

Accounting Supervisor: Hsin-Yu (Rena) Kuo

Chapter 2. Company Profile

1. Date of incorporation

August 29, 1995

2. Company History

Date	Milestones
2001.01	Nupro-800 Won Internet Telephony 2000 Best Product of the Year
2001.03	Taichung Office Established
2001.04	Shenzhen Subsidiary Established
2001.04	Signed Motor Technology Cooperation Agreement with Mitsubishi, Japan
2001.10	Signed Strategic Alliance Agreement with Motorola, USA
2001.12	Shanghai Subsidiary Established
2002.03	Signed Telecommunications Network Technology Cooperation Agreement with Sun Microsystems
2002.03	The Company's Stock was Officially Listed at the Taipei Exchange (TPEX).
2002.04	Beijing Subsidiary Passed ISO-9001 Certification
2002.06	Shenzhen Subsidiary Passed ISO-9001 Certification
2002.07	Asia's First NMS Professional Certified Industrial Computer Manufacture in CompactPCI Full Product Line
2002.07	Engaged Mr. Jeff Munch, current Chair of PICMG 3.0 Committee, as Chief Technology Officer
2002.08	Established R&D Center in Monterey, CA, USA
2002.10	Established Technical Advisory Center in Shenzhen, mainland China
2003.01	cPCIS-3300BLS and cPCI-6860 won the 11th "Taiwan Excellence Awards"
2003.03	Developed the world's first Intel ® IXP2400-based CompactPCI board
2003.06	Became an Associate Member of the Intel ® Communications Alliance
2003.08	Joined Intel ® Modular Communications Platforms as one of Intel's eight partners in the global CompactPCI and AdvancedTCA sectors
2003.09	NuPRO-900A won Taiwan's Best Choice of Computex 2003
2003.09	Passed TL9000 Certification
2003.12	ADLINK Technology (China) Co., Ltd established
2004.01	DAQStreaming, a PXI measurement product, PCI-9820, PXIS-2700, PXI-3710, CompactPCI Network computers and communication products cPCI-6240, cPCI-6820, cPCI-6840 and NuPRO-900A won the 12th Taiwan Excellence Awards
2004.01	Rewarded the Intel ®'s "Year 2003 Best Customer Award"
2004.02	Led in research and developed cPCI-6840, the world's first CompactPCI blade single board computer based on Pentium® M processor, 855GME chipset and Intel ® 6300ESB I/O Controller Hub
2004.02	Led in research and developed NuPRO-850, the world's first 90 nm process single board computer, supporting Hyper Threading and Pentium ® IV Intel ® 875P chipset, Intel ® 6300ESB I/O Controller Hub, PICMG 1.2 cPCI-X
2004.06	PXI Measurement Product DAQStreaming won Silver Award of National Product Image Award of the Ministry of Economy
2004.11	The Company's stock transferred and listed from TPEX to TWSE
2005.01	Won the 13th Taiwan Excellence Awards - cPCI-3840, NuPRO-850, ATCA-6890, cPCIS-6418U, BX410
2005.01	Promoted to the highest level of the PXISA Association and became a member of the Board of Directors
2005.03	ADLINK became a strategic alliance of Wind River, acting as its sales distributor in Taiwan
2005.09	Singapore Subsidiary established India Office
2005.10	Established a European business office in Düsseldorf, Germany
2006.02	Joint promotion of Micro ETXExpress specifications with Kontron
2006.07	Established Seoul Office in South Korea
2006.12	Allied with Toshiba, Japan and became its first duly authorized agent in Taiwan
2007.05	Joint venture with E-Globaleedge Corporation and established a Japanese company
2007.07	ADLINK won the Information Application Model Award of the Industry Science and Technology Program of the Ministry of Economy
2008.04	ADLINK acquired 100% equity of Ampro Computers Inc. and expanded the US market through Ampro
2008.05	Established France Office
2009.03	ADLINK and Kontron jointly launched nanoETXexpress version 1.0
2009.05	ADLINK and Nidec officially launched the product marketing cooperation plan

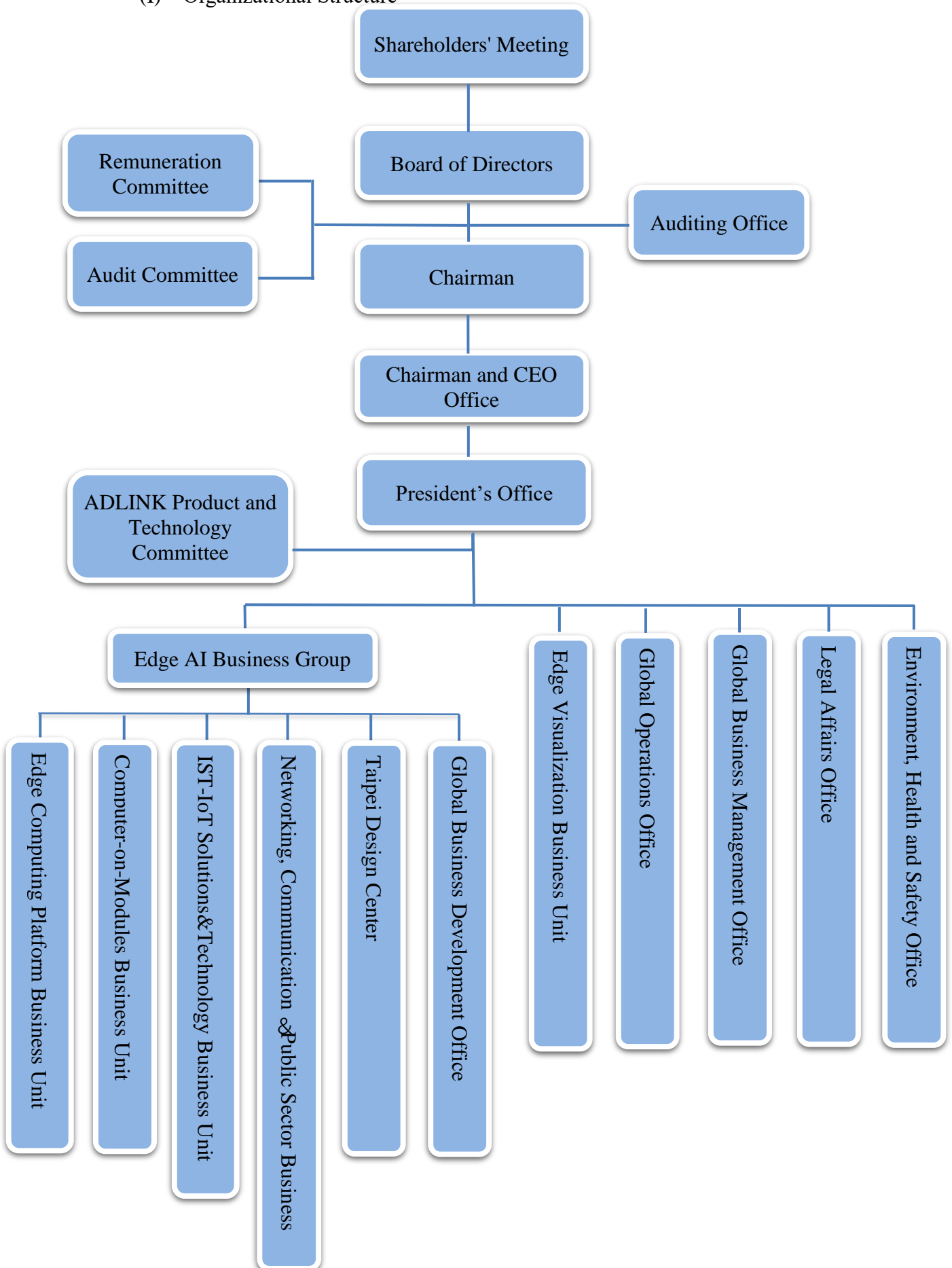
Date	Milestones
2009.05	ADLINK increased its investment in Japan ADLINK and acquires operating rights
2009.08	ADLINK's Matrix fanless computer debuted worldwide at the Automation Show
2009.11	ADLINK exhibited the full series of Power over Cable image capture cards at the AOI Forum
2009.12	Liquidated ADLINK USA to integrate US subsidiaries
2010.06	Launched ADLINK Shanghai Operations Center, providing manufacturing and project R&D services
2010.08	Established Europe Subsidiary
2011.08	Established Dongguan Lingyao
2012.01	ADLINK acquired 100% equity of LiPPERT
2012.01	ADLINK China passed ISO 14001 and OHSAS 18001 Certification
2012.03	ADLINK China passed TL 9000 Certification
2012.04	ADLINK China passed ISO 9001 Certification
2012.12	Taipei HQ passed OHSAS 18001 Certification
2013.01	Introduced Agilent's funds and it became a 7.39% shareholder of ADLINK
2014.02	ADLINK promoted to the top member of the Intel Smart Systems Alliance
2014.03	ADLINK acquired a 100% stake in Penta, a German embedded computer plant
2016.01	ADLINK acquired 100% equity of PrismTech Group Ltd, a British software company.
2016.03	Liquidated ADLINK Shanghai to integrate China subsidiaries
2016.05	Liquidated ADLINK Beijing to integrate China subsidiaries
2016.06	ADLINK China invested in JYTEK, a Chinese measuring products company, and acquired 45.45% equity
2018.02	Joined the ROS-Industrial Consortium as the first member from the Asia-Pacific region
2019.01	Established ADLINK South Korea
2019.10	ADLINK China invested in JYTEK, a Chinese measuring products company, and its shareholding changed to 38.38%
2019.10	AATI, the subsidiary, acquires real estate as the Group's business promotion and operating base in the United States
2020.03	AUO Corporation publicly acquired ordinary shares of the Company, becoming an about 19.45% shareholder of ADLINK
2020.07	ADLINK acquired real estate from an investor with significant influence as the Group's management headquarter and main operating base
2020.07	Co-established FARobot Inc. with Hung Yang Venture Investment Co., Ltd.(a subsidiary of Hon Hai Technology Group), invested and held 49% shareholding
2020.09	Liquidated PrismTech Group Limited and PrismTech Holdings Limited to integrate UK subsidiaries
2020.11	Liquidated ADLINK Shenzhen to integrate China subsidiaries
2020.12	Cyclone DDS, researched and developed by the Company, was selected as the ROS 2' default RMW (Robotic Middleware) by ROS Association
2021.01	Joined hands with Fair Friend Group and Institute for Information Industry to build the world's first 5G private network and AMR decentralized cluster intelligent future plant
2021.03	Chung Yuan Christian University opened the first AI Robot 5G Special Network Lab in Taiwan with Intel, Hon Hai Technology and ADLINK Technology
2021.04	National Taiwan University Hospital pioneered the introduction of public health computers. The Hospital joined hands with ADLINK Technology and AUO Corporation, to protect the medical personnel, and launched a comprehensive digital transformation of intelligent medical care
2021.06	Joined hands with TransGlobal Holding to create a national security-grade solar energy monitoring system
2021.06	Established ZTL KY
2021.07	Joined the O-RAN alliance to accelerate network connectivity and help enterprises move towards 5G
2021.07	Officially relocated to the new headquarters building in Hwa Ya Technology Park
2021.09	Established AEC in the UK
2021.09	Joined hands with Lodar International and Gigabyte Technology to launch the industry's first 3D AI Intelligent Storage Volume Solution
2021.10	Accelerated innovation and commercialization of Internet of vehicles and autonomous driving technologies by providing C-V2X solutions jointly with the Company's ecosystem partners
2021.11	The Company established Shanghai Tuibu by the equity in Shanghai JYTEK, which is Jointly invested with Shanghai Cehai Business Information Consulting Partnership and Shanghai Hunyi Business Information Consulting Partnership, with an investment shareholding ratio of 27.97%
2021.12	Partnered with Pixus Technologies to develop highly integrated, SOSA-compliant OpenVPX System Solutions for Aerospace and Defense applications
2022.01	Established AML KY

Date	Milestones
2022.02	The board of directors resolved to increase the capital of ZettaScale Technology Limited
2022.03	Collaborated with ANSCENTER to create Edge AI Vision Solutions
2022.04	Liquidated AATI's subsidiary ATCI Canada
2022.06	ZettaScale Technology, a subsidiary of ADLINK Technology, received a strategic investment from TTTech Auto to jointly develop real-time and safe autonomous driving software
2023.03	ADLINK Technology passed the ISO 26262 Automotive Functional Safety Design Process Certification, entering the autonomous vehicle market strongly
2023.03	ADLINK Technology, Askey Computer Corp., and Atayalan Taiwan signed a letter of intent, and the three major alliances jointly created a MicroRAN 5G private network solution

Chapter 3. Corporate Governance Report

I. ORGANIZATION

(I) Organizational 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's 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.
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 operational environment determination, planning and labor health inspections, and implement health management.</p>
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.
Global Business Management Office	<p>Information Division: 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.</p> <p>Human Resources Management Division: 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.</p> <p>Finance Department: Financial statement business analysis, capital planning and banking, long-term and short-term investment evaluation, foreign exchange hedging operations, etc.</p> <p>Accounting Department: Accounting and tax processing, budgeting, financial statement preparation, etc.</p> <p>Business Analysis and Management Department: 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.</p> <p>Global Cost and Budget Management Center: Goals formulated at the annual operating plan meeting, prepare and integrate the following year's global budget profit and loss statement, manage and analyze various cost exceptions, analyze differences between standard and actual costs, and follow-up on OEE data for cyclical improvement plans.</p> <p>Sustainable Development and 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.</p> <p>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.</p>

Department	Functions
Global Operations Office	<p>Global Manufacturing Division:</p> <ul style="list-style-type: none"> ✓ Quality Assurance Center: Supplier management, material inspection, finished product inspection, product quality control and other quality management operations. ✓ Taipei Manufacturing Center: Overall production system of the Company. ✓ Engineering Department: To shift R&D technology into production technology, production defective product repair and after-sales maintenance operations. ✓ Production Planning Department: Production scheduling, material planning and planning and management of raw materials and finished product warehousing. ✓ Processing 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. <p>Global Quality Assurance Management System Division: 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> <p>Advanced Process Technology Center: Introduction of new process technology research, and improvement of global technology resource capabilities.</p> <p>Strategic Procurement and Parts Management Division: Search and assessment of assisting manufacturers, procurement, delivery, price, and supplier management of purchased products from external suppliers, provide products and R&D department parts selection reference, comply with parts selection specifications, and maintain parts database.</p> <p>Materials Management Division: Component procurement for regular production stocking materials, plan and control overall product production, coordinate, and scheduling optimize production and marketing plan.</p> <p>New Product Introduction Process Division: To be responsible for integrating the supply chain and product departments to work together to achieve the Company's operating policy.</p> <p>Customer Service Center: Customer support service, customer quality management, after-sales maintenance and order management, etc.</p> <p>Customer Project Management Division: New project activation and transfer, customer interface 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.</p> <p>Strategic Industry Engineering Department: Operation process improvement, manufacturing cost analysis and evaluation, project evaluation and management.</p>
Edge Visualization Business Unit	To be responsible for planning market strategy and overall operating performance of the display computing products, the resolution of sales prices, notification and management, advice on new product development matters, market development and marketing expansion, annual operating policies; budgeting, market demand survey analysis, product specification development, product, project development schedule management, design changes, graphic management, technical information management, customer technical support and services, customized project product services, and promotion and implementation of the Group's target strategies and policies.
Edge AI Business Group	To be responsible for the promotion and execution of the overall target strategy planning and policies of the Intelligent Computing Business Group.
Global Business Development Office	<p>Asia Pacific Business Area: To be responsible for Asia Pacific (including Taiwan) market operations.</p> <p>EMEA: To be responsible for European market operations.</p> <p>AATI: To be responsible for US market operations.</p> <p>ADLINK China: To be responsible for mainland China market operations.</p> <p>ATG: To be responsible for European market operations.</p> <p>ZTL: To be responsible for global market operations for DDS (Data Decentralization Software).</p> <p>Global Distribution Center: To be responsible for the enhancing the brand awareness and brand market value of ADLINK for customers at home and abroad.</p>
Taipei Design Center	Software research and development, software testing and validation, hardware specification development, hardware line 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.
Networking, Communication & Public Sector Business	To be responsible for planning and execution of market strategy and overall operating performance of network communication, rail transit and national defense industry-related products, 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

Department	Functions
	schedule management, design changes, graphic management, technical information management, customer technical support and services.
IST-IoT Solutions & Technology Business Unit	To be responsible for planning and execution of market strategy and overall operating performance of intelligent industrial products and strategic solutions, 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.
Computer-on- Modules Business Unit/ Edge Computing Platform 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, hard-line 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 highquality technical services with expertise in the field.

II. Information on Directors, Supervisors, President, Vice President, Assistant Vice President and heads of departments and branches

(I) Information on Directors and Independent Directors

April 28, 2023; 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. Republic of China	Chun (Jim) Liu	Male 61 ~ 70 years old	2022.06.22	Three years	90.05.07	10,297	4.73%	10,288	4.73%	4,274	1.97%	0	0	-Institute of Computer Management Decision Making, National Tsing Hua University -Institute for Information Industry	Note 1	President's Office Advisor	Han-Fen Ni	Spouse	None
Director	R.O.C. Republic of China	Yeou-Yih Chou	Male 71 ~ 80 years old	2022.06.22	Three years	2007.06.15	1,332	0.61%	782	0.36%	434	0.20%	0	0	-Completion of the MDP class at Asian Institute of Management -Department of Electrical - Engineering, Tatung Institute of Technology -Head of Electronic Design, Tatung Company	Note 2	None	None	None	None
Director	R.O.C. Republic of China	Chroma ATE, Inc.	Female 51 ~ 60 years old	2022.06.22	Three years	90.05.07	24,417	11.23%	14,417	6.63%	0	0	0	0	-Department of Accounting, Tunghai University -Director of Finance, Chroma ATE Inc.	Note 3	None	None	None	None
Director Representative		Hsiu-Miao Huang							12	0.01%	32	0.01%	0	0						
Director	R.O.C. Republic of China	AUO Corporation	Male 41 ~ 50 years old	2022.06.22	Three years	2020.06.22	42,310	19.45%	42,310	19.45%	0	0	0	0	-PhD, Photoelectric (Science) Engineering, National Chiao Tung University -Chairman and CEO, E Ink Holdings Inc. -Vice President of Strategic Planning Division, AUO Corporation -Vice President of TV Display Business Group, AUO Corporation	Note 4	None	None	None	None
Director Representative		Fu-Jen Ko							0	0	0	0	0	0						
Director	R.O.C. Republic of China	AUO Corporation	Male 61 ~ 70 years old	2022.06.22	Three years	2022.06.22	42,310	19.45%	42,310	19.45%	0	0	0	0	-Institute of Computer Management Decision Making, National Tsing Hua University -President, Mentor Graphics (Asia Pacific) -President of AAEON Technology Inc. -COO and President of Business, HP Taiwan -President, ADLINK Technology Inc.	Senior special assistant manager of President's Office, AUO Corporation	None	None	None	None
Director Representative		Cheng-I Yang							0	0	0	0	0	0						
Independent Director	R.O.C. Republic of China	Wei-Chien Li	Female 51 ~ 60 years old	2022.06.22	Three years	2016.06.20	0	0	0	0	0	0	0	0	-Master's degree, Institute of Sociology, National Taiwan University -Representative of the directors of Etron Technology Inc. -Director of Kai Chun Investment Co., Ltd.	Vice President of Coretronic Corporation	None	None	None	None
Independent Director	R.O.C. Republic of China	Hsing-Hai Wei	Male 61 ~ 70 years old	2022.06.22	Three years	2022.06.22	0	0	0	0	0	0	0	0	- Executive Master of Business Administration, National Yang Ming Chiao Tung University -Accounting Division, Department of Commerce, National Taiwan University -CPA of KPMG	Independent Director, Taiwan Kong King Co., Ltd.	None	None	None	None
Independent Director	R.O.C. Republic of China	Chih-Kuang Tseng	Male 41 ~ 50 years old	2022.06.22	Three years	2022.06.22	0	0	0	0	0	0	0	0	-Institute of Electrical Engineering, National Taiwan University -Department of Math, National Taiwan University -Vice President of Global Business and Marketing, M2 Communication Inc.	President, ARM	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. Republic of China	Yung-Hao Yu	Male 51 ~ 60 years old	2022.06.22	Three years	2022.06.22	0	0	0	0	0	0	0	0	-Northeastern University, Boston, MA USA -MS, Industrial Engineering -Northeastern University, Boston, MA USA -BA, Electronics Engineering Faurecia Head of Strategic Partnership and Ecosystem Development	None	None	None	None	None

Note 1: The CEO of the Company concurrently holds the positions of the following companies:

Chairman of ADLINK International Co., Ltd., Chairman of ADLINK Hong Kong, Chairman of ADLINK Technology (China) Co., Ltd., Chairman of Dongguan Lingyao Electronics Technology Co., Ltd., Director of ADLINK Technology Japan Corp., Chairman of Ampro ADLINK Technology Inc., Chairman of ADLINK Technology holding GmbH, Director of ADLINK Technology GmbH, Director of ADLINK Technology Korea Ltd., Director of ZettaScale Technology Cayman Limited, Director of ZettaScale Technology Limited, Director of ADLINK Edge Computing Limited, Director of Autonomous Mobility Ltd., Independent Director of Zenitron Corporation.

Note 2: Concurrently holds the positions of the following companies:

Chairman of Zenitron Corporation, Chairman of Zenitron Hong Kong- Legal Representative of Zenitron, Chairman of Supertronic International Corp. - Legal Representative of Zenitron, Chairman of Zeniboss Corp., Director of Cordial Investment Corporation-Legal Representative of Zenitron, Director of NU Inc-Legal Representative of Zenitron, Director of Joyrich Investment Holding Group Co. Ltd.- Legal Representative of Supertronic International, Director of I Sheng Electric Wire & Cable Co., Ltd, Director of Yutseng Investment Co., Ltd and Supervisor of Tsengte Investment Co., Ltd.

Note 3: Concurrently holds the positions of the following companies:

Director of Finance Department of Chroma ATE Inc., Supervisor of Chroma Investment Co., Ltd, Director of Chroma New Material Corp., Supervisor of Testar Electronics Corporation, Supervisor of MAS Automation Corp., Supervisor of Advic Technology Co., Ltd, Supervisor of Innovative Nanotech Incorporated, Supervisor of Touch Cloud Inc., Director of Taiwan Advanced Nanotech Inc., Supervisor of TFBS Bioscience, Inc. and Director of Hephas Energy Co., Ltd.

Note 4: Concurrently holds the positions of the following companies:

President and Chief Operating Officer of AUO Corporation, Director of Darwin Precisions Corporation, Chairman of AUO Health Inc. and Chairman of AUO Display Plus Corporation

(1) Major Shareholders of the Corporate Shareholders

Name of Corporate Shareholder	Major shareholders of the corporate shareholders
Chroma ATE Inc.	Leo Huang (4.90%), Chun-sheng Chen(3.58%), JPMorgan Chase Bank, N.A., Taipei Branch in custody for Stichting Depositary APG Emerging Markets Equity Pool (3.07%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Schroder International Selection Fund - Asian Absolute Return (2.67%), Yu-Mei Hsueh (2.60%), Shu-Chuan Chen (2.18%), JPMorgan Chase Bank in custody for Schroder International Selection Fund - Global Climate Change Equity Investment (2.09%), Investment account of Norges Bank managed by Citibank Taiwan (1.71%), Investment account of Next Generation Vehicle Owner Cayman Islands Limited Partnership Fund managed by Standard Chartered Bank Business Department (1.37%), HSBC in custody for BNP Paribas Green Tiger Fund (1.34%)
AUO Corporation	Qisda Corporation (6.90%), CTBC Bank in custody for Yuanta Taiwan Dividend Plus ETF (4.71%), Bank SinoPac in custody for Trust Holding for Employees for AUO Corporation (4.62%), Quanta Computer Inc. (4.61%), Citibank in custody for ADR of AUO Corporation (2.52%), Nan Shan Life Insurance Co., Ltd. (1.50%), New Labor Pension Fund (1.27%), JPMorgan Chase Bank, N.A. Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group (0.91%), CTBC Bank in custody for Yuanta Taiwan P-shares Top 50 ETF (0.88%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (0.86%)

(2) Major shareholders where corporate shareholders are the major shareholders:

Name of Corporate Shareholder	Major shareholders of the corporate shareholders
Nan Shan Life Insurance Company, Ltd.	Ruen Chen Investment Holding Co., Ltd (89.5498%), Ruen Hua Dyeing & Weaving Co., Ltd (1.3441%), Tu, Ying-Tsung (1.1576%), Ruentexin Corp. (0.9653%), Ruentex Development Co., Ltd. (0.2319%), Ruentex Industrials Co., Ltd. (0.2133%), Yuan Hsin Investment Ltd (0.1563%), Ruentex Leasing Co., Ltd. (0.1319%), Chi Pin Investment Co., Ltd. (0.1069%), Pan City Co., Ltd. (0.0945%) Note: The source is from Nan Shan's information on the ex-interest base dated on April 17, 2022
Qisda Corporation	AUO Corporation (17.04%), Acer Incorporated (4.15%), Konly Venture Corp. (2.55%), Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account (2.08%), Darfon Electronics Corp. (2.03%), Citibank (Taiwan) in custody for Polunin Developing Countries Fund, LLC i(1.03%), Citibank (Taiwan) in custody for Norges Bank (1.03%), JPMorgan Chase Bank, N.A. Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group (0.96%), JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Fund (0.93%), Taishin International Bank entrusted with the Cléo Investment Co., Ltd Investment Account (0.87%) Note: The source is from Qisda's information on the ex-interest base dated on April 1, 2022
Quanta Computer Inc.	Cianyu Investment Ltd (14.82%), Barry Lam (10.76%), Citibank (Taiwan) in custody for Special Account of Government of Singapore (2.85%), C.C. Leung (2.14%), Mega Bank in custody for He Sa Trust (2.07%), Cathay Life Insurance Co., Ltd. (2.04%), Nanshan Life Insurance Co., Ltd. (1.99%), Yi Chia Xin Investment Company Ltd. (1.64%), Xin Ming Investment Company Limited (1.57%), New Labor Pension Fund (1.47%) Note: The source is from Quanta's information on the ex-interest base dated on April 19, 2022
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (Shareholding 100%) Note: The source is from Fubon's information on the ex-interest base dated on February 28, 2022

Information on Directors and Independent Directors

I. 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 Independent Directors
Chun (Jim) Liu	Currently Chairman and Founder of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.	Not subject to Article 30 of the Company Act and Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.	1
Yeou-Yih Chou	Currently Chairman of Zenitron Corporation, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
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.	Article 26-3 of the Securities and Exchange Act.	0
AUO Corporation Representative: Cheng-I Yang	Currently senior special assistant manager of President's Office, AUO Corporation, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
AUO Corporation Representative: Fu-Jen Ko	Currently CEO and Chief Operating Officer of AUO Corporation, having working experience in business, legal, finance, accounting or in the area the Company needed.	All in line with the principle of independence and are not subject to Article 30 of the Company Act and Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.	0
Wei-Chien Li	Currently Vice President of Coretronic Corp. and Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Hsing-Hai Wei	Former CPA of KPMG, currently Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.		1
Chih-Kuang Tseng	Currently President of ARM and Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.		0
Yung-Hao Yu	Once served in Faurecia Head of Strategic Partnership and Ecosystem Development, currently Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.		0

II. Board Diversity and Independence:

(I) Diversity of the Board of Directors:

In order to elect directors fairly and publicly, ADLINK has formulated the Director Election Measures in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the election of ADLINK's Directors shall be in accordance with it.

The highest governance unit of ADLINK is the Board of Directors. Currently, the Board of Directors is composed of nine Directors (including four Independent Directors). One Independent Director and one Director are female. All of them are elected by shareholders' voting. The Company relies on the extensive academic and work experience of the Directors in different fields, the acute forward-looking in advanced technology and the professional knowledge of the international market demand dynamics. Except the three corporate Directors, the rest Directors have more than five years of experience in business, legal, financial, accounting or the business experience required by the Company. The diversified Directors can establish a sound corporate governance system, as well as supervise, appoint and guide the Company's managers. It will strengthen R&D technology exchange, improve management function, lead the effective operation of the Company in economic, social and environmental aspects, and strive to maximize the rights and interests of stakeholders.

The nine Directors are Mr. Chun (Jim) Liu, Chairman of the Board; Mr. Yeou-Yih, Chou, the Director of the Company and current Chairman of Zenitron Corporation, a listed company; Ms. Hsiu-Miao Huang, Representative of the corporate director Chroma ATE Inc., and Mr. Fu-Jen Ko and Mr. Cheng-I Yang, Representatives of AUO Corporation, as well as four independent directors, are Ms. Wei-Chien Li, Vice President HR Dept. of Coretronic Corp., Mr. Hsing-Hai Wei, an external impartial person with a rich financial and accounting background, Mr. Chih-Kuang

Tseng, President of ARM, and Mr. Yung-Hao Yu, with rich experience in the industry; Each of the nine directors has strong talents and has the professional knowledge and ability necessary for the performance of their duties.

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

Management objectives	Progress
The independent directors shall not serve as independent directors of more than three companies concurrently.	Achieved
Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats	Achieved
At least one female director	Achieved
The independent directors shall not hold office for more than 3 terms	Achieved

(II) Independence of the Board of Directors:

The number of Directors established by the Company in accordance with laws and regulations and the Articles of Incorporation is in line with the norms, and a candidate nomination system is adopted, which is elected by shareholders from the list of director candidates. They shall serve for a term of three years and shall be eligible for re-election. The number of Independent Directors shall not be less than two persons and shall not be less than one-fifth of the seats of directors. The acceptance of director nominations and other matters to be complied with shall be handled in accordance with the relevant laws and regulations of the Company Act and Securities and Exchange Act. According to the requirements of the Listing Rules, the Company has obtained a written statement from each Independent Non-executive Director to confirm his/her and his/her immediate family members' independence to the Company. The Company also attaches considerable importance to its personal reputation for ethical conduct and leadership. The total number of shares held by all Directors of the Company is in line with the provisions of the securities regulatory authority, and liability insurance is purchased for directors within the scope of their business.

(III) Information on President, Vice President, Assistant Vice President and heads of departments and branches

April 28, 2023; Number of Shares Unit: thousand shares

Job Title	Nationality	Name	Gender	Election (appointment) Date	Shareholding		Shares Held by Spouse and 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			Job Title	Name	Relationship	
CEO	R.O.C. Republic of China	Chun (Jim) Liu	Male	2001.05.07	10,288	4.73%	4,274	1.97%	0	0	-Institute of Computer Management Decision Making, National Tsing Hua University -Institute for Information Industry	-Chairman, Adlink International -Chairman, Adlink Technology (HK) Co., Limited -Chairman, ADLINK Technology (China) Co., Ltd. -Chairman, Dongguan Lingyao Electronics Technology Co., Ltd. -Director, ADLINK Technology Japan Corp. -Chairman, Ampro ADLINK Technology Inc. -Chairman, ADLINK Technology holding GmbH -Director, ADLINK Technology GmbH -Director, ADLINK Technology Korea Ltd. -Director, ZettaScale Technology Cayman Limited -Director, ZettaScale Technology Limited -Director, ADLINK Edge Computing Limited -Director, Autonomous Mobility Ltd. -Independent Director, Zenitron Corporation	President's Office Advisor	Han-Fen Ni	Spouse	Note 1
President and Chief Operating Officer	R.O.C. Republic of China	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, Edge AI Business Group, ADLINK Technology	None	None	None	None	Note 2
Global Chief Financial Officer	R.O.C. Republic of China	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, ADLINK Technology Singapore Pte Ltd -Director, ADLINK Technology (China) Co., Ltd. -Director, ADLINK Technology Japan Corp. -Director, Ampro ADLINK Technology Inc. -Director, ZettaScale Technology Cayman Limited -Director, ZettaScale Technology	None	None	None	None

Job Title	Nationality	Name	Gender	Election (appointment) Date	Shareholding		Shares Held by Spouse and 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			Job Title	Name	Relationship	
												Limited -Director, ADLINK Edge Computing Limited -Representative of the Director, FARobot Inc.				
Vice President, Edge Visualization Business Unit	R.O.C. Republic of China	Yi-Nan (Edgar) Chen	Male	2007.11.1	-	-	-	-	-	-	- Institute of Mechanical Engineering, National Taiwan University -Director, ADLINK Technology	-Director of ADLINK Technology Holding GmbH -Director of ADLINK Technology GmbH	None	None	None	Note 3
Corporate Governance Director	R.O.C. Republic of China	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 Asset Investment	None	None	None	None	Note 4
Director, Finance Department	R.O.C. Republic of China	Jui-Lin (Jack) Chuang	Male	2023.03.16	0	0	0	0	0	0	-University of London, MSc in Development Studies -Special assistant manager of chief financial officer, ADLINK Technology -Head of finance and planning division, AUO Corporation	None	None	None	None	Note 5
Senior Manager, Accounting Department	R.O.C. Republic of China	Hsin-Yu (Rena) Kuo	Female	2022.06.01	0	0	0	0	0	0	-MSc Accounting and Finance, University of Exeter, UK -Vice President, Cenpro Technology Co. Ltd.	Supervisor, FARobot Inc.	None	None	None	Note 6
Senior Manager, Accounting Department	R.O.C. Republic of China	Yu-Ting (Samantha) Lin	Female	2006.06.15	-	-	-	-	-	-	-Bachelor of Accounting, Soochow University -Financial Manager, VBEST Electronics Co., Ltd.	None	None	None	None	Note 7

Note 1: The Chairman of the Company concurrently holds the equivalent post and was to increase the number of independent directors in the re-election of directors in 2022 to intensify the independence of the board of directors.

Note 2: I-Tun (Stephen) Huang took office as President and Chief Operating Officer after structure adjustment on December 20, 2022.

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

Note 4: Shu-Fen (Iris) Chen was discharged as finance manager after the structure adjustment on March 16, 2023.

Note 5: Jui-Lin (Jack) Chuang took office as finance manager after the structure adjustment on March 16, 2023.

Note 6: Hsin-Yu (Rena) Kuo took office after the structure adjustment on June 1, 2022.

Note 7: Yu-Ting (Samantha) Lin was discharged after the structure adjustment on June 1, 2022.

(IV) Compensations to Directors, Supervisors, President and Vice Presidents in the Most Recent Year

1. Remuneration of General Directors and Independent Directors (with the name(s) disclosed based on each remuneration range)

Unit: thousand shares/NTD thousand

Job Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Amount of A, B, C, D, E, F, and G to Net Income (Note 10)		Remuneration Paid to Directors from an Reinvested Company Other than the Company's Subsidiary or From the Parent Company (Note 11)
		Compensation (A) (Note 2)		Severance and Retirement Pension (B)		Directors' Remuneration (C) (Note 3)		Business Execution Fees (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee Remuneration (G) (Note 6)						
		The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company		All Companies in the Financial Report (Note 7)		The Company	All Companies in the Financial Report (Note 7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Chun (Jim) Liu	0	0	0	0	2,000	2,000	330	330	0.29%	0.29%	3,416	4,185	68	68	0	0	0	0	5,814 0.72%	6,584 0.82%	None
Director	Tien-Sung Lin																					
Director	Yeou-Yih Chou																					
Director	Chroma ATE, Inc. Representative: Hsiu-Miao Huang																					
Director	AUO Corporation Representative: Fu-Jen Ko																					
Director	AUO Corporation Representative: Cheng-I Yang	2,789	2,789	0	0	0	0	230	230	0.37%	0.37%	0	0	0	0	0	0	0	0	3,019 0.37%	3,019 0.37%	None
Independent Director	Wei-Chien Li																					
Independent Director	Hsing-Hai Wei																					
Independent Director	Chih-Kuang Tseng																					
Independent Director	Yung-Hao Yu																					
Independent Director	Ching-Tsung Lin																					
Independent Director	Hsiang-Yi Lien																					
1. 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: In accordance with Article 26 of the Company's Articles of Incorporation, if the Company has a net profit before tax for the year, no more than 3% of it shall be paid to Directors as the remuneration. The Company shall mainly pay remuneration to the Directors, and salary to the Independent Directors. At the time of each meeting of the Board of Directors, the Company shall pay the Independent Directors the transportation expenses. There has been no material change in the remuneration paid to the Directors of the Company in the last two years.																						
2. In addition to the disclosures in the table above, the remuneration received for services rendered by directors of the Company in the most recent year (e.g. acting as consultants to non-employees of the parent company/all companies in the financial statements/reinvestment business, etc.): 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 8)	All Companies in the Financial Report (Note 9) H	The Company (Note 8)	All Companies in the Financial Report (Note 9) I
Less than NT\$1,000,000	Chun (Jim) Liu, Tien-Sung Lin, Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko and Cheng-I Yang, Li Wei-Chien, Ching-Tsung Lin, Hsiang-Yi Lien, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu	Chun (Jim) Liu, Tien-Sung Lin, Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko and Cheng-I Yang, Li Wei-Chien, Ching-Tsung Lin, Hsiang-Yi Lien, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu	Tien-Sung Lin, Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko, Cheng-I Yang, Li Wei-Chien, Ching-Tsung Lin, Hsiang-Yi Lien, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu	Tien-Sung Lin, Yeou-Yih Chou, Chroma ATE Inc.'s Representative: Huang Hsiu-Miao, AUO Corporation Representative: Fu- Jen Ko and Cheng-I Yang, Li Wei-Chien, Ching-Tsung Lin, Hsiang-Yi Lien, Hsing-Hai Wei, Chih-Kuang Tseng, Yung-Hao Yu
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	None	None	None	None
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	None	None	None	None
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	None	None	Chun (Jim) Liu	None
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	None	None	None	Chun (Jim) Liu
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	None	None	None
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None	None	None
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	None	None	None	None
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	12	12	12	12

Note 1: The names of directors shall be listed separately (names of corporate shareholders and representatives shall be listed separately); directors and independent directors shall be listed separately, and the payment amounts shall be disclosed collectively. Directors who also serve as President or Vice President shall be listed in the table and the table below.

Note 2: Refers to remuneration of directors for the most recent year (includes director's salary, additional compensation, severance pay, various bonuses, incentive pay).

Note 3: Refers to remuneration provided to directors as approved by the Board of Directors for the most recent year.

Note 4: Refers to relevant business expenses incurred by Directors (including travel expenses, special disbursements, various allowances, accommodation, in-kind provision of vehicles). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received.

Note 5: Refers to salary, bonuses, and allowances received by directors who are also employed by the Company (including as the President, Vice President, other managerial officer or regular employee) over the past year and includes salary, additional compensation, severance pay, various bonuses, incentive pay, travel expenses, special disbursements, various allowances, accommodation, in-kind services such as cars, etc. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received.

- Note 6: For Directors concurrently holding positions in the Company in 2022 (including the President, Vice Presidents, other managerial officers, or employees) and receiving the remuneration to employees (including stock and cash), the employee remuneration paid in the most recent year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in the most recent year shall be based on the proportion of the remuneration distributed last year and filled in Table 1 (3).
- Note 7: 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 8: 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 9: Disclose remuneration paid by all companies (including the Company) in the consolidated financial report to the Director under the suitable range. Name of the receiver must be shown under the suitable range.
- Note 10: Net income refers to net income (after tax) of the parent company's financial statements or individual financial statements for the most recent year.
- Note 11: a. This column should state the remuneration received by the Company's directors from an invested company (other than subsidiaries) or the parent company (If none, please fill in "None").
- b. If a director of the Company receives remuneration from an invested company (other than subsidiaries) or the parent company, the said remuneration shall be included in Column I in Table of Remuneration Ranges and the name of the column shall be changed to "Parent Company and All Re-invested Companies" accordingly.
- c. Remuneration refers to pay, bonuses (including bonuses to employees, Directors, or Supervisors) or expenses paid in the execution of business to the Company's Directors who serve as Director, Supervisor, or managerial officer of an re-invested company (other than subsidiaries) and the parent company.
- * The disclosure of remuneration in this table differs in concept with Income Tax Act, thus is provided for the purpose of information disclosure, not tax purposes.

2. Remuneration of President and Vice President (with the name(s) indicated for each remuneration range)

Unit: NT\$ thousand

Job Title	Name	Salary (A) (Note 2)		Severance and Retirement Pension (B)		Bonus and Special Expenses, etc. (C) (Note 5)		Employee Remuneration (D) (Note 6)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Remuneration Paid to Directors from an Reinvested Company Other than the Company's Subsidiary or From the Parent Company (Note 11)
		The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company		All Companies in the Financial Report (Note 7)		The Company	All Companies in the Financial Report (Note 7)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer/ CEO	Chun (Jim) Liu	16,991	19,265	392	392	8,550	8,550	0	0	0	0	25,933 3.22%	28,208 3.50%	None
President and Chief Operating Officer	I-Tun (Stephen) Huang													
Global Chief Financial Officer	Ta-Chih (Jeff) Chou													
Vice President	Yi-Nan (Edgar) Chen													

Paid to the President and Vice Presidents Range of Remuneration	Name of President and Vice President	
	The Company (Note 6)	All Companies in the Financial Report (Note 7)
Less than NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	None	None
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Chun (Jim) Liu	None
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (exclusive)	None	Chun (Jim) Liu
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (exclusive)	I-Tun (Stephen) Huang, Yi-Nan (Edgar) Chen and Ta-Chih (Jeff) Chou	I-Tun (Stephen) Huang, Yi-Nan (Edgar) Chen and Ta-Chih (Jeff) Chou
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (exclusive)	None	None
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (exclusive)	None	None
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	None	None
Over NT\$100,000,000	None	None
Total	4	4

3. Names of the managerial officer receiving employee remuneration and status of allocation

Unit: NT\$ thousand

	Job Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Compensations to NIAT
Managerial Officer	Chief Executive Officer/ CEO	Chun (Jim) Liu	0	0	0	0%
	President and Chief Operating Officer	I-Tun (Stephen) Huang				
	Global Chief Financial Officer	Ta-Chih (Jeff) Chou				
	Vice President	Yi-Nan (Edgar) Chen				
	Corporate Governance Director	Shu-Fen (Iris) Chen				
	Director, Finance Department	Jui-Lin (Jack) Chuang				
	Senior Manager, Accounting Department	Hsin-Yu (Rena) Kuo				

- (V) 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, Supervisors, President, and Vice President, 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 2 Fiscal Years to the Directors, President, and Vice Presidents Analysis

Title	Ratio of Total Remuneration Paid in 2021 to Net Profit after Tax		Ratio of Total Remuneration Paid in 2022 to Net Profit after Tax	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Director	7.42%	8.05%	1.10%	1.19%
President and Vice President	29.92%	30.55%	3.22%	3.50%

2. Policies, standards and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure:

- a. Remuneration Paid to Directors:

In accordance with Article 26 of the Company's Articles of Incorporation, if the Company has a net profit before tax for the year, no more than 3% of it shall be paid to Directors as the remuneration. The Company shall mainly pay remuneration to the Directors, and salary to the Independent Directors. At the time of each meeting of the Board of Directors, the Company shall pay the Independent Directors the transportation expenses. There has been no material change in the remuneration paid to the Directors of the Company in the last two years.

- b. Remuneration of President and Vice President: The payment is determined by the Company according to the Company's reward measures for employee remuneration. President and Vice President of the Company are paid a monthly salary, upon hiring regarding similar positions in the industry. The fixed part is negotiated and the floating part is the performance reward, which is proposed based on the results of the current year's operating performance and personal work performance, and will be reported to the Remuneration Committee and resolved by the Board of Directors.

- c. Future risks: The remuneration and performance of the Directors, President and Vice President of the Company are linked, and has been handled in accordance with the relevant regulations of the competent authority to minimize the possibility and relevance of future risks, and review the remuneration system from time to time according to the actual operation and relevant laws, so as to balance the sustainable operation of the Company and risk control.

III. Corporate Governance Operation

(I) Operations of the Board of Directors

The Board of Directors has held 7 meetings (A) in 2022, and the attendance of Directors is as follows:

Job Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual presence (attendance) rate (%) (B/A)	Remark
Chairman	Chun (Jim) Liu	7	0	100.00%	
Director	Tien-Sung Lin	3	0	100.00%	Dismissal on June 22, 2022
Director	Yeou-Yih Chou	7	0	100.00%	
Director	Chroma ATE Inc. Representative: Hsiu-Miao Huang	7	0	100.00%	
Director	AUO Corporation Representative: Fu-Jen Ko	5	2	71.43%	
Director	AUO Corporation Representative: Cheng-I Yang	4	0	100.00%	Appointment on June 22, 2022
Independent Director	Wei-Chien Li	7	0	100.00%	
Independent Director	Hsing-Hai Wei	4	0	100.00%	Appointment on June 22, 2022
Independent Director	Chih-Kuang Tseng	4	0	100.00%	Appointment on June 22, 2022
Independent Director	Yung-Hao Yu	4	0	100.00%	Appointment on June 22, 2022
Independent Director	Ching-Tsung Lin	2	1	66.67%	Dismissal on June 22, 2022
Independent Director	Hsiang-Yi Lien	2	1	66.67%	Dismissal on June 22, 2022

Other mentionable items:

- I. 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:
 - (I) 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.
 - (II) 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.
- II. 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: None.
- III. 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 2022	Board of Directors, functional committee (including Audit Committee) and their	Board of Directors, functional committee (including Audit Committees) and their individual members' internal	The performance evaluation of the Board and its individual members is structured in five main directions: The degree of the Board's participation in the Company's operations, the improvement in decision-making quality of the Board, the composition and structure of the Board, the election and continual education of Directors, and internal control. The performance appraisal of the functional committee and its individual members is structured in five main directions:

		individual members	evaluation	The degree of the Board's participation in the Company's operations, the improvement in decision-making quality of the Board, the composition and structure of the Board, the election and continual education of Directors, and internal control.
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IV. Measures taken to strengthen the functionality of the Board (e.g., establishing the Audit Committee and improving the disclosure of information) and results there of: To establish sound corporate governance and strengthen the operation of the Board of Directors in supervision and management, the Remuneration Committee was established on December 2011, which evaluates the remuneration policies and systems of Directors and managers, and makes suggestions to the Board of Directors for reference in decision-making. The Audit Committee was scheduled to be established in June 2019. These two committees have been composed of all Independent Directors and report regularly to the Board. The Company will comply with the requirements of the relevant laws and regulations for publicity and reporting to enhance the transparency of information.

(II) Operations of the Audit Committee

The Audit Committee has held 5 meetings in 2022. The attendance of Independent Directors were as follows:

Job Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Actual Attendance (%)	Remark
Independent Director	Wei-Chien Li	5	0	100.00%	
Independent Director	Hsing-Hai Wei	2	0	100.00%	Appointment on June 22, 2022
Independent Director	Chih-Kuang Tseng	2	0	100.00%	Appointment on June 22, 2022
Independent Director	Yung-Hao Yu	2	0	100.00%	Appointment on June 22, 2022
Independent Director	Ching-Tsung Lin	2	1	66.67%	Dismissal on June 22, 2022
Independent Director	Hsiang-Yi Lien	2	1	66.67%	Dismissal on June 22, 2022

Other mentionable items:

- I. 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, all Audit Committee resolutions, and the Company's response to such resolutions shall be specified:

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

Date of Audit Committee's Meeting	Term	Contents of Proposal	Independent Directors' Opinions and the Company's Response to Such Opinions
2022.02.10	The 13th Meeting of the first term	Proposal 1: ZettaScale financing and changes in equity holdings.	Approved by all Independent Directors
2022.03.17	The 14th Meeting of the first term	Proposal 1: Internal Audit Manager's Internal Audit Report. Proposal 2: The Company's 2021 Business Report and Financial Statements. Proposal 3: Proposal for Approval of the Company's 2021 Statement of Internal Control. Proposal 4: The Company's Operational Plan. Proposal 5: Proposal for Approval of the Company's 2021 Earnings Distribution Plan. Proposal 6: Proposal for Approval of the Company's Cash Distribution Plan with Capital Reserves. Proposal 7: Proposal for Approval of the Appointment of CPAs and the Assessment of Their Independence and Competence. Proposal 8: Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit. Proposal 9: Proposal for Approval of the Company to sell the buildings and parking spaces of Zhonghe Far East Century Plaza.	Approved by all Independent Directors

Date of Audit Committee's Meeting	Term	Contents of Proposal	Independent Directors' Opinions and the Company's Response to Such Opinions
2022.05.05	The 15th Meeting of the first term	<p>Proposal 1: 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 quarter of 2022.</p> <p>Proposal 3: Amendment to the Company's Articles of Incorporation.</p> <p>Proposal 4: Amendment to Company's "Acquisition and Disposal of Assets Management Method".</p> <p>Proposal 5: Amendment to Company's "Board Evaluation Management Method".</p> <p>Proposal 6: Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</p> <p>Proposal 7: Proposal for Approval of the Company's Bank Financing Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</p> <p>Proposal 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.</p>	Approved by all Independent Directors
2022.07.29	The 1st Meeting of the second term	<p>Proposal 1: 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 2022.</p> <p>Proposal 3: Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company.</p> <p>Proposal 4: Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.</p> <p>Proposal 5: Proposal for Approval of the Company's re-invested subsidiaries for working capital needs to apply to financial institutions for credit (external debt) financing proposals.</p> <p>Proposal 6: Proposal for Approval of the Company Engaged New Accounting Manager.</p>	Approved by all Independent Directors
2022.10.28	The 2nd Meeting of the second term	<p>Proposal 1: Internal Audit Manager's Internal Audit Report.</p> <p>Proposal 2: Proposal for Approval of the Company's Audit Plan for 2023.</p> <p>Proposal 3: Proposal for Approval of the Consolidated Financial Report of the Company for the third quarter of 2022.</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 (external debt) financing proposals.</p> <p>Proposal 7: Amendment to the Company's "Operating Procedures for Processing Internal Material Information".</p> <p>Proposal 8: Proposal for dismissal and appointment of the president of significant subsidiaries.</p> <p>Proposal 9: Proposal for Issuance of Employee Stock Option.</p>	Approved by all Independent Directors

(II) 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.			
II. 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.			
III. Communication between Independent Directors, the internal Chief Audit Officer, and the CPAs:			
(I) The meetings of Audit Committee are convened regularly and CPAs or Internal Audit Manager will be invited to attend the meetings as necessary; In addition to the meetings of the Audit Committee, Independent Directors also communicate with CPAs, Internal Audit Manager or relevant supervisors on relevant issues as necessary.			
(II) Internal Audit Manager regularly submits Audit Reports to Independent Directors and makes Internal Audit Reports at quarterly Audit Committee meetings. The Audit Committee of the Company has good communications with Internal Audit Manager.			
(III) The Company's CPAs will report the audit or review results of the financial statements of the current year and other communication matters required by relevant laws and regulations at the annual Audit Committee meeting, and full time will be scheduled to communicate the report of key audit matters before the meeting.			
Date	Attendees	Communication Matters	Communication Results
2022/10/28	Independent Director Hsing-Hai Wei, Independent Director Wei-Chien Li, Independent Director Chih-Kuang Tseng, Independent Director Yung-Hao Yu, CPA Wen-Chi Kuo, CPA Wen-Chin Lin and Audit Manager Yu-Ting (Jessica) Lin	CPA Communication focus: Review results and key audit matters of the consolidated financial report for the third quarter of 2022, and discussed the review findings.	Deliberated and Approved by all Independent Directors
IV. Focuses and Operations of the Audit Committee:			
(I) Annual focus: The Company's Audit Committee is composed of four Independent Directors. The operation of the Committee is mainly to supervise the following matters:			
1. Fair presentation of the Company's financial reports.			
2. The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.			
3. Effective implementations of the Company's internal control.			
4. Compliance with relevant laws and regulations by the Company			
5. Management of the existing or potential risks of the Company.			
(II) Operation in 2022: All the proposals of the Audit Committee have been reviewed or approved by the Audit Committee without objection.			

(III) Where the Company has set up a remuneration committee to disclose its composition, responsibilities, and operation status:

1. Profiles of the Members of the Remuneration Committee

Role	Qualifications	Professional Qualification and Work Experience	Independence Criteria	Number of other public companies where the member concurrently serves as member in Remuneration Committee
	Name			
Independent Director	Wei-Chien Li	Currently Vice President of Coretronic Corp. and Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.	All in line with the principle of independence and are not subject to Article 30 of the Company Act and Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.	0
Independent Director	Hsing-Hai Wei	Former CPA of KPMG, currently Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.	All in line with the principle of independence and are not subject to Article 30 of the Company Act and Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.	1

Role	Qualifications	Professional Qualification and Work Experience	Independence Criteria	Number of other public companies where the member concurrently serves as member in Remuneration Committee
	Name			
Independent Director	Chih-Kuang Tseng	Currently President of ARM and Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.	All in line with the principle of independence and are not subject to Article 30 of the Company Act and Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.	0
Independent Director	Yung-Hao Yu	Once served in Faurecia Head of Strategic Partnership and Ecosystem Development, currently Independent Director of the Company, having working experience in business, legal, finance, accounting or in the area the Company needed.	All in line with the principle of independence and are not subject to Article 30 of the Company Act and Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.	1

2. Duties

The members of the Remuneration Committee faithfully implement the following authorities and will submit their recommendations to the Board of Directors for discussion.

- (1) Establishing and regularly reviewing the policies, systems, standards and structures for performance evaluation and remunerations of directors and managers.
 - (2) Regularly assessing and establishing the remunerations for directors and supervisors.
- The Remuneration Committee shall implement previous authorities according to following principles:

- (1) The performance evaluation and salary remunerations of directors and managers shall be refer to both the normal level of payment in the same industry, and reasonable connection between individual performance, operating performance of the corporation, and future risks.
- (2) There shall be no incentive for the directors and managers to pursue remuneration by engaging in activities that exceed the tolerable risk level of the company.
- (3) The proportion of the dividends for short-term performance by directors and senior managers and the payment time for part of variable salaries shall be determined by the industry characteristics and the nature of the company business.

3. Operations of Remuneration Committee

In accordance with, the article 13 on Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Taiwan Stock Exchange or the Taipei Exchange, and, the Remuneration Committee charter of the corporation, at least two meetings shall be held annually.

- (1) There are four members of Remuneration Committee in the corporation.
 - (2) The official term of the committee members: From June 22, 2022 to June 21, 2025.
- The Remuneration Committee held two meetings (A) in 2022. The qualification and attendance of the committee members are as follows:

Job Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual attendance (%) (B/A)	Remark
Convener	Wei-Chien Li	2	0	100.00%	
Committee Member	Ching-Tsung Lin	1	0	100.00%	Dismissal on June 22, 2022
Committee Member	Hsiang-Yi Lien	1	0	100.00%	Dismissal on June 22, 2022
Committee Member	Hsing-Hai Wei	1	0	100.00%	Appointment on June 22, 2022
Committee Member	Chih-Kuang Tseng	1	0	100.00%	Appointment on June 22, 2022
Committee Member	Yung-Hao Yu	1	0	100.00%	Appointment on June 22, 2022

Other subjects to be recorded:

- I. 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. (If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be recorded): None.
- II. 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.
- III. Discussions and Resolutions of the Remuneration Committee:

Date	Committee's Proposals and Follow-up	Resolution	The Company's response to the opinion of the Remuneration Committee
2022/3/17	1. Proposal for Salary Increase for Managers (April 2022 to the end of March, 2023). 2. Proposal for 2021 Managers Performance Bonus Quota. 3. Proposal for 2022 Performance Evaluation System of Managers. 4. Proposal for Distribution of Remuneration to Employees and Directors in 2021.	Adopted with the approval of all members of the Committee	Proposals are submitted to the board of directors and approved by all Directors present.
2022/10/28	1. Proposal for the Company's 2022 Managers Fixed Salary Structure and Estimated Annual Salary Payment. 2. Proposal for 2023 Performance Evaluation System.	Adopted with the approval of all members of the Committee	Proposals are submitted to the board of directors and approved by all Directors present.

(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	
I. 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
II. Equity structure and shareholders' rights of the Company (I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions,	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.	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	
doubts, disputes, and litigations?				
(II) 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. The Company has a sound relationship with the major shareholders and is in control at any time.	
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	V		The Company has established and followed the "Working Procedures for Supervision of Subsidiaries" that enables the Subsidiaries to have clear operational strategies and specific operational specifications to establish risk control and firewall mechanisms among the Subsidiaries.	
(IV) 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.	
III. Composition and Responsibilities of the Board of Directors				No discrepancy
(I) Does the Board of Directors have a diversification policy, and what are the specific management objectives and implementation plan?	V		The Company has established the "Corporate Governance Best Practice Principles" stipulating that the composition of the Board of Directors shall be diversified. The Company has 5 Directors and 4 Independent Directors, of whom 1 Director and 1 Independent Director are female. The members' professional background including business management, information engineering, finance and legal affairs, professional skills and industry experience, etc., which will achieve and establish a sound and effective corporate governance structure.	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		The Company has established the Remuneration Committee and the Audit Committee in accordance with the law, and the establishment of other functional committees will be evaluated as necessary in the future.	
(III) 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	V		The Remuneration Committee of the Company determines and periodically reviews the policies, systems, standards and structure of performance appraisal and remuneration of Directors, Supervisors and managers, and 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	
directors' remuneration and nomination and renewal?				
(IV) Does the company regularly evaluate the independence of the CPAs?	V		The Company regularly evaluates the independence of CPAs in accordance with the regulations. The main evaluation indicators are that the CPAs themselves and their spouses or dependent relatives are not serving as Directors of the Company or have significant influence on the audit, are not shareholders of the Company, do not receive salaries from the Company, and do not concurrently operate other businesses that may lose their independence. The CPAs are required to issue relevant information and statements annually, and the Accounting Department will report the results of the evaluation to the Board of Directors of the Company. The results of the annual evaluation for 2022 was reported to the Board of Directors on March 16, 2023.	
IV. 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, for business execution, handling relevant matters with Board meetings and shareholders' meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of Board meetings and Shareholders' meetings?	V		<p>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 Corporate Governance Committee and 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 Committee in taking office and continuing their training, etc.</p> <p>The implementation priorities of corporate governance related matters are as follows:</p> <ol style="list-style-type: none"> 1. Seven meetings of the Board of Directors and five meetings of the Audit Committee were held in 2022. 2. One Annual Shareholders' Meeting was held in 2022. 3. Board members all completed a minimum of 6 credits for continuing education. 4. The Company insured the liability insurance of Directors and important staff, and reported to the Board after the renewal of the insurance. 	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>5. Performance evaluation of the Board of Directors and the functional committee was conducted. The evaluation results of the Board of Directors, the Audit Committee, and the Remuneration Committee are all in line with the standard.</p> <p>6. Corporate Governance Director finished 13-hour's continuing education in 2022 and completed 18-hour's continuing education in this first year of the Corporate Governance Director's initial term, which is in line with the requirement.</p>	
V. 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>The Company has established diversified communication channels with various stakeholders, and has prepared ESG Reports for stakeholders' reference.</p> <p>Download URL: https://emb.adlinktech.com/tw/CorporateSocialResponsibility.aspx </p>	No discrepancy
VI. Does the Company appoint a professional shareholding agency to handle shareholders' affairs?	V		<p>The Company has appointed the specialized stock transfer agency, Stock Transfer Agency Unit of Taishin International Bank Co., Ltd., to handle the affairs of the Shareholders' Meeting.</p>	No discrepancy
VII. Information Disclosure (I) Does the company have a website to disclose financial, business and corporate governance information?	V		<p>Financial, business and corporate governance information is regularly updated in the Investor section of the Company's website in English and Chinese.</p> <p>Refer to https:// emb.adlinktech.com/tw/InvestorRelations.aspx</p>	No discrepancy
(II) 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,	V		<p>The Company has one Spokesperson and one Acting Spokesperson, who shall be responsible for the collection and disclosure of the Company's information. The Company has established websites in Chinese (traditional and simplified) and English, and set up investor venues to fully disclose financial, business, investor conference and other information, which is regularly updated.</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	
implementing spokesman system, and placing investor conference procedures on its website)?				
(III) 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 shall announce and report the Annual Financial Report before the regulatory deadline, and has announced and reported financial report for the first, second and third quarter before the regulatory deadline.	Has made early announcement before the regulatory deadline
(IV) 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		<ol style="list-style-type: none"> 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. 2. In addition to having a dedicated e-mail address and a spokesperson, the Company also holds investor conference and enjoys a sound relationship with major investors. 3. The Company has a long and stable relationship with suppliers to ensure sufficient sources of raw materials for production. 4. Directors and independent directors of the Company participate in financial, business and commercial professional refresher courses on an irregular basis and the information is disclosed at the MOPS. 5. The attendance of the Company's Directors and Independent Directors at meetings of the Board of Directors are sound and business opinions are stated in due course. 6. Up to now, the Company has not had any proposal related to the interests of Directors. 7. The Company has purchased liability insurance for the Directors and Independent Directors in consideration of the importance of their duties and responsibilities. 8. The Company attaches great importance to the interaction between the overall operation of the Company and its social responsibility, and has established the ADLINK Education Foundation www.adlinktech.org. The Company cooperates with local government authorities and actively participates in the activities it promotes in order to benefit the society. 	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	
			9. Products sold by the Company and its subsidiaries are covered by product liability insurance.	
VIII. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result 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) The proposals of 2018 Annual Shareholders' Meeting are voted on case by case, and the results of each proposal are recorded in the minutes.</p> <p>(2) Electronic voting was adopted at the 2018 Annual Shareholders' Meeting.</p> <p>(3) Disclosure of information related to corporate governance is strengthened on the Company's website.</p> <p>(4) The Company established the Audit Committee in 2019 and adopted the candidate nomination system for the election of Directors and Supervisors.</p> <p>(5) A whistle-blowing system was established and announced on the Company's website.</p> <p>(6) Information security policies and specific management plans are disclosed on the Company's website.</p> <p>(7) Corporate Governance Director was established in May 2021.</p> <p>(8) Completed external evaluation of board performance by external appraisal institutions in 2022.</p> <p>2. Priority enhancements and measures on those who have not yet improved:</p> <p>(1) To accelerate and improve the integrity of corporate governance through the assistance of external appraisal institutions.</p> <p>(2) To set up various management committees according to the actual needs of the Company to continuously improve the quality of corporate governance.</p> <p>Other matters not covered will be gradually improved according to the Company's plans.</p>	

Note 1: Evaluation standards for CPA independence.

CPA Firm:		Deloitte & Touche	
Certifying CPAs:		CPA Wen-Chin Lin and CPA Yi-Wen Wang	
Evaluation Matters		Audit Conclusions	
		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 the CPA Wen-Chin Lin and CPA Yi-Wen Wang have met the Company's criteria for independence and they are qualified to serve as the Company's certifying CPAs.		

Continuing education of directors in 2022:

Job Title	Name	Date	Organizer	Name of program	Training hours
Chairman	Chun (Jim) Liu	2022.08.12	Taiwan Corporate Governance Association	How Enterprises and Directors and Supervisors Avoid Missteps in Insider Trading	3 hours
		2022.11.11	Taiwan Corporate Governance Association	Protection of business secrets and practice of fraud detection and prevention	3 hours
Director	Yeou-Yih Chou	2022.08.12	Taiwan Corporate Governance Association	How Enterprises and Directors and Supervisors Avoid Missteps in Insider Trading	3 hours
		2022.11.11	Taiwan Corporate Governance Association	Protection of business secrets and practice of fraud detection and prevention	3 hours
Director	Chroma ATE Inc. Representative: Hsiu-Miao Huang	2022.03.25	Accounting Research and Development Foundation	Tax Issues and Tax Governance Practices of Taiwanese Companies' Overseas Investments	3 hours
		2022.04.22	Taiwan Institute for Sustainable Energy	Taishin 30th Anniversary Sustainable Net Zero Summit Forum - Transform to Net Zero Achieves a Sustainable Future 2030	3 hours
		2022.08.12	Accounting Research and Development Foundation	Corporate Governance and Securities Regulation Professional Study Course	3 hours
Director	AUO Corporation Representative: Fu-Jen Ko	2022.04.30	Taiwan Corporate Governance Association	On the Legal Responsibilities of Enterprise Directors from the Perspective of Intellectual Property Rights Management	3 hours
		2022.10.26	Taiwan Corporate Governance Association	Group Corporate Governance	3 hours
Director	AUO Corporation Representative: Cheng-I Yang	2022.12.27~28	Securities and Futures Institute	Director, Supervisor (Including Independents), and Corporate Governance Director Practice Study Course	12 hours
Independent Director	Wei-Chien Li	2022.04.22	Taiwan Institute for Sustainable Energy	Taishin 30th Anniversary Sustainable Net Zero Summit Forum - Transform to Net Zero Achieves a Sustainable Future 2030	3 hours
		2022.10.05	Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Promotion Briefing	3 hours
		2022.11.09	Taiwan Institute for Sustainable Energy	2022 The 5th GCSF Global Corporate Sustainability Forum	1 hour
Independent Director	Hsing-Hai Wei	2022.08.18	TIRI Taiwan Investor Relations Institute	Corporate Sustainable Operation-Analysis of Asset Inheritance and Succession Practice	3 hours
		2022.10.05	Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Promotion Briefing	3 hours
		2022.11.09	Corporate Operating and Sustainable Development Association	Discussion on Tax and Legal Risks Concern in Stock Inheritance	3 hours
		2022.11.24	Corporate Operating and Sustainable Development Association	Practice Operation and Case Analysis of Corporate Governance, Board of Directors, and Remuneration Committee	3 hours
Independent Director	Chih-Kuang Tseng	2022.07.26~27	Securities and Futures Institute	Director, Supervisor (Including Independents), and Corporate Governance Director Practice Study Course	12 hours

Job Title	Name	Date	Organizer	Name of program	Training hours
Independent Director	Yung-Hao Yu	2022.10.12	Securities and Futures Institute	2022 Insider Equity Transaction Legal Compliance Promotion Briefing	3 hours
		2022.11.14	Cathay Financial Holdings Co., Ltd.	2022 Cathay Sustainable Finance and Climate Change Summit	6 hours

Continuing Education of Corporate Governance Director in 2022:

Name	Date	Organizer	Name of program	Training hours
Shu-Fen (Iris) Chen	2022.03.10	Co-hosted by Quantum International Corp (QIC), Georgeson and Taiwan Stock Exchange	Discussion on Supervision of Independent Directors and Board from International Viewpoint	1.0
	2022.04.07	Accounting Research and Development Foundation	Case analysis of False Financial Reports and How to See Key Information in Financial Reports	3.0
	2022.04.18	Accounting Research and Development Foundation	Oversight of ESG from Directors, Supervisors, and Senior Managerial Officers	3.0
	2022.04.22	Accounting Research and Development Foundation	"Financial Report Substantive Review" and Related Regulations, Supervision Practices and Common Deficiencies of Enterprises	6.0

(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	
I. Does the company have a governance structure that promotes sustainable development, and has a dedicated (part-time) unit that promotes sustainable development, which is authorized by the Board of Directors to the senior management and supervised by the Board of Directors?	V		<p>The Company has established the Corporate Sustainable Development Best Practice Principles and will prepare the ESG Report every two years, which will be disclosed on the Company's website. The Company established a sustainable development unit in 2022.</p> <p>The Committee meets annually from time to time to set targets and review the effectiveness of implementation, consolidates the results of the implementation of corporate sustainable development across departments, and regularly reports to the senior management authorized by the Board.</p>	No discrepancy
II. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and	V		The disclosed information covers the Company's sustainable development performance from January to December 2022. The risk assessment boundary is mainly based on the Company and also includes other bases and subsidiaries in Asia, the Americas, and Europe.	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	
determine relevant risk management policies or strategies?			<p>The Sustainable Development Committee screened 15 sustainable issues related to the Company's operations with reference to the GRI Standards, SASB Standards, and related industry requirements, and invited internal and external stakeholders to evaluate the "negative impact severity (or the degree of effectiveness of the positive impact)" and "the possibility of impact or affect" of each issue by questionnaires based on which the significance of each sustainable issue is calculated.</p> <p>The survey results show that environmental E-related "Green Products" and "Material Procurement"; social S-related issues "Employee Diversity and Inclusivity" and "Talent Development and Cultivation"; and G economy-oriented "Business Performance" and "Information Security Management ", "Innovative Technology and Application", "Supply Chain Management", and "Customer Relationship Management" are the nine major issues that the Company has focused on in 2022 after communicating with internal and external stakeholders.</p> <p>The Sustainable Development Committee also instructed the risk management team to follow the risk management process and formulate policies and plans for effective identification, analysis, measurement, evaluation, monitoring, and control of the aforementioned nine issues to reduce the impact of related risks.</p>	
III. Environmental Issues (I) Does the company establish an appropriate environmental management system according to the characteristics of its industry?	V		<p>The Company has established the environmental safety and health management policies according to the characteristics of the industry</p> <ol style="list-style-type: none"> 1. Saving energy resources to build resource regeneration. 2. Using materials that are low in contamination and meet environmental requirements. 3. Establishing a safe, hygienic, and environmentally friendly work environment with the goal of zero-occupational accidents. 4. Complying with relevant environmental safety and health regulations and other organizational requirements and commitments. 5. Continuing improvement and prevention of occupational disaster and pollution. 	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	
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		<ol style="list-style-type: none"> 1. The Company has passed ISO-14001 environmental management system certification. 2. The Company has conducted ISO14064-1 verification and implemented corresponding reduction measures. 3. The Company has been continuously promoting the concept of water saving and promoting power saving measures for a long time. 4. The Company selects products and materials that meet environmental protection specifications and manages them with the Company's green supply chain management software. 	No discrepancy
(III) Does the Company evaluate the potential risks and chances of climate change at present and in the future and take response measures?	V		<p>Based on the concept of a global citizen, the Company pays attention to the impact of energy resources and climate change. The specific measures of the Company are the inventory, management and more efficient use of energy resources, and carry out various carbon reduction plans.</p> <ul style="list-style-type: none"> - Saving energy consumption and improving energy efficiency. Replacing T8 lamps with 120 LED lamps. 	No discrepancy
(IV) 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>The total weight of greenhouse gas emissions, water usage and waste in the past two years: (In August 2021, the plant was relocated from Zhonghe to Hwa Ya Technology Park, and the emissions increased relatively due to the increase in gross floor area.)</p> <ol style="list-style-type: none"> 1. The greenhouse gas emissions were 3060.32 metric tons in 2021; While 6,344.985 metric tons in 2022. Category 1 699.4104 metric tons (11.02%) Category 2 4,727.8587 metric tons (74.51%) Category 3 917.7165 metric tons (14.46%) 2. The water consumption was 13,167 cubic meters in 2021; While 37,559 cubic meters in 2022. 3. The waste quantity was 4.1918 metric tons in 2021; While 4.285 metric tons in 2022. <p>* Hazardous waste 0 metric tons; non-hazardous waste 4.285 metric tons (C-0301 waste liquid, R-1305 waste tin, E class, D-0899 waste fibers or other mixtures)</p> <p>Energy-saving carbon cuts and emission reductions achieved in 2022 The LED tube light replacement of laboratory work desk lights on all floors continues a total energy saving of >1%.</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	
			<p>Energy Saving and Carbon Reduction Policy for 2023:</p> <p>Short-term goal:</p> <ol style="list-style-type: none"> 1. Product Design - LAN IC saves 5% power consumption overall in the system sleep state. 2. Reduce the types of screws by 10%, and reduce the energy consumption of each new material by 3.75 kilowatt-hours. 3. Build a rainwater recovery system to recover and purify rainwater, which is expected to save 10% of water, about 4,887 tons. 4. The manufacturing of electrical equipment for the surrounding environment saves about 65,000 kilowatt-hours. <p>Medium-term goal:</p> <p>Promoting green energy to achieve energy reuse within three years and building a solar power generation system, which is estimated to save 4% of power consumption. The Company regularly conducts carbon emissions disclosures at the CDP, publishes greenhouse gas inventory data, and works with energy-saving and carbon reduction policies to assess future risks and opportunities for climate change and develop countermeasures.</p>	
IV. Social Issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company abides by relevant labor laws and regulations and the principle of respecting basic labor rights in accordance with International Bill of Human Rights, upholding diversity and equality in employment to safeguard the legal rights of our employees and introducing the Responsible Business Alliance (RBA) in 2022 to emphasize the company's commitment to corporate social responsibility, while also improving relevant systems and regulatory standards.	No discrepancy
(II) 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		The internal regulations of the Company include the "Wage Management Measures", "Assessment and Performance Evaluation of Project Programs", "Performance Bonus Management Measures ", etc., which provide reasonable compensation policies for employees, and establish clear and effective reward and disciplinary systems. The Company adheres to the principle of caring for employees, providing a perfect reward structure, integrating the employee performance appraisal system with the corporate social responsibility and combining Ethical Corporate Management into employee training, performance assessment and human resources policies.	

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	
(III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		A well-established complaint channel, which attaches great importance to the physical and mental health of employees: The Company has a complaint channel for sexual harassment, workplace violence, and other complaints, and qualified physicians to provide medical consultation and care to employees. Online occupational safety and health education training courses are held regularly every year to create a working environment compatible with occupational safety and health.	No discrepancy
(IV) Does the Company establish effective career development and training plans for its employees?	V		The Company's investment in employee education and training includes functional training, potential talent training and employee further education subsidy scheme. Through diversified learning resources such as "ADLINK-ki pedia" online learning system, internal education and training courses, assignment rotation and external training opportunities, the Company establishes an effective career ability development training plan.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	V		<p>The Company stipulates customer service management procedures, regulates the management of DOA and customer complaints, management of returned products, and regular and occasional customer satisfaction surveys, etc., provides procedures to ensure consumer rights and appeals in all aspects of research and development, procurement, production, operation and service processes, and sets up customer project management and customer care centers to make correct and rapid overall solutions to customer complaints and feedbacks.</p> <p>In the initial evaluation of new product projects and the provision of new services and related marketing and marking, the Company complies with relevant laws, regulations and international standards, and has established internal procedures such as "Privacy and Confidentiality Management Procedures" and "Advertising and Fair Trade Management Procedures" to ensure that the privacy of customers is protected and that marketing advertisements are not false or misleading.</p>	No discrepancy
(VI) 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 rights?	V		In response to the requirements of sustainable development and synchronizing the signing of the relevant documents for all suppliers, the Company has included in the contractual terms a screening of the relevant terms at the time of the supplier's evaluation. So that suppliers' comply with CSR laws and regulations is ensured.	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	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing ESG report and other reports that disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation body?	V		The Company adopts the GRI Standards issued by the Global Reporting Initiative (GRI) for disclosures without third-party verification.	No discrepancy
VI. 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 has established the "Sustainable Development Best Practice Principles", covering environmental management, social welfare, labor safety and health and other management. Please consult the relevant regulations on the Company's website.				
VII. Other important information to facilitate a better understanding of sustainable development practices: 1. The Company attaches great importance to the interaction between the overall operation of the Company and its social responsibility, and has established the ADLINK Education Foundation www.adlinktech.org . The Company cooperates with local government authorities and actively participates in the activities it promotes in order to benefit the society. 2. The Company has released ESG reports for years. Please download on the Company's official website: https://www.adlinktech.com/tw/CorporateSocialResponsibility.aspx				

(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>I. Establishing Corporate Code of Conduct and Ethics Policy and implementation measures</p> <p>(I) 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>	V		<p>In order to improve its sound governance system, the Company has established the relevant rules of corporate governance as follows:</p> <ol style="list-style-type: none"> 1. Rules of Procedure for Shareholders' Meetings 2. Rules of Procedure for Board of Directors Meetings 3. Rules for Director Election 4. Regulations of finance and business operations between the Company and its affiliates 5. Norms for corporate shareholders with control ability to exercise their rights and participate in resolutions 6. Code of Ethical Conduct <p>The Company has publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team.</p>	No discrepancy
<p>(II) 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>	V		<p>The Company has established and complied with the Code of Ethical Conduct, which provides for prevention programs that include prevention of conflicts of interest, avoidance of opportunities for personal gain, duty of confidentiality, fair trade, protection and proper use of the Company's assets, compliance with laws and regulations and encouragement to report any illegal or unethical behavior, as well as the establishment of an appeal system to adopt preventive and disciplinary measures.</p>	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	
(III) 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?	V		In order to comply with the laws, the Company's "Ethical Corporate Management Best Practices Principles" has established relevant operating procedures, behavior guidelines, and punishment and appeal system for preventing unethical conduct. The Company stipulates anticorruption, confidentiality, and other ethical conduct related provisions in the employment contracts of all employees, and holds relevant education, training, and publicity for employees on an annual basis. The contents thereof include respect for intellectual property rights, gender equality in the workplace, emphasis on environmental ecology, personal data protection and occupational safety, etc., so that all employees are informed of relevant operating procedures, behavior guidelines, and disciplinary for violations, and the appeal system. In addition, the Company requires its supplier to sign the Integrity Commitment Letter. Hope to prevent the occurrence of dishonest behavior by internal and external actions.	No discrepancy
II. Implementation of Ethical Corporate Management (I) Does the Company evaluate business counterparty's ethical records and include ethics-related clauses in business contracts?	V		The Company requires the Supplier to sign a Letter of Commitment of Integrity and strictly prohibits conflicts of interest, bribery or other improper conduct.	No discrepancy
(II) 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 the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	V		The Company has established the Legal Affairs Office, which handles not only general legal affairs and litigation business but also the lawfulness of the rights and obligations and business conduct between the interested parties, and instantly enables employees to obtain information and reduce the risk of the law violations. Also, it is responsible for handling the relevant operations such as amendment, execution, interpretation, consulting services, and notification of the regulations related to ethical corporate management, supervising the execution of the archives, and reporting regularly to the Board of Directors.	No discrepancy
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and	V		In the event of a conflict of interest, employees may report it to their supervisor and the Company's dedicated unit (Legal Affairs Office), or may provide it anonymously	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	
implement them accordingly?			to the feedback box and send it to the dedicated email address.	
(IV) 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?	V		The Company has established an effective accounting system and internal control system, which are regularly audited by the internal audit unit and regularly reported to the Board of Directors in accordance with the regulations. The Company also entrusts CPAs to perform review/audit on a quarterly basis.	No discrepancy
(V) Does the Company regularly hold internal and external training on ethical corporate management?	V		Online courses and exams for new colleagues. The course is called the Employee Ethics Contract and has a class duration of 30 minutes. 130 employees have attended the course in 2022. The cooperation contracts between the Company and the manufacturers also stipulated the terms on the need to conduct business activities in good faith, which shall be followed in accordance with the law.	No discrepancy
III. Implementation of the whistleblowing system				
(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V		The Company has established SPAD-10-1.0 Reports, Complaints, and Suggestions and Employee Participation and Feedback Management Procedures and SPAD-11-1.0 Whistleblower Protection and Anti-Retaliation Management Procedures. When the Company receives internal and external complaints or reports, it will conduct investigations in a confidential manner in accordance with the procedures and specifications to protect whistle-blowers from being mistreated. HR units also have channels for promoting complaints that can be used by colleagues, such as physical employee opinion boxes, employee opinion boxes on the eHR Portal website, HR Department and Legal Affairs Office emails, and hotlines. Employees' own opinions or complaints can be submitted registered or anonymously. The Company also places an	No discrepancy
(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	V			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	
(III) Does the Company provide protection for whistle-blowers against improper treatment?	V		email address on its official website where outsiders can provide opinions or complaints through esg@adlinktech.com , enabling ADLINK accept the opinions of all parties in a more comprehensive way and ensuring the circulation of opinions internally and externally.	No discrepancy
IV. Strengthen Disclosure of information Does the Company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The content has been uploaded to MOPS or the Company's website.	No discrepancy
V. 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.				
VI. Other important information that facilitate 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.				

(VII) If the Company has established corporate governance principles and related bylaws, the inquiry method shall be disclosed:

MOPS or the Company's website.

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

(IX) Protective Measures for Working Environment and Personal Safety of Employees

Item	Content
Access Control Security	1. Signing contracts with security companies to ensure a plant-wide security. 2. Employees are required to use identification cards to enter the plant. 3. Access control is set to strengthen the safety protection of the plant, and strict access control monitoring system is set.
Disaster Prevention Measures and Response	1. Perfect safety and security education and training: When a newcomer arrives, he/she shall receive regular safety and security training, on-the-job training, and regularly conduct emergency response related training, chemical leakage drills, to be familiar with the escape route, the configuration and use of fire-fighting equipment on all floors, disaster prevention and response practical drills, and special equipment can be operated only if he/she obtains a license. 2. Implementing regular inspection and maintenance of equipment: Maintenance of low-

Item	Content
	<p>voltage electrical equipment, public safety inspection of buildings, annual inspection of fire-fighting equipment, maintenance and inspection of all process equipment.</p> <p>3. Environmental hygiene inspection: The working environment is neat, clean and illuminated, and the working environment is monitored every six months. Drinking water machine maintenance and water quality inspection are carried out every three months, and the air conditioning equipment is maintained every year.</p> <p>4. In response to the COVID-19 pandemic, the Company established a COVID-19 emergency response plan, set up access controls for plant personnel and visitors, and prepared sufficient supplies. From time to time, the Company releases relevant epidemic prevention announcements, encourages vaccination, and makes rolling corrections in accordance with the epidemic situation and norms.</p>
Physical Health	<p>1. Doctors provide on-the-spot services every month to provide colleagues with health consultation or interview tracking.</p> <p>2. The Company provides subsidies for medical examination fees for new employees, arranges medical examinations for staff every two years and arranges special health examinations for special hazardous operators every year. In addition, the Company cooperates with medical institutions to plan multiple health examination programs for employees and their relatives and friends. The medical staff will carry out hierarchical management according to the examination results, and then arrange medical consultation, or the plant doctor will evaluate the selection of workers according to the nature of colleagues' work.</p> <p>3. The Company stipulates that the office area shall be completely prohibited from smoking, the environment shall be cleaned and disinfected regularly, and alcohol sterilizers shall be set at fixed points to ensure the sanitation and tidiness of the environment.</p> <p>4. The Company organizes occasional health lectures and events each year to promote health awareness among colleagues.</p> <p>5. To be friendly to professional female, the Company has set up three breastfeeding rooms and a dedicated breastfeeding refrigerator for colleagues to collect and store breast milk. For pregnant colleagues, the Company arranges the plant doctor to conduct interviews, adjust work, and provide guidance on health education during their pregnancy. A special area for mothers and babies is set up on the Company's intranet for colleagues. The Company continues to select nursery institutions and negotiate favored policies for colleagues' reference.</p> <p>6. In response to the emergency in cases of colleagues, the Company has set up automatic external cardiac defibrillators (AED) on the first floor of buildings and the gym. Each floor is equipped with a medicine box, and assistants are arranged to assist in management of the medicine boxes. The Company arranges wound care education and training for the assistants every year.</p>
Mental health	<p>1. Education and training: Occasional education and training and health promotion lectures are held, and employees' psychological adjustment, intellectual enhancement lectures and E-learning education and training are provided.</p> <p>2. Expression of opinion: Regular labor-management meetings are held every quarter and sound labor-management relations are maintained.</p> <p>3. 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>4. Psychological counselling: The psychologist provides one-on-one psychological counselling services to the staff every month at the Company.</p> <p>5. Distribute mental health-related publicity quarterly, or cast literature publicity on the electronic board for colleagues to read.</p>
Insurance and Medical	<p>1. Labor insurance (including occupational disaster insurance), health insurance, employee group insurance and other mechanisms are insured according to law.</p> <p>2. Preferential relief will be provided for employees' disease, injuries and death, as well as for</p>

Item	Content
Comforting	their spouses and children.

(X) Status of Internal Control System

ADLINK Technology Inc.
Statement on Internal Control

Date: March 16, 2023

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2022:

- I. 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.
- II. Internal control system has its inherent limitation, no matter how perfect its design is, and effective internal control system can only provide reasonable guarantee for achievement of the aforementioned three objectives, and the effectiveness of internal control system may change due to the changes in the environment and circumstances. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company assessed the effectiveness of the design and implementation of the internal control system based on judgment criteria set by "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 operations, 4. Information and communication, and 5. Supervision operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2022, 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.
- VI. 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.
- VII. The Board approved this Statement of Directors at the Board meeting held on March 16, 2023. Of the nine 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

(XI) 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.

(XII) 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
2022.06.22	2022 Annual Shareholders' Meeting
	1. Proposal for the approval of 2021 Business Report and Financial Statements. Resolution: All shareholders present had no objection and passed the proposal.
	2. Proposal for the approval of the Company's 2021 Earnings Distribution Plan. Resolution: Set July 18, 2022 as the ex-dividend date and cash dividend of NT\$0.3 would be distributed on August 8, 2022.
	3. Amendment to the Company's Articles of Incorporation. Resolution: To be implemented as per resolution.
	4. Amendment to Company's "Acquisition and Disposal of Assets Management Method". Resolution: To be implemented as per resolution.
	5. Proposal for the approval of comprehensive re-election of directors. Resolution: To be implemented as per resolution.
	6. Proposal for the approval of the release of non-compete restrictions on the new directors and their representatives. Resolution: To be implemented as per resolution.

2. Important resolutions of the Board of Directors meetings:

Date	Material Resolutions
2022.02.10	1. ZettaScale financing and changes in equity holdings.
2022.03.17	1. The Company's 2021 Annual Employee and Director Remuneration Distribution Plan.
	2. The Company's 2021 Business Report and Financial Statements.
	3. Proposal for Approval of the Company's 2021 Statement of Internal Control.
	4. The Company's Operational Plan.
	5. Proposal for Approval of the Company's 2021 Earnings Distribution Plan.
	6. Proposal for Approval of the Company's Cash Distribution Plan with Capital Reserves.
	7. Proposal for Approval of the Appointment of CPAs and the Assessment of Their Independence and Competence.
	8. Proposal to convene the 2022 Annual Shareholders' Meeting and related affairs.
	9. Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit.

Date	Material Resolutions
	<ul style="list-style-type: none"> 10. Proposal for Approval of the Company to sell the buildings and parking spaces of Zhonghe Far East Century Plaza. 11. Proposal for Salary Increase for Managers (April 2022 to the end of March, 2023). 12. Proposal for 2021 Managers Performance Bonus Quota. 13. Proposal for 2022 Performance Evaluation System of Managers.
2022.05.05	<ul style="list-style-type: none"> 1. Proposal for Approval of the Consolidated Financial Report of the Company for the first quarter of 2022. 2. Confirmation of the candidate qualifications of Directors and Independent Directors. 3. Proposal for the approval of the release of non-compete restrictions on the new directors and their representatives. 4. Amendment to the Company's Articles of Incorporation. 5. Amendment to Company's "Acquisition and Disposal of Assets Management Method". 6. Amendment to Company's "Board Evaluation Management Method". 7. Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company. 8. Proposal for Approval of the Company's Bank Financing Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit. 9. 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.
2022.06.22	<ul style="list-style-type: none"> 1. Proposed to appoint members of Remuneration Committee
2022.07.29	<ul style="list-style-type: none"> 1. Proposal for Approval of the Consolidated Financial Report of the Company for the First half of 2022. 2. Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company. 3. Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit. 4. Proposal for Approval of the Company's re-invested subsidiaries for working capital needs to apply to financial institutions for credit (external debt) financing proposals. 5. Proposal for Approval of the Company's Re-appointment of New Accounting Manager.
2022.10.28	<ul style="list-style-type: none"> 1. Proposal for Approval of the Company's Audit Plan for 2023. 2. Proposal for Approval of the Consolidated Financial Report of the Company for the third quarter of 2022. 3. Proposal for Approval of the Loan of Funds between Foreign Subsidiaries held 100% by the Company. 4. Proposal for Approval of the Company's Bank Credit Facility Limit and Foreign Exchange and Derivative Financial Instruments Transaction Limit. 5. 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. 6. Amendment to the Company's "Operating Procedures for Processing Internal Material Information". 7. Proposal for dismissal and appointment of the president of significant subsidiaries. 8. Proposal for the Company's 2022 Managers Fixed Salary Structure and Estimated Annual Salary Payment. 9. Proposal for 2023 Performance Evaluation System. 10. Proposal for Issuance of Employee Stock Option.
2022.12.20	<ul style="list-style-type: none"> 1. Proposal for Approval of appointment of president of the Company.

(XIII) Major contents of reserved opinions of Directors and Supervisors 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.

(XIV) In the most recent fiscal year and as of the date of publication of the Annual Report, a summary of the resignation and dismissal of the Company personnel including Chairman, President, accounting manager, finance manager, internal auditing manager and R&D manager:

Job Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Dismissal
Accounting Manager	Yu-Ting (Samantha) Lin	2006.06.15	2022.06.01	Dismissal after organization adjustment
Finance Manager	Shu-Fen (Iris) Chen	2003.07.01	2023.03.16	Dismissal after organization adjustment

IV. Information on CPA Professional Fees

Unit: NT\$1,000

Name of CPA Firm	CPA Name	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Wen-Chin Lin Yi-Wen Wang	2022.01.01~2022.12.31	5,620	1,722	7,342	Tax Certifying, TP Report Review, etc.

- (I) If the non-audit fee for the CPAs, the Firm and the affiliates is more than one-fourth of audit fee, the decrease in the amount of audit public expense, the ratio and the reason: None.
- (II) 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.
- (III) 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.

V. Information on Replacement of CPAs: None.

VI. Where the Company's Chairman, President, or any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Firm or an Affiliated Enterprise of such CPA Firm, the Name, Title, and Period of Employment should be Disclosed: None.

VII. Share transfer and changes to share pledged by Directors, Supervisors, managerial officers and major shareholders

(I) Changes in equity

Title	Name	2022		As of April 28 of the current year	
		Shares Held Increase (decrease)	Number of Shares Pledged Increase (decrease)	Shares Held Increase (decrease)	Number of Shares Pledged Increase (decrease)
Chairman & CEO	Chun (Jim) Liu	0	0	(9,000)	0
Director	Yeou-Yih Chou	(550,000)	0	0	0
Representative of the Director	Chroma ATE, Inc.	(10,015,000)	0	0	0
Representative of the Director	Hsiu-Miao Huang	0	0	0	0
Representative of the Director	AUO Corporation	0	0	0	0
Representative of the Director	Fu-Jen Ko	0	0	0	0
Representative of the Director	AUO Corporation	0	0	0	0
Representative of the Director	Cheng-I Yang	0	0	0	0
Independent Director	Wei-Chien Li	0	0	0	0
Independent Director	Hsing-Hai Wei	0	0	0	0
Independent Director	Chih-Kuang Tseng	0	0	0	0
Independent Director	Yung-Hao Yu	0	0	0	0
President and Chief Operating Officer	I-Tun (Stephen) Huang	0	0	0	0
Global Chief Financial Officer	Ta-Chih (Jeff) Chou	0	0	0	0
Corporate Governance Director	Shu-Fen (Iris) Chen	0	0	0	0
Director, Finance Department	Jui-Lin (Jack) Chuang	0	0	0	0
Senior Manager, Accounting Department	Hsin-Yu (Rena) Kuo	0	0	0	0

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

(III) Equity pledge information: The counterparty to the above equity pledge is not related party.

VIII. Information about the relation between/ among the top 10 shareholders

April 28, 2023

NAME (NOTE 1)	SHARES HELD BY HIMSELF/HERSELF		SHARES HELD BY SPOUSE AND MINOR CHILDREN		SHARES HELD IN OTHERS' NAMES		TITLE OR NAME AND RELATIONSHIPS OF THE 10 LARGEST SHAREHOLDERS WHERE THEY ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARK
	Number of Shares	Ratio	Number of Shares	Ratio	Number of Shares	Ratio	Name	Relationship	
AUO Corporation Shuang-Lang (Paul) Peng	42,310,407	19.45%	0	0	0	0	ADLINK Technology Inc.	Director	None
	0	0					AUO Corporation	Chairman	Representative of AUO
Konly Venture Corp.	15,944,000	7.33%	0	0	0	0	None	None	None
The investment account of Keysight Technologies Inc. (UK) in the custody of Citibank (Taiwan)	14,707,559	6.76%	0	0	0	0	None	None	None
Chroma ATE, Inc. Leo Huang	14,417,253	6.63%	0	0	0	0	ADLINK Technology Inc.	Director	None
	0	0	0	0	0	0	Chroma ATE,	Chairman	Representative

NAME (NOTE 1)	SHARES HELD BY HIMSELF/HERSELF		SHARES HELD BY SPOUSE AND MINOR CHILDREN		SHARES HELD IN OTHERS' NAMES		TITLE OR NAME AND RELATIONSHIPS OF THE 10 LARGEST SHAREHOLDERS WHERE THEY ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARK
	Number of Shares	Ratio	Number of Shares	Ratio	Number of Shares	Ratio	Name	Relationship	
							Inc.		
Ronly Venture Corp.	13,175,000	6.06%	0	0	0	0	None	None	None
Chun (Jim) Liu	10,288,124	4.73%	4,274,586	1.97%	0	0	ADLINK Technology Inc.	Chairman	None
Zenitron Corporation Yeou-Yih Chou	8,696,592	4.00%	0	0	0	0	Yeou-Yih Chou	Chairman of Zenitron Corporation	None
	782,672	0.36%	434,573	0.20%	0	0	ADLINK Technology Inc.	Director	Representative of Zenitron Corporation
Cheng-Yang Hu	6,981,000	3.21%	0	0	0	0	None	None	None
Kai Liu	5,416,632	2.49%	0	0.00%	0	0	None	None	None
Han-Fen Ni	4,274,586	1.97%	10,288,124	4.73%	0	0	None	None	None

Note 1: Please list the top 10 shareholders; the name of corporate shareholders and their respective representatives shall be listed respectively.

Note 2: The calculation of shareholding ratio shall indicate the percentage of shares held in the person's own name or in the name of spouse, minor children, or others.

Note 3: The relationships between the aforementioned shareholders, including corporate and natural persons, shall be disclosed based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers

IX. 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 28, 2023; Unit: thousand shares; %

Reinvestment business	Investments of the Company		Investment by Directors/Managerial Officers and business Directly or Indirectly Controlled by the Company		Consolidated Investment	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
ADLINK International Co., Ltd	61,872	100%	0	0	61,872	100%
ADLINK Technology Singapore Pte Ltd	659	100%	0	0	659	100%
ADLINK Technology Japan Corporation	Note 2	100%	0	0	Note 2	100%
ADLINK Technology (HK) Co., Limited	0	0	24,255	100%	24,255	100%
ADLINK Technology Korea Ltd.	Note 1	100%	0	0	Note 1	100%
JYTEK Korea Co., Ltd.	67	28.2%	0	0	67	28.1%
FAROBOT TECH INC	5,077	49%	0	0	5,077	49%
FAROBOT INC.	0	0	40,000	100%	40,000	100%
Ampro ADLINK Technology Inc.	0	0	39,743	100%	39,743	100%
ADLINK Technology Corporation	0	0	1	100%	1	100%
ADLINK Technology Holding GmbH	0	0	12,609	100%	12,609	100%
ADLINK Technology (China) Co., Ltd.	0	0	Note 1	100%	Note 1	100%
Shanghai JYTEK Technology Co., Ltd.	0	0	Note 3	Note 7	Note 3	Note 7
Shanghai Tuibu Enterprise Management Co., Ltd.	0	0	3,335	27.97%	3,335	27.97%
ADLINK Technology GmbH	0	0	750	100%	750	100%
Dongguan Lingyao Electronics Technology Co., Ltd.	0	0	Note 1	100%	Note 1	100%
ZettaScale Technology Cayman Limited	61,155	100%	0	0	61,155	100%
ZettaScale Technology Limited	0	0	36,584	100%	36,584	100%
ZettaScale Technology SARL	0	0	Note 5	100%	Note 5	100%
ZettaScale Technology BV	0	0	Note 6	100%	Note 6	100%

Reinvestment business	Investments of the Company		Investment by Directors/Managerial Officers and business Directly or Indirectly Controlled by the Company		Consolidated Investment	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
ADLINK Edge Computing Limited	Note 4	100%	0	0	Note 4	100%
Autonomous Mobility Ltd	Note 4	100%	0	0	Note 4	100%

Note 1: A limited company with no shares issued.

Note 2: 1,960 shares.

Note 3: Invested by the Company using the equity method and is a limited company with no shares issued.

Note 4: 1 share.

Note 5: The Company's investment amount is only recognized on the Company's license, and there is no record of the number of shares.

Note 6: 180 shares.

Note 7: Reinvestment of ADLINK China by its equity in Shanghai JYTEK. The shareholding ratio of direct investment is 31.3% and shareholding of Shanghai Tuibu's indirect investment is 7.11%. So the Company's total ratio direct or indirect in Shanghai JYTEK is 38.4%.

Chapter 4. Funding Status

I. Capital and shares

(I) Source of Capital

1. Types of shares on April 24, 2023

Shares Type	Authorized Capital Stock			Note
	Shares Outstanding	Unissued Shares	Total	
Inscribed shares Common stock	202,789,698 shares	77,210,302 shares	280,000,000 shares	Registered capital, of which 5,000,000 shares are for the exercise of employee stock option certificates. The total number of issued shares is 217,497,257 including 14,707,559 private ordinary shares.

2. Formation of share capital

Unit: shares, NTD

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		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
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

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2003.08	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
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

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
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
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
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

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
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
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

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
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
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

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
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 on April 28, 2023

Structure Item	Government Institutions	Financial Institutions	Others institutional shareholders	Natural Persons	Foreign institutions and foreigners	Total
Number of shareholders	1	10	38	6,156	84	6,289
Shares Held	537,000	4,486,110	112,115,779	76,595,499	23,762,869	217,497,257
Shareholding Ratio	0.25%	2.06%	51.55%	35.22%	10.93%	100.00%

(III) Diversification of equity including treasury stock on April 28, 2023

Hierarchy	Number of Shareholders	Shares Held	Percentage
1 to 999	2,375	508,187	0.23%
1,000 to 5,000	2,895	5,651,526	2.60%
5,001 to 10,000	399	3,055,665	1.40%
10,001 to 15,000	152	1,913,135	0.88%
15,001 to 20,000	104	1,852,630	0.85%
20,001 to 30,000	88	2,253,716	1.04%
30,001 to 40,000	48	1,671,366	0.77%
40,001 to 50,000	30	1,338,160	0.62%
50,001 to 100,000	77	5,456,256	2.51%
100,001 to 200,000	42	5,831,667	2.68%
200,001 to 400,000	29	7,745,051	3.56%
400,001 to 600,000	13	6,489,550	2.98%
600,001 to 800,000	9	6,305,555	2.90%
800,001 to 1,000,000	5	4,597,870	2.11%
1,000,001 or more	23	162,826,923	74.86%

Hierarchy	Number of Shareholders	Shares Held	Percentage
Total	6,289	217,497,257	100.00%

(Note) The Company has not issued any preferred stock.

(IV) List of major shareholders (shareholders with equity ratio of 5% or more, or shareholders with equity ratio of the top 10)

April 28, 2023

Name of Major Shareholders	Shares	Shares Held	Percentage
AUO Corporation		42,310,407	19.45%
Konly Venture Corp.		15,944,000	7.33%
The investment account of Keysight Technologies Inc. (UK) in the custody of Citibank (Taiwan)		14,707,559	6.76%
Chroma ATE Inc.		14,417,253	6.63%
Ronly Venture Corp.		13,175,000	6.06%
Chun (Jim) Liu		10,288,124	4.73%
Zenitron Corporation		8,696,592	4.00%
Cheng-Yang Hu		6,981,000	3.21%
Kai Liu		5,416,632	2.49%
Han-Fen Ni		4,274,586	1.97%

(V) Market price, net worth, earnings, dividends, and related information per share in the last two years

Unit: NTD/ thousand shares

Items			Year	2021	2022	Current year up to On March 31, 2023 (Note 8)
Market Price Per Share (Note 1)	Highest			73.10	66.70	65.80
	Lowest			53.10	48.50	53.10
	Average			62.67	55.61	59.94
Net value per share (Note 2)	Before distribution			20.32	25.65	*
	After Distribution			19.32	(Note 9)	*
Earnings per share	Weighted average number of shares (thousand shares)			217,497	217,497	*
	Earnings per share (Note 3)	Before adjustment		0.55	3.71	(Note 10)
		After adjustment		0.55	3.71	*
Dividends per Share	Cash Dividends			0.3	2.5	*
	Stock dividends	Stock dividends appropriated from earnings		0	0	*
		Stock dividends appropriated from capital surplus		0	0	*
	Accrued Unpaid Dividends (Note 4)			0	0	*
Return on Investment Analysis	P/E Ratio (Note 5)			113.95	14.99	*
	Price/Dividend Ratio (Note 6)			208.90	22.24	*
	Cash Dividend Yield (Note 7)			0.5%	4.5%	*

* Information on market prices and cash dividends adjusted retroactively for the number of shares issued should be disclosed in the event of a transfer of earnings or capital surplus to a capitalization allocation.

Note 1: List the highest and lowest market prices of ordinary shares for each year, and calculate the average market price for each year according to the transaction value and transaction volume of each year.

Note 2: Please refer to the number of shares issued at the end of the year and fill in according to the distribution of next year's shareholders' meeting.

Note 3: If retroactive adjustment is required due to circumstances such as gratuitous allotment of shares, the earnings per share before and after the adjustment should be presented.

Note 4: The conditions for issuance of equity securities stipulate that if the undistributed dividends of the current year are accumulated to the earning issuer for the year, the accumulated undistributed dividends of the current year shall be disclosed separately.

Note 5: Price-to-Earning Ratio = average closing price per share/earnings per share for the year.

- Note 6: Ratio of dividend = average closing price per share/cash dividend per share for the year.
- Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.
- Note 8: Net asset value per share and earnings per share should be entered in the consolidated financial statements audited by a certified public accountant (CPA) for the most recent quarter till the date of publication of the annual report; the remaining fields should be filled in till the date of publication of the annual report; The information till the end of the year.
- Note 9: The proposal for 2022 earnings distribution will be resolved after the shareholders' meeting of 2023.
- Note 10: Till the date of publication, there is no information audited by the CPA in the recent period.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy:

When the Company makes an annual distribution of earnings, the net income of the period plus items excluding the net income of the period are included in the undistributed earnings of the year, and the accumulated deficit should be covered first, and if there is still a surplus, 10% of the legal reserve should be set aside. However, no further provision may be required when the legal reserve has reached the amount of the Company's paid-in capital. For the net decrease in other equity accumulated in prior periods, a special reserve of the same amount was set aside from undistributed earnings of prior periods. If there is still a surplus, the amount of net income for the period plus items excluding net income for the period is included in the current period's undistributed earnings, and the rest is set aside or reversed to special reserve as required by law. If there is any surplus left, it should be distributed together with the accumulated undistributed earnings to the shareholders for decision in the shareholders' meeting.

The Board of Directors, with two-thirds or more of its directors present and a majority of the directors present, have determined that all or a portion of the dividends and bonuses, capital surplus, or legal reserve should be distributed in cash. In addition, the Company shall report to the shareholders' meeting, and the provisions of the preceding Article shall not apply to the resolution of the shareholders' meeting.

In addition to the above-mentioned Articles of Incorporation, the Company's dividend distribution takes into account the future capital budget and the need for the funds of the Company's future development plan according to the operating conditions of the Company and also caters to the interests of shareholders. The Board of Directors decides the type and amount of dividend distribution without the effect of special circumstances; The principle is to distribute cash dividends, and the actual distribution over the years shall not be less than 50% of the distributable surplus in the current year.

2. Distribution of the dividends proposed at this shareholders' meeting:

The 2023 annual shareholders' meeting (2022 annual distribution of earnings) estimating decides a dividend of NT\$2.5 per share.

The dividend distribution information proposed for the year 2023 is as follows, which adopted by the Board of Directors on March 16, 2023, awaiting submission to the shareholders' meeting for resolution.

Unit: NTD

Distribution item	Amount	Note
Cash dividends - retained earnings	543,743,143	Approximately NT\$2.5 per share.

(VII) The impact of the gratuitous allotment of shares proposed by the shareholders' meeting on the Company's operating performance and earnings per share:

The Company issued dividends for the current year in accordance with the dividend policy. This time, there were no dividend distribution of stocks and employee stock remuneration, so there was no significant impact on the Company's operating performance and earnings per share.

(VIII) The remuneration of the employees, directors and supervisors

1. The number or percentage of the remuneration of employees, directors, and independent directors was written in the Company's Articles of Incorporation:

In accordance with the Company's Articles of Incorporation, if there is a net profit before tax for the year, 3% to 20% of the remuneration of employees, not more than 3% of the remuneration of directors and independent directors, shall be appropriated 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. The employee remuneration referred to in the preceding paragraph should be paid in stock or in cash and should be paid to employees of subsidiaries that meet certain conditions, the conditions of which are deemed to authorize the Board of Directors to deal with it.

At the time of the annual earnings distribution of the Company, if there is any net profit after tax in the current period, the accumulated loss shall be compensated first. If there are still earnings, then 10% of the statutory earnings reserve shall be appropriated. However, when the statutory earnings reserve has reached the amount of the paid-in capital of the Company, it shall not be appropriated anymore. The rest shall be appropriated or reversed to the special earnings reserve in accordance with the provisions of laws and regulations. If there is still any balance, together with the accumulated undistributed earnings, the Board of Directors shall prepare a profit distribution plan and submit the distribution of shareholders' dividends after the shareholders' meeting.

2. The principal for estimating the amount of the remuneration of the employees and directors is based on calculating the number of shares of employees' remuneration distributed by shares, and applying the accounting treatment when the actual amount of distribution differs from the estimated amount:

The remuneration of the employees and the directors as well as independent directors, which is estimated by the Company, is respectively NT\$67,662,000 and NT\$8,000,000 in 2022 based on the distributed amounts according to the past experiences. After the end of the year, when the amounts distributed by the resolution of the Board of Directors changes significantly, the expenses for the year shall be adjusted. If the amounts still change after the date of publication of the annual financial report, the resolution of the changes will accord with the accounting

estimates, and the amounts will be adjusted and transferred into the account 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. In addition, the basis for estimating the amount of remuneration of the directors is based on the salary level of the same industry, and after the recommendation of the Remuneration Committee, it is submitted to the Board of Directors for approval.

3. The distribution of compensation approved by the Board of Directors:
 - (1) On March 16, 2023 the Company's Board of Directors approved the distribution of employees' remuneration in cash of NT\$67,662,000 and directors' remuneration of NT\$8,000,000, totaling NT\$75,662,000. Same amount as the annual estimate of recognized expenses with no discrepancy.
 - (2) The resolution to distribute the amount of employee stock remuneration and the proportion of the total amount of net income and employee remuneration after tax in the current period: Inapplicable.
4. For the actual distribution of the remuneration of employees and directors including the number of shares allocated, the amount and the share price, if the difference between the remuneration of employees and directors recognized in the previous year takes place, the differences, causes, and dealing progress should be disclosed:

The cash remuneration of the employees and directors' remuneration in 2021 were respectively NT\$25,000,000 and NT\$2,000,000; and the actual distributed amount did not differ from the recognized amount.

(IX) The Company repurchased the Company's shares: None.

II. Corporate bonds

1. Situation of corporate bonds: None.
2. The information of exchangeable corporate bonds: None.
3. Overall report of issued corporate bonds: None.
4. The information of corporate bonds with warrants: None.

III. Status of preferred shares: None.

IV. Overseas Depository Receipt Processing Situation: None.

V. Status of the certificates in employee stock option:

1. 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: None.
2. Names and subscription status of managerial officers who have obtained certificates in employee stock option and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through certificates in employee stock option acquired, cumulative to the date of publication of the annual report: None.

VI. The situation about the new restricted employee shares: None.

VII. Mergers and acquisitions of shares of other companies in issuance of new shares: Inapplicable

VIII. Execution of funds utilization plan: Inapplicable

Chapter 5 Operation Overview

I. Business Activities

(I) Scope of Business

1. Primary Liens of Business

- (1) Wired Communication Equipment and Apparatus Manufacturing
- (2) Telecommunication Equipment and Apparatus Manufacturing
- (3) Electronics Component Manufacturing
- (4) Computer and Peripheral Equipment Manufacturing
- (5) General-purpose Instrument Manufacturing
- (6) Computer Equipment Installation
- (7) Instrument and Meters Installation
- (8) Software Design Services
- (9) Data Processing Services
- (10) Digital Information Supply Services
- (11) Controlled Telecom Radio-Frequency Equipment and Materials Importing
- (12) Energy Technological Services
- (13) Electrical Appliances and Audiovisual Electronic Products Manufacturing
- (14) Wholesale of Household Appliance
- (15) Retail Sale of Household Appliance
- (16) Retail Sale of Computer Software
- (17) Wholesale of Drugs and Medical Goods
- (18) Retail Sale of Medical Equipment
- (19) Medical Materials and Equipment Manufacturing
- (20) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of Consolidated Businesses

Unit: NT\$ thousand

Product Division	2022	Proportion
IST-IoT Solutions & Technology Business Unit	1,968,559	17%
Networking, Communication & Public Sector Business	2,140,109	18%
Computer-on-Modules Business Unit	3,544,488	30%
Edge Computing Platform Business Unit	1,688,991	14%
Edge Visualization Business Unit	1,702,815	15%
Others	673,213	6%
Total	11,718,175	100%

3. The Company's current product lines

- (1) IoT Solution and Technology Business Unit
 - a. All-in-one touch monitor integrating controller/gateway/display
 - b. Software-defined EtherCAT solutions and EtherCAT controllers

- c. EdgeGO, the visualized management software for remote devices
 - d. Autonomous Mobile Robots (AMR)
 - e. Data acquisition solutions for connecting legacy devices
 - f. Monitoring and networking solutions for rotating machinery
 - g. AI machine vision analytics platform and AI smart camera
 - h. Edge Vision Analytics Software Development Kit (EVA SDK)
 - i. Advanced motion control card
 - j. Digital image capture card
 - k. Various types of data acquisition cards and application software
 - l. PXI/PXIe modular platforms and instruments
- (2) Network, Communication & Automotive Business Unit
- a. 5G MEC edge computing platform
 - b. Network security and network services platform
 - c. Advanced TCA high-performance network communication computing platform
 - d. Autonomous driving control computer
 - e. Advanced Driver Assistance Systems (ADAS)
- (3) Computer on Modules Business Unit
- a. Industrial-grade embedded modular computers
 - b. Product prototype development kit
- (4) Edge Computing Platforms Business Unit
- a. In-vehicle computers for autonomous driving
 - b. Open source ROS solutions
 - c. Mobile robot controllers
 - d. GPU inference platform
 - e. IoT gateways
 - f. Fanless embedded computer
 - g. Industrial computing systems
 - h. PICMG and Mini-ITX single-board computers
 - i. Industrial grade SSD
- (5) Edge Visualization Business Unit
- a. Embedded GPU cards
 - b. Industrial monitors and industrial tablet computers
 - c. Industrial tablet computers
 - d. Medical PCs and monitors
 - e. Gaming PCs and monitors
- (6) DMS & Rugged Computing Business Unit
- a. CompactPCI, PC104, and VPX modular, high-reliability industrial single-board computers (SBCs)
 - b. Rugged VPX military single-board computers compliant with the US Sensor Open Systems Architecture (SOSA)

- c. Rugged fanless onboard computing platform for railway systems
- d. Rugged, wide temperature range computers
- e. Train driver- machine interface
- f. Customized modules and systems service

4. The Company's New Product Development Plan

(1) IoT Solution and Technology Business Unit

- a. We are launching a software-defined EtherCAT motion control solution and an all-in-one controller/gateway/monitor unit. These new products strengthen our portfolio of highly integrated offerings, including industrial computers, motion controllers, I/O communication cards, and motor equipment. We aim to provide our customers with a comprehensive, one-stop-shop service that meets their various IT and OT integration needs, helping them achieve digital transformation and build smart factories.
- b. We are launching EdgeGO, a remote device visualization management software that supports our portfolio of edge computing devices, such as industrial computers, AI cameras, and intelligent data acquisition platforms. With this visualization platform, customers can remotely manage their factory devices, quickly monitor device status, perform firmware updates, collaborate on edge application services, and maintain data security.
- c. We will continue to provide data collection, streaming, and control solutions for industrial IoT, integrating software, hardware, and data control to make our solutions comprehensive and help customers create new business models and value in the IoT field. In terms of software, we will launch the Edge Image Analysis Software Development Kit (EVA SDK), which, together with the AI imaging platform, will enable customers to realize AI image analysis in smart factories faster.
- d. We will provide ready-to-use solutions for the networking of legacy machines and monitoring the status of rotating machinery for smart factories.
- e. For machine vision, we offer products such as plug-and-play AI image capture cards and server-grade AI image platforms.
- f. We will continue to develop various edge computing platforms for data collection.
- g. Continue to introduce various low to high end PXI/PXIe controllers and platforms.
- h. Continue to offer a full range of low to high end motion control cards for automation equipment in various industries.

(2) Network Communications and Automotive Business Unit

a. With the strong support and cooperation of our ecosystem partners, ADLINK assists global customers in building autonomous driving solutions, including autonomous mobile robots (AMRs), robo-taxis, autonomous trucks, and mining vehicles developed using Intel® Sapphire Rapids, Ampere® Altra®, and NVIDIA® Jetson Orin™ technologies. ADLINK's autonomous driving solutions have been certified to the ISO 26262 Road Vehicles Functional Safety Standard, implementing the highest level of ASIL D for this safety process. From product planning, development, design, and production, ADLINK has established rigorous standards to identify and evaluate potential safety risks, demonstrating ADLINK's commitment to the functional safety and reliability of vehicles. 2023 will mark the dawn of ADLINK's self-driving era. We will continue to work closely with strategic partners to provide the global self-driving market with a wide range of applications from L1 to L4.

b. We will further enhance our portfolio of telecom edge servers and core network data products to meet the application requirements for low latency, high bandwidth, rich I/O expansion, high deployment flexibility, and faster computing capabilities, helping customers speed up the transformation of communication networks, the development of 5G base stations, private enterprise networks, and 5G multi-access edge computing

(MEC) applications.

c. We are actively developing open architecture hardware for building virtual open RANs and working with our ecosystem partners to provide telecom network equipment providers with more flexible and efficient 5G Open RAN solutions.

d. We will sign a memorandum of understanding (MOU) with our strategic partners to jointly develop and promote all-in-one MicroRAN 5G private network solutions that will provide a secure, reliable, and fast deployment option for smart manufacturing applications for small and medium enterprises, enabling them to achieve a higher return on investment with a lower total cost of ownership.

(3) Modular Computer Business Unit

a. We will work with key strategic alliance partners such as Intel, NVIDIA, Arm, Qualcomm, NXP, and MediaTek to introduce a new generation of modular computers for various heterogeneous computing applications.

b. As a core member of PICMG, we will collaborate with other members such as Kontron, Advantech, MSC, and Congatec to develop the latest specifications for COM-HPC and COM Express Rev. 3.1.

c. As a core member of the SMARC (Smart Mobility ARChitecture) organization, the latest SMARC 2.1 specification will be released to meet market demand and customer applications.

d. We will continue to offer over 7 years warranty on ETX, COM Express, SMARC, and Qseven embedded computer modules.

(4) Edge Computing Platform Business Unit

a. We are expanding our presence in autonomous driving by offering solutions such as AI image controllers and time synchronization technologies. For example, we have collaborated with Tier IV, a Japanese open-source autonomous driving solution provider, to offer a one-stop integrated hardware and software solution based on Autoware* and ROS1/2 platforms for visual perception applications in autonomous vehicles. We will continue to expand our self-driving technology ecosystem and deepen strategic partnerships with leading companies, research institutions, and government agencies to accelerate the development, testing, and deployment of self-driving solutions.

b. As more communication and mobile applications emerge, such as autonomous driving and autonomous mobile robots, we are strengthening our product development for Arm architecture in addition to x86 processor architecture to meet the needs of a wider range of applications.

c. To meet the market demand for image processing and analysis, accelerated computing, and artificial intelligence technologies, we are developing GPU-enabled products based on existing industrial single board computer specification architectures, enabling customers to rapidly upgrade their technology and drive the new generation of heterogeneous computing applications.

d. We grasp the trends of future artificial intelligence development by proactively investing in the research and development of GPU deep learning accelerator cards and inference platforms. We suggest the most suitable hardware platform for users' applications through our Deep-Learning Profiling Consultancy Service.

e. We will introduce fanless industrial smart platforms compatible with existing modular computers or single board computers as the base layer, and various industrial solid-state hard drives. These products can be used in various fields such as multi-signal media, gaming, medical, and industrial applications.

(5) Display Computing Business Unit

a. We will continue to expand our range of edge visualization products with our strategic alliance partner, AUO Corporation, by introducing high-brightness, curved, and high-reliability modular tablet computers with advanced touch displays. These products address the unique needs of various industries, such as manufacturing, retail, services, and transportation.

b. We will continue our partnership with strategic alliance partner NVIDIA to release new generation graphics processing unit (GPU) modules that support edge computing applications using heterogeneous computing architectures to drive rapid application upgrades. In addition, we will launch a compact and plug-and-play external AI accelerator that will enable end users to immediately improve computing performance and increase productivity.

c. We will speed up the development of high-end medical tablets and system platforms, which can be used to accelerate edge computing for medical imaging, diagnosis, and treatment. We will support high reliability and product lifecycle to meet the clinical and R&D needs of the medical industry.

(6) Custom Rugged Computer Business Unit

a. With over 25 years of experience in designing and manufacturing embedded, distributed, and intelligent computing solutions, ADLINK has a deep understanding of vertical markets. Through our dedicated ODM and OEM teams, ADLINK provides our customers with the best design and manufacturing services to meet their unique needs.

b. We will accelerate the development of rugged VPX single board computers and systems that comply with the Modular Open Systems Approach (MOSA) and Sensor Open Systems Architecture (SOSA) design guidelines and standards to meet the needs of a wide range of defense and aerospace applications.

c. We will continue consolidating our leading market position and are committed to providing high-performance single board computers and systems that comply with the CompactPCI and PC104 open standard technical specifications to meet the stringent requirements of the operating environment, reliability, and product life-cycle for industrial applications such as factory automation, railway transportation, and defense industries.

d. We will continue to expand our family of fanless, rugged onboard computing platforms for railways, in particular introducing GPU-enabled artificial intelligence products, to enable railway customers to achieve smarter, safer, and more reliable rail transit operations and accelerate the digitalization of railways.

(II) Overview of the Industry:

With the development of 5G, artificial intelligence, and edge computing technologies, the key drivers in the market are the demand for low latency signal/information processing, the need for real-time and automated decision-making, and the benefits of instant communication brought by 5G networks. The opportunities presented by these new technologies include:

- Self-driving cars and autonomous mobile robots: The ability to communicate with low latency and real-time multi-point signal transmission enables people to rely more on self-driving cars and autonomous mobile robots.
- Internet of Things (IoT) devices: The combination of 5G and edge computing technologies enables smoother communication between machines, allowing manufacturers to manage all processes and make real-time decisions.
- Integration of IT and OT systems: With the increased data capacity and analytical capabilities of the connected devices, integrating IT (Information Technology) and

OT (Operational Technology) enables accurate analysis of business outcomes and delivers operational benefits.

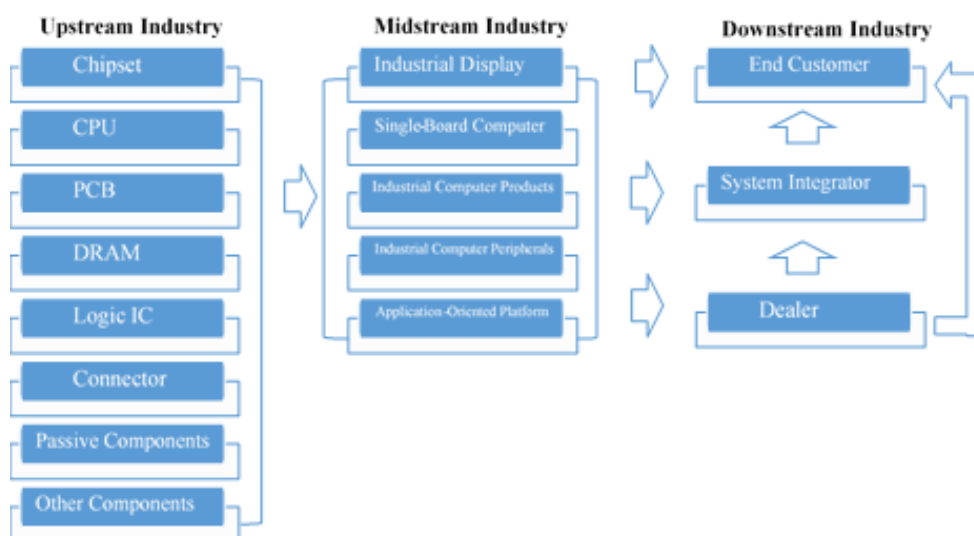
- AI visual analysis: The combination of artificial intelligence and image capture can help customers analyze factory equipment, processes, and operators with functions such as production defect detection, personnel safety protection management, and standard operating procedure management, helping to create a safe, high-quality, and efficient manufacturing environment.

In January 2021, ADLINK launched a new strategic vision: "The future of edge computing is edge autonomy." The transition from embedded computing to edge computing represents a shift from automation to autonomy.

ADLINK's strategic vision is in line with the direction predicted by market analysis. In recent years, the industry has transitioned from traditional embedded computing platforms to the rapidly growing Internet of Things (IoT), which has evolved into the current focus on edge computing and AI applications.

Historically, the Internet of Things has been about connecting individual devices, collecting data through sensors and sending it to the cloud. However, in order for smart devices, infrastructure, and operators to work together more effectively, real-time communication and connectivity between devices needs to be enhanced. Edge Autonomy refers to a new level of connectivity between intelligent edge devices, enabling them to respond to collected data at the right time, analyze meaningful data through bi-directional communication and edge-based analytics, and make decisions that lead to actions, hence the name Edge Autonomy.

The relationship between the upstream, midstream, and downstream sectors of the industry



(III) Overview of Technologies and Research and Development

i. Over recent years and as of the date of publication of the Annual Report:

Unit: NT\$ thousand

<div>Year Item</div>	2018	2019	2020	2021	2022
Consolidated research and development expenses	1,523,887	1,437,059	1,452,997	1,521,068	1,544,496

ii. Successfully developed technologies or products

ADLINK Technology is a global leader in edge computing products and solutions and prides itself on being the "indispensable catalyst for the AI world". The company's product portfolio includes embedded modules, computer modules, AI modules, industrial motherboards, software (robot operating systems, middleware, application interfaces, etc.), deep learning accelerators, platforms, servers, tablets and monitors, industrial computers, IoT solutions, smart cameras, AI vision solutions, gaming computer systems and monitors.

ADLINK Technology has over 1,800 employees, with product manufacturing, customization, customer service, sales, and marketing teams in 21 countries. With the resources of our industry partners, we serve customers in a variety of industries including automotive, manufacturing, medical, defense, aerospace, transportation, and gaming.

Our new product development ranges from our traditional embedded computing categories to the company's visionary new projects. We are also focusing on communications technology, robotics hardware and software solutions, AI and IoT applications, and the hardware required to realize these applications.

Since its inception, the company has continuously developed and launched new products and invested significantly more than the industry standard in research and development. We have also actively developed new technologies through our ecosystem of industry partners and support global technology development by participating in several open-source software initiatives.

ADLINK Technology has deepened its collaboration with leading strategic partners such as NVIDIA, Arm, Qualcomm, NXP, and AWS to develop new products that lead the industry.

New products successfully launched in 2022 include:

- The first COM-HPC Client Type and COM Express Type 6 modular computers equipped with the 12th generation Intel Core processors
- An integrated 4-axis PCI Express® pulse motion control card suitable for high-end machine automation applications
- Server-side embedded computer modules featuring Intel's latest Xeon® D processors: COM-HPC server module and Express Type 7 module
- An industrial-grade 4-channel PoE-enabled AI vision system with NVIDIA Jetson Xavier NX to accelerate edge AI application deployment
- The Arm SystemReady certified Ampere® Altra® developer platform
- The PCIe-ACC100 5G FEC Accelerator Card, a product developed using Intel's virtualized Radio Access Network (vRAN) accelerator ACC100 eASIC chip, suitable

for 5G network applications that require high throughput and low latency.

- The new SMARC-compliant AIoT computing module powered by MediaTek's Genio 1200 SoC. Features an 8-core CPU and 5-core GPU processors, it delivers powerful AI edge computing capabilities, supports multiple 4K displays and delivers exceptional performance.
- In response to the latest COM.0 R3.1 computer module released by PICMG, which supports PCIe Gen 4 and advanced transmission interfaces, we have been building the next generation of AIoT applications.
- The NVIDIA Jetson Nano AI camera development kit that integrates image sensors and enables easy and quick prototyping of AI vision projects.
- Medical computer with NVIDIA Ampere Architecture MXM GPU that accelerates real-time processing of medical images and video.
- A highly durable industrial-grade monitor with a 7H-hardness front panel, IP65 protection, and a mean time between failures (MTBF) of over 50,000 hours.
- Gaming motherboards and computers featuring Intel's 12th generation Core processors
- And dozens of other new products for defense, manufacturing, medical, transportation, and retail applications.

(IV) Long-term and short-term business development plans

Short-term business development plan

- Cultivate specific vertical markets such as industrial automation equipment, smart manufacturing, rail transport, 5G communications, smart displays, and smart healthcare.
- Strengthen product development for industry and customer-facing applications, such as AI inference platforms and industrial display solutions.
- Strengthen partnerships with local partners, such as expanding Edge AI distribution opportunities in Southeast Asia, Australia, and New Zealand, and seeking Edge AI software solution partners in China.
- Enhance collaboration with strategic alliance partners such as Intel, NVIDIA, Arm, Qualcomm, NXP, and AWS to grow businesses and drive joint marketing activities together.
- Enhance collaboration with AUO Corporation to develop new products and market promotions. We will continue to expand our edge visualization product line through the Display Computing Business Unit and cultivate the smart healthcare, smart manufacturing, and smart logistics industries.
- Through our alliance with Hon Hai, we aim to develop more smart manufacturing and connected car solutions, such as autonomous mobile robots (AMRs).
- Introduce the enhanced version of the DMS+ customization services, offering a one-stop, customized service to key accounts.
- Continue to improve product quality and cost management.
- Drive automation in manufacturing and warehousing.

- Reduce the product design time.
- Reduce lead time from order to delivery.

Long-term business development plan

- Continue to invest in R&D and technical resources to develop artificial intelligence, autonomous mobile devices, and car-mounted computers for autonomous driving, which can be applied to various markets such as manufacturing, warehousing, retail, intelligent transport and healthcare.
- Support open-source software initiatives and cultivate innovative technologies.
- Establish the EdgeOpen™ Consortium to attract edge AI hardware and software solution partners, increase hardware product stickiness, and deepen the integration of software and hardware solutions.
- Establish a global presence with localized support, as we have design and development teams in Taiwan, China, Germany, and the United States to provide professional services to our customers.

II. Overview of Market and Production Sales

(I) Market Analysis

1. Sales regions for our main products: Omitted Unit: NT\$ thousand

Region	2022	Proportion
Asia	5,339,226	46%
America	3,917,365	33%
Europe	2,353,828	20%
Others	107,756	1%

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 prospects.

ADLINK is a global company, and our customer base, technology capabilities, and business partnerships are not dependent on a single region or vertical market. In terms of regions, in 2022, ADLINK generated 33% of its revenue from the Americas, 27% from Asia Pacific, 20% from Europe, the Middle East and Africa (EMEA), and 19% from China. In terms of the technology segment, 30% of our revenue comes from our traditional "modular" computer products. ADLINK will continue to expand its market share in our traditional core embedded computing business and will seek to enter new market segments with new technologies, products, and partner ecosystems.

ADLINK's product distribution model is relatively complex. The standard products are mainly sold through distributors, equipment manufacturers, and system integrators. These partners add value and integrate the products into various devices and systems before selling them to end users. A small proportion of customized products are sold directly to end-users, in addition to being sold through system integrators. End-users of our products can be equipment manufacturers or field users such as factories, warehouses, railway stations, medical facilities,

etc.

Customers in certain market segments are more susceptible to the influence of economic cycles and government spending, and ADLINK's business in these segments may also be affected as well to some extent. For example, the business of some electronics manufacturers may be correlated with increased government spending in the post-pandemic era. However, the impact of these factors on ADLINK Technology is relatively small because of the diversification of our products, target industries, and customers, which makes it less likely that our business will be affected by any single event

In addition, ADLINK specializes in high-tech products, such as 5G communication servers, defense systems, and railway transport platforms, which are more special segments with higher entry barriers, such as the need for a longer product certification process. The competitive landscape in these industries has been relatively stable and less vulnerable to market erosion from other competitors—such as the entry of consumer motherboard manufacturers. However, due to the rapid changes in industry requirements in recent years, including the rapid shift from traditional Wintel platforms to heterogeneous platforms, ADLINK Technology has moved quickly to reposition itself for the changing market trends. The company has initiated strategic alliances with industry leaders such as Intel, NVIDIA, Arm, Qualcomm, NXP, and AWS to seize new application opportunities with earlier deployment for the Internet of Things (IoT) industry.

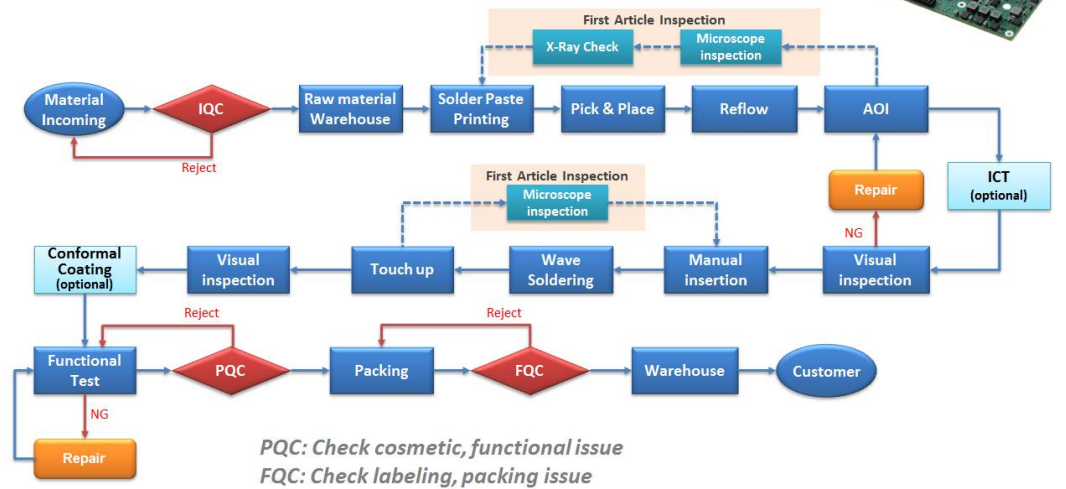
(II) The major applications and manufacturing processes of our main products

- Edge computing platform: A hardware and software integrated application-ready platform for 5G public telecom mini-base stations, 5G enterprise private networks, and 5G multi-access edge computing (MEC) applications.
- Network security platform: Based on the Open Compute Carrier-grade Edge Reference Architecture (OCCERA), it is primarily used by medium and large enterprises and telecommunications providers for network security and network communications applications.
- Rugged fanless intelligent transport computer: A highly reliable platform for railway control centers, onboard signaling and image analysis systems.
- VPX and HPERC military-specific platforms: targeting radar, digital signal processing, unmanned and ground vehicles, electronic warfare, and other military applications.
- AI automotive computer: Edge AI-based autonomous driving hardware platform to realize various next-generation intelligent autonomous driving applications such as autonomously controllable and reliable mass transit vehicles, unmanned delivery vehicles, unmanned aircraft, and autonomous mobile robots.
- The key operational smart platform for building smart factories and Industry 4.0: for example, the operational smart platform for the Industrial Internet of Things developed to connect unconnected machine equipment, including data acquisition system, equipment monitoring and diagnostic system, edge computing platform and server, and application software for interfacing various transmission and communication.

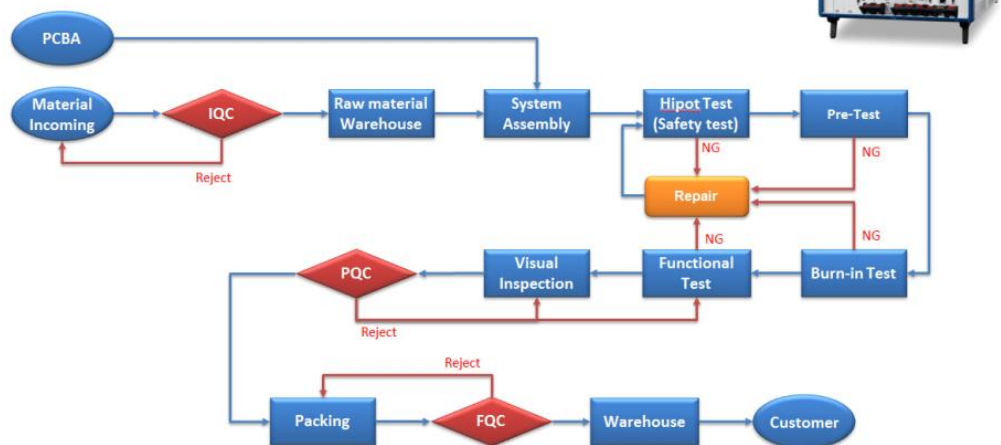
- AI industrial cameras: Suitable for vision-guided robots, work safety improvement, production standardization process control, defect detection, logistics, and other intelligent manufacturing-related applications.
- Automation solutions for measurement in electronics production lines: Suitable for motion control, image capture and position recognition, I/O control, functional testing, pressure testing, and factory inspection of automated machines and equipment, which play an important role in the production process of electronics manufacturing and semiconductor packaging and testing industries.
- PXI platforms and modular instruments: Suitable for high-end measurement applications such as automated production test, radar signal acquisition, vibration test equipment, RF signal measurement, etc.
- A dedicated intelligent platform for the gaming industry and information logistics applications.
- Advanced medical touchscreen computers and monitors: mainly used in demanding medical environments such as operating rooms, medical image storage systems, etc.
- Intelligent industrial computing platforms: including fanless rugged embedded computers, PICMG 1.x SBCs and industrial motherboards, and industrial enclosures. Suitable for industrial environments and other specialized computing needs, they can withstand harsh environments such as high temperature, high humidity, and vibration.
- Computer on module (COM): including COM-HPC, COM Express, SMARC, Qseven, and ETX specifications. In recent years, COM-related products have been widely used in medical, gaming, automation control, and transportation.
- Embedded GPU products are widely used in artificial intelligence-related applications, including medical, transportation, smart city, retail, smart manufacturing and inspection, military, and security.
- ROS2 Autonomous Mobile Robots: An integrated software and hardware platform based on ROS/ROS 2, suitable for autonomous mobile robots and mobile platform applications.
- AVA In-Vehicle Platform: A highly reliable platform for controlling self-driving vehicles from the control center, onboard signaling system, and image analysis system.

2. Production Process of Main Products

Manufacturing Operation-PCBA



Manufacturing Operation-System



(III) Supply of main raw materials

Type of materials	Major Suppliers	Status of Supply
CPU/ Chipset/ Computer Periphery	Synnex Technology International Corporation	Good
PCB	Founder Group, Plotech Co., Ltd., First Hi-tec Enterprise Co. Ltd., Yi Po Co., Ltd., Hannstar Board Corporation, Allied Circuit Co., Ltd., Shennan Circuits Co., Ltd.	Good
Single Board Computer	Advanixs Corporation, Nextronics Engineering Corp., Avnet Asia Pte Ltd , Netio Technologies Co., Ltd.	Good
IC	Nvidia Corporation, Avnet Asia Pte Ltd., Arrow Electronics, Inc., Alltek Technology Corp., WT Microelectronics Co., Ltd., Answer	Good

	Technology Co., Ltd., Macnica Galaxy Inc.	
Chassis	Shie Lee Machinery Co., Ltd., Jinchya Technology Precision Co., Ltd., Hung Lyang Industrial Co., Ltd., ColorValue Technology Inc., Dongguan Lingyao Electronics Technology Co., Ltd., Xingwei Computer (Kunshan) Co., Ltd., Cherry Chief Group	Good
Connectors	Avnet Asia Pte Ltd., MetaTech (AP) Inc., ERNI International AG, World Peace Industrial Group, Helm Technology Inc., Skyworth Group Co.,Ltd, Switchlab Inc., Suzhou Xinhanmen Electronics Co., Ltd., Xinhengguang International Trade (Shanghai) Co., Ltd.	Good
Ironwork/fins	Hosin Technology Co., Ltd., Chi Ting Industrial Co. Ltd., Rittal Systems Taiwan Ltd., Chi-Tai Casting Industrial Co., Ltd., Cashi components Corp., Syncmold Enterprise Group, Asiacrystal Computer Enterprise Co., Ltd., Chia Cherne Industry Co., Ltd., QuadRep Electronics (Taiwan) Ltd, USE Electronics Co., Ltd., INVNI Tech Developing Corp., Yau Feng Enterprise Co., Ltd., Xingwei Computer (Kunshan) Co., Ltd., Shanghai Xide Heat Transmission Technology Co., Ltd., Winbest Co., Ltd.	Good
RAM Module	Transcend Information, Inc., Innodisk Corporation, Apacer Technology Inc., ATP Electronics Taiwan Inc., Leanware Technology Co., Ltd.	Good

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

(IV) Customer information accounting for more than 10% of the total amount of goods purchased (sale) 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

	2021				2022			
Item	Name	Amount	Ratio to annual net purchase (%)	Relation with issuer	Name	Amount	Ratio to annual net purchase (%)	Relation with issuer
1	Synnex	1,416,930	19%	None	Synnex	1,360,880	20%	None
2	Others	5,997,690	81%	—	Others	5,359,340	80%	—
	Net purchase	7,414,620	100%	—	Net purchase	6,720,220	100%	—

2. Main customer information in sales for the last two years: Unit: NT\$ thousand

	2021				2022			
Item	Name	Amount	Ratio to annual net sales (%)	Relation with issuer	Name	Amount	Ratio to annual net sales (%)	Relation with issuer
1	Others (Note 1)	9,673,054	100	—	Others (Note 1)	11,718,175	100	—
	Net sales	9,673,054	100		Net sales	11,718,175	100	

Note 1: No single customer of the Company has more than 10% of sales.

(V) Production Volume and Value for the Most Recent Two Years

Unit: tablet/tablet; NTD thousand

Year	2021			2022		
Production Volume and Value	Capacity (Note 1)	Production Volume	Production value	Capacity (Note 1)	Production Volume	Production value
Divisions						
IST-IoT Solutions & Technology Business Unit	-	285,700	1,128,985	-	227,897	994,795
Networking, Communication & Public Sector Business	-	60,639	1,067,903	-	67,536	1,312,179
Computer-on-Modules Business Unit	-	206,930	1,172,996	-	257,218	1,838,125
Edge Computing Platform Business Unit	-	66,469	545,989	-	81,962	768,978
Edge Visualization Business Unit	-	78,719	761,439	-	63,115	845,227
Others	-	86,767	429,424	-	67,117	374,725
Total	-	785,224	5,106,736	-	764,845	6,134,029

Note 1: 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 (line body/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) Value of sales in the last two years

Unit: tablet/tablet; NTD thousand

Year	2021				2022			
Production amount	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
Divisions	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Computer-on-Modules Business Unit	3,517	38,363	249,104	1,944,063	11,638	46,898	343,626	3,497,590
Edge Computing Platform Business Unit	17,634	153,762	206,423	1,172,886	17,249	158,550	215,840	1,530,441
IoT Solution and Technology Business Unit	78,307	593,273	303,127	1,680,397	71,774	383,846	308,867	1,584,713
Networking, Communication & Public Sector Business	9,037	71,708	93,730	2,092,972	7,561	83,427	116,896	2,056,682
Edge Visualization Business Unit	21,067	215,450	64,415	929,422	21,131	187,864	96,817	1,514,951
Others	7,508	20,882	376,429	759,876	2,601	15,149	473,730	658,064
Total	137,070	1,093,438	1,293,227	8,579,616	131,954	875,734	1,555,776	10,842,441

III. Employee information for the last two years

April 28, 2023

Year	2021	2022	Current year up to On March 31, 2023
Number of employees			
Direct personal	339	342	368
Indirect personal	1,499	1,522	1,541

	Total	1,838	1,864	1,909
	Average age	40.77	40	40
	Average length of service (year)	6.79	6.1	6.0
Educational distribution	Doctor	1.32%	1.32%	1.36%
	Master	29.14%	31.15%	30.68%
	College	62.12%	60.20%	60.30%
	High School	6.39%	6.30%	6.65%
	Below high school	1.03%	1.03%	1.01%

IV. Environmental Protection Expenditure

The total amount of the Company's losses including compensation and disposals due to environmental pollution, as well as the cost for its response measures and other expenses till the date of the publication of the latest annual report:

Reasons	The Class B Waste Technician Qualification Certificate and the Application Form for Installation were not sent to the Department of Environmental Protection within the time limit, and the judgment was received on July 22, 2022 (Receipt Letter No.: Tao Huan Shi Zi No. 1110062833) was fined NT\$6,000.
Reason analysis	<ol style="list-style-type: none"> 1. According to Paragraph 2 of Article 28 of the Waste Disposal Act and the announcement matters of "For the Enterprises Required to Have Waste Disposal Technicians as Specified and Announced", if the registered capital is more than NT\$2 billion, there should be at least one disposal technicians of Grade B or above. Attach the certificate of qualification of the technician and the application form for installation, and apply to the competent authority for approval. 2. It did not recognize the announcement regulations of "For the Enterprises Required to Have Waste Disposal Technicians as Specified and Announced". In fact, before the plant was moved to Taoyuan, there were disposal technicians of Grade B or above, but the documents were submitted and declared late.
Corrective action	<ol style="list-style-type: none"> 1. Completed the establishment and declaration of waste disposal technicians of Grade B on April 6, 2022. 2. A fine of NT\$6,000 has been paid on August 1, 2022.
Precaution	In the identification of laws and regulations, add the announcement regulations of "For the Enterprises Required to Have Waste Disposal Technicians as Specified and Announced", and conduct identification.

In response to the requirements of international environmental protection decrees and the idea of protecting the global environment, ADLINK Technology began to promote green procurement and manufacture of green products in May 2004. Environmental protection in ADLINK Technology has become an important consideration in business management, and the provision of products with less impact on the environment is an important implementation measure. In addition to actively pursuing the environmental protection policy, ADLINK Technology also requested the supplier to fully cooperate with it, and then give priority to the procurement of parts and raw materials that comply with environmental protection principles to ensure that the parts and raw materials used are free of substances harmful to the environment, so as to achieve the sustainable operation of the enterprise and enhance the corporate image.

The specific acts of ADLINK on environmental protection:

- Waste management and recycling

Waste management with "process reduction, resource recycling" as the main idea, waste disposal with recycling and reuse as the priority, hopes to recycle the reusable part of the waste to improve the efficiency of waste management, and simultaneously reduce the environmental load caused by waste disposal. It also advocates green packaging. In addition to being safe, reliable and environmentally friendly, green packaging has the benefits of doing no harm to human body and reducing environmental impact and saving resources by using recyclable and reusable products. ADLINK replaces cartons with reusable electrostatic black boxes, a solution that has gradually gained customers' approval and further has expanded its adoption. In addition, the buffer materials such as packaging, paper boxes, and foam boards used in the transportation process are reused by ADLINK for product shipment after sorting. After packaging material recycled and reused, the way can optimize the objective of recycling and reuse, which can reduce the cost of the waste disposal and carbon emissions of paper.

- Environmental protection management

In an era of energy crisis, besides saving energy and reducing carbon, it is more important to utilize waste and allow green energy to be recreated, so as to protect the Earth's environment from destruction. Based on the philosophy of the Earth's citizens, ADLINK Technology supports "environmentally friendly"; therefore, ADLINK's specific measures are: The identification, management as well as more efficient use of energy resources, and the implementation of various reduction actions.

The list of environmental management plans and expenditures for 2023 are as follows:

Environmental Safety and Health Policy	Goal	Targeted	Control plan	Estimated Completion Date	Budget
Saves energy resources and builds resource regeneration	Save 1% of electricity annually and reduce carbon emissions by 84,633 kg	ADLINK built a solar photovoltaic system to produce 1% of electricity	ADLINK built solar photovoltaic	2021/10/1 ~2023/12/31	0
Saves energy resources and builds resource regeneration	Reduce the containers for wasted and contaminated cloth	Reduce the space of contaminated containers by 10%	Recycle the contaminated objects and concentrate all of it in space packet compression	2021/10/1 ~2022/12/31	0
Saves energy resources and builds resource regeneration	The LED replacement of laboratory work desk lights on all floors continues	Save energy consumption, improve energy efficiency, and replace 120 units.	The update on LED in place of laboratory work light	2022/1/1 ~2022/12/31	8,000

Environmental Safety and Health Policy	Goal	Targeted	Control plan	Estimated Completion Date	Budget
Saves energy resources and builds resource regeneration	Reduce the frequency of warehouse scrap clearance	Maintaining a clean warehouse environment and saving in clearing and transportation expenses reached NT\$40,000.	Maximum storage capacity planned for the area of waste board storage	2022/1/1 ~2022/12/31	32,500

- Use and management of water resources

Since there is no need to use water in the production process, the water used by ADLINK is domestic except for the water used by the air conditioning cooling water tower. It is therefore difficult to recycle and reuse. Based on the above objective environment limitations, ADLINK focuses on the conservation orientation of water resources policy at this stage. ADLINK's water source is provided entirely by the water company, not by other source. As for the use of water resources, they are domestic water, as mentioned above. Emissions will be concentrated in the premises (Hwa Ya Technology Park).

In order to reduce the use of water resources, ADLINK has continued to promote the concept of conserving water in the long term. Implement various water conservation measures:

- Replace the faucet with an induction faucet.

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
 1. Employee welfare measures: In addition to providing the basic welfare protection for employees granted by the Law of The Republic of China, the Company also handles employee medical insurance and periodic health inspections. A multi-functional recreational space for physical and mental rest is set up on each floor of the Company, along with free coffee for free. There is also a sports and leisure center, which provides a swimming pool, spa area with a sauna, and gymnasium to encourage employees to exercise and won three consecutive sports enterprise certifications from Sports Administration. The Employee Benefits Committee (EBC) is established in accordance with the law, and a committee is convened to review the welfare items on a quarterly basis. The monthly meetings of the executives of the Welfare Committee were held to carry out welfare undertakings. Eight to ten lectures, various sports events, Christmas events, one-day and two-day trips in domestic country, Spring Festival events, holiday bonus and other welfare measures to improve the quality of life. Moreover, the program provided altogether by volunteer travel and ADLINK Education Foundation develops volunteers to fulfill their social and corporate responsibilities. At the same time, the EBC encourages the development of a diversified society. At present, there are 18 clubs in total, which enhances the relationships among employees and creates more opportunities for cross-departmental exchanges.
 2. Employee development and training system: The Company has a perfect education training system. The investment in employee education and training includes vocational training,

new colleague guidance program, and potential talent training. Through diversified learning resources such as online learning system (eLearning), internal education and training courses, assignment rotation, and external training opportunities, the Company has effectively established a training program for career development .

In 2022, education training was implemented in PM, research, manufacturing, and logistics units. The total number of hours of education training within and outside the Company reached more than 2376 hours, and the cost of education training amounted to NT\$1,792,155.

3. Employee retirement system: The Company has a defined benefit retirement method (old policy) for employees who are formally employed in accordance with the Law on Labor Base Law. According to the provisions of this method, an employee's pension is calculated based on the number of years of service and the average salary of six months preceding his retirement. The Company shall allocate the pension at the rate of 2% of the total monthly employee salary to the Labor Pension Fund Supervisory Committee, and shall deposit the funds in the name of the Committee into the special account of the Bank of Taiwan and entrust it with the use of interest. The method of employee retirement stipulated in the "Regulations on Labor Retirement Pensions" of the Company is the method of definite provision for retirement (new system). For the employees who have chosen or applied the new system, the Company will appropriate a monthly pension of six percent of their total salary to the individual pension account established by the Labor Insurance Bureau.
4. Maintenance measures related to employee's other rights and interests
 - (1) A well-established complaint channel, which attaches great importance to the physical and mental health of employees: The Company has a complaint channel for sexual harassment, workplace violence, and other complaints, and qualified doctors and nurses provide medical consultation and care to employees. Online occupational safety and health education training courses are held regularly every year to create a working environment compatible with occupational safety and health.
 - (2) Fair and just reward system: The incentives and assessment measures of the Company are set up on the principle of fairness and reasonableness, and the salary increase and profit sharing are handled annually, and the operating results are shared with the employees.
 - (3) An AOP meeting is held annually, at which the operational supervisor explains the Company's operational situation and future policies to all employees, and responds to employees' questions.
 - (4) The Company attaches great importance to the opinions of each employee, and has a proposal area in the public affairs area of the Internet. Senior executives also publish business strategies to various departments according to their needs from time to time, and conduct two-way communication.
5. Agreements between labor relations and various measures for safeguarding the rights and interests of employees: The Company's labor relations remain in harmony and employees are regarded as the largest business partners and talent assets of the Company. Labor conferences are held on a quarterly basis, and the Company goes to great lengths to maintain labor relations.
6. Measures to specifically improve employee benefits or equity compared to the previous

year:

- (1) Add psychologist for on-site service.
- (2) Add H2U health management system.

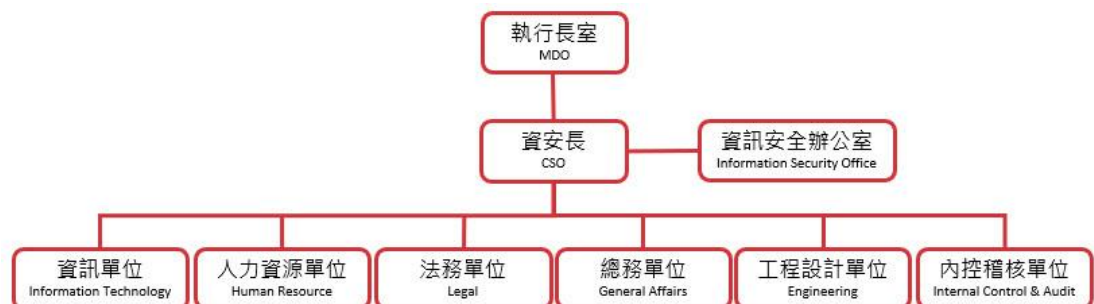
- (II) Till the date of publication of the latest annual report in the current year, the estimated amount and response measures that may occur now and in the future due to the losses caused by the disagreement of labor relations: The Company's labor relations remain in harmony and employees are regarded as the largest business partners and talent assets of the Company. The Company goes to great lengths to maintain labor relations.

VI. Information security management

- (I) Governance framework and organizational goal:

The Company formed an "Information Security Committee", aims to manage the enterprise information security risk, reduce the losses caused by information security incidents on company information assets, ensure the business operation continuity and protect the rights and interests of customers. The committee develops the strategies and review the results depends on the needs across the business functions to ensure effective measures are in place.

ADLINK Technology's corporate goal is to provide robust and reliable edge computing platforms, data connections, and complete Industrial Internet of Things (IIoT) solutions to promote cross-industry data-to-decision applications. To support the achievement of the business goal, the "Information Security Committee" is committed to develop appropriate information security strategies based on the company core value and business sustaining, gradually strengthen the measures to manage the enterprise information security by means of regular review. The Company expects not only to provide stable and reliable software and hardware products, but also provide customers and employees a trusted and secured information system environment.



- (II) Information Security Policy and Risk Management:

Establish Information Security Management System (ISMS), which complies with relevant laws and regulations. To protect the Company's information assets from risks such as tampering, disclosure, destruction, or loss due to external threats or improper management and use by internal personnel, as well as ensuring the confidentiality, integrity, and availability of information assets. Reduce the risk of business operations and ensure business continuity. The specific information security policies are as follows:

1. Ensure the confidentiality of the Company's relevant business information, and prevent the

Company's sensitive information and personal data from being tampered with, disclosed, destroyed, lost, or terminated due to internal or external, deliberate or accidental threats and destruction of business information risk.

2. Ensure the integrity and availability of the Company's relevant business information, and correctly execute its operations and various businesses 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 unavailable.

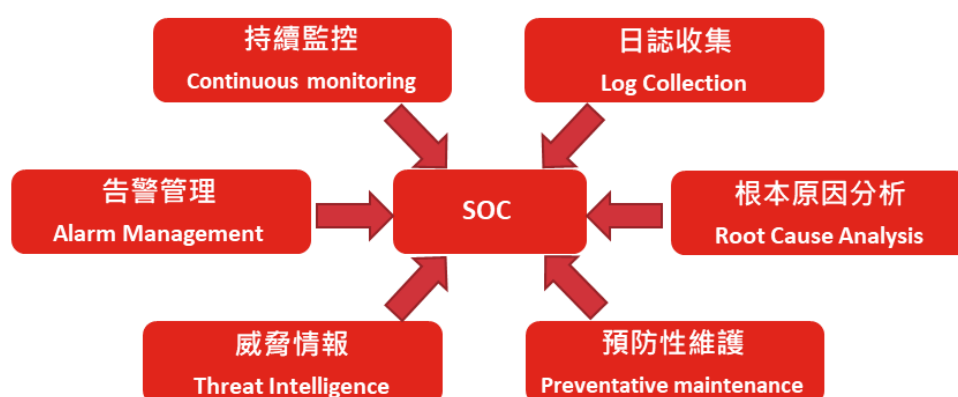
(III) Measures and action plans:

1. Regularly perform asset inventory and risk assessment, implement control measures based on the assessment results and severity level to reduce or transfer the risk by investing adequate resources.
2. Carry on service restoration drills every year to ensure that the information technology departments can provide continuous operation capabilities when problems occur.
3. Implement the Security Operation Center (SOC), provide 24x7x365 services to monitor and detect the security incidents, identify and forensics when incident occurs, as well as respond and recover after incidents.
4. Conduct the supplier assessment regularly to ensure suppliers meeting our requirements.
5. Regularly collect information associated with information security threats or incidents, then share with employees with recommendations to enhance security awareness so that employees can behave appropriately to the same situation when they face in the future.
6. Install antivirus software on each endpoint and next-generation firewalls and next-generation endpoint protection mechanisms to secure information devices.
7. Conduct external and internal audits on annual basis to keep the risk assessment sheet updated to support the decision for improvement plan and resources.
8. Create an information security incident response process. Implement an information security incident response process, with a dedicated response team responsible for coordinating and executing required measures to mitigate or eliminate the impact of information security incidents.

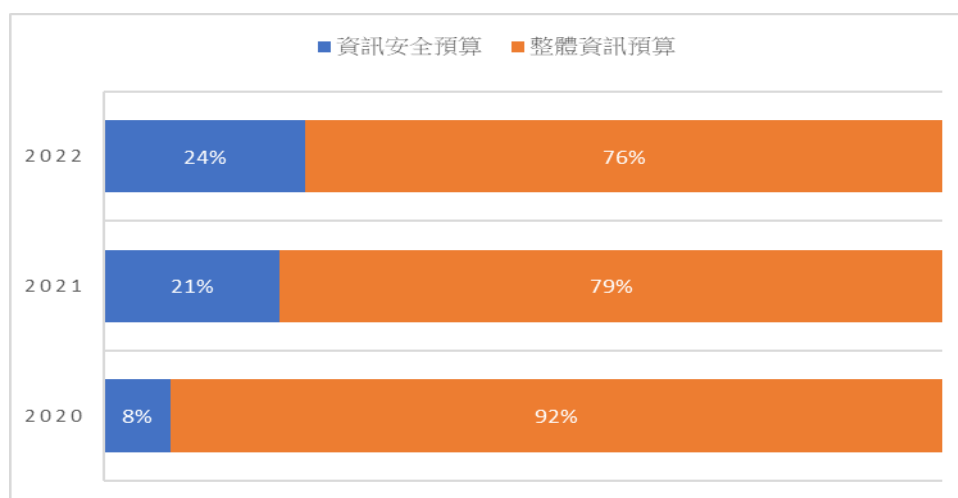
(IV) Resources invested for Information security management:

1. The company continues to pay attention to the information security risks that may arise from the external or the internal environment given today's growing information security threats. In 2021, there's a plan that a dedicated independent department would be established in the following year to focus on the deployment of information security matters and support the controls and executions concerned by Information Security Committee.
2. The "Information Security Office" was established and launched in the first quarter of 2022 in accordance based on the decision in 2021, assign responsible information security supervisor and personnel. and the implemented project of ISO27001 information management which was completed received the certificate in the fourth quarter of 2022. Through the implementation of the international standard to upgrade the information security levels related to information technology infrastructure and applications, make sure the core requirements for information security management would be in place and ensure sustainable operation and data security.

3. To accelerate the response to the changes of digital threats and provide more efficient information security management, in the first quarter of 2022, the company hired SOC outsourcing service with an external information security service provider. Through the security monitoring and emergency handling process by the external information security vendor, collecting the required and comprehensive logs from the implemented security products to speed up the response and handling of information security incidents. With it, expected to significantly reduce potential information security risks and eliminate the latency period of any information security vulnerability.



4. Information security budget percentage



(V) Losses due to major information security incidents:

1. Information security incident reporting process:

The company has established a reporting and handling process for information security incidents, and the contact window of the information security department will define and record the incident level. When it is a level 3 major information security incident, it will trigger the process to determine whether we should start the incident recovery plan based on the level of the security incident and the level of operational impact, the outcome will be consolidated by the Information Security Officer and report to the Chairman and CEO Office. The Information Technology department will be responsible to troubleshoot and solve the problem within the target processing time and confirm the root cause of the accident to analyze and take corrective actions to prevent the incident reoccur.

2. Information security event disclosure:

In the most recent fiscal year and up to the date of publication of the annual report, the company has not suffered losses due to major information security incidents, nor have there been any major accidents or penalties.

VII. Significant Contracts: None

Chapter 6 Financial Conditions

I. Information on the summarized balance sheet and consolidated income statements for the last five years

1. International Financial Reporting Standards

Condensed Balance Sheets

Unit: NT\$ thousand

Item \ Year		Consolidated				
		2018	2019	2020	2021	2022
Current assets		\$6,199,027	6,173,992	6,194,938	7,597,107	8,086,738
Property, plant and equipment		837,172	1,074,831	1,168,220	4,228,136	4,224,047
Intangible Assets		844,064	648,452	404,677	316,353	336,189
Other Assets		399,009	532,247	974,592	1,038,514	948,907
Total Assets		8,279,272	8,429,522	8,742,427	13,180,110	13,595,881
Current liabilities	Before distribution	3,410,591	3,543,250	3,757,121	5,933,113	4,373,009
	After distribution	3,693,371	3,891,245	3,968,410	5,625,095	Note I
Non-current liabilities		300,195	199,057	469,260	2,826,556	3,550,716
Total Liabilities	Before distribution	3,710,786	3,742,307	4,226,381	8,759,669	7,923,725
	After distribution	3,993,566	4,090,302	4,437,670	8,451,651	Note I
Equity Attributable to Owners of the Parent		4,558,002	4,676,253	4,516,046	4,420,441	5,578,649
Share capital		2,175,232	2,174,973	2,174,973	2,174,973	2,174,973
Capital surplus	Before distribution	1,553,448	1,515,716	1,167,721	956,432	1,264,450
	After distribution	1,509,943	1,167,721	956,432	1,264,450	Note I
Retained earnings	Before distribution	965,217	1,166,414	1,406,353	1,530,112	2,286,535
	After distribution	725,942	1,166,414	1,406,353	1,530,112	Note I
Other equity		(135,895)	(180,850)	(233,001)	(241,076)	(147,309)
Treasury Stock		-	-	-	-	-
Non-controlling interest		10,484	10,962	-	-	93,507
Total equity	Before distribution	4,568,486	4,687,215	4,516,046	4,420,441	5,672,156
	After distribution	4,285,706	4,339,220	4,304,757	4,728,459	Note I

Note 1: The earnings distribution for 2022 has not been approved by the shareholders' general meeting, so it is not shown.

Condensed Statements of Comprehensive Income

Unit: NT\$ thousands (EPS: NT\$)

Item \ Year		Consolidated				
		2018	2019	2020	2021	2022
Operating revenue		10,477,108	10,497,070	9,635,678	9,673,054	11,718,175
Gross profit		3,726,867	4,288,795	3,814,646	3,555,668	4,252,970
Operating Income		289,877	767,190	474,846	138,498	616,405
Non-operating income and expenses		12,152	(150,970)	(124,034)	64,412	353,924
Net income before tax		302,029	616,220	350,812	202,910	970,329
Income from Continuing Operations		244,609	443,747	241,648	118,884	805,396
Loss from Discontinued Operations		0	0	0	0	0
Net Income (Loss) of Current Term		244,609	443,747	241,648	118,884	805,396

Item \ Year	Consolidated				
	2018	2019	2020	2021	2022
Other Comprehensive Income (Net After Tax) of Current Term	20,531	(48,408)	(54,960)	(3,200)	108,906
Total Comprehensive Income of Current Period	265,140	395,339	186,688	115,684	914,302
Net profit (loss) attributable to owners of the parent company	244,442	443,171	243,665	118,884	805,858
Net profit (loss) attributable to non-controlling interests	167	576	(2,017)	0	(462)
Total Comprehensive Income Attributable to Owners of the Parent Company	264,452	394,861	188,726	115,684	0
Comprehensive Income Attributable to Non-controlling Interests	688	478	(2,038)	0	(915)
Earnings per Share	1.12	2.04	1.12	0.55	3.71

Note: Till the date of publication, there is no financial information that has been recently audited by certified public accountant (CPA).

Condensed Balance Sheets

Unit: NT\$ thousand

Condensed Balance Sheets

Unit: INR thousand

Year		Parent company only				
		2018	2019	2020	2021	2022
Item						
Current assets		3,945,047	4,281,295	4,060,040	4,615,987	4,965,570
Property, plant and equipment		346,367	296,941	274,076	3,370,594	3,336,182
Intangible assets		32,963	38,581	30,561	60,257	59,840
Other Assets		2,208,617	2,095,382	2,384,662	2,455,807	3,045,867
Total Assets		6,532,994	6,712,199	6,749,339	10,502,645	11,407,459
Current liabilities	Before distribution	1,689,114	1,901,654	1,883,256	3,310,494	2,341,828
	After distribution	1,971,894	2,249,649	1,883,256	3,310,494	2,341,828
Non-current liabilities		285,878	134,292	350,037	2,771,710	3,486,982
Total Liabilities	Before distribution	1,974,992	2,035,946	2,233,293	6,082,204	5,828,810
	After distribution	2,257,772	2,383,941	2,233,293	6,082,204	Note I
Equity attributable to owners of the parent		4,558,002	4,676,253	4,516,046	4,420,441	5,578,649
share capital		2,175,232	2,174,973	2,174,973	2,174,973	2,174,973
Capital surplus	Before distribution	1,553,448	1,515,716	1,167,721	956,432	1,264,450
	After distribution	1,509,943	1,167,721	950,224	1,264,450	Note I
Retained earnings	Before distribution	965,217	1,166,414	1,406,353	1,530,112	2,286,535
	After distribution	725,957	1,166,414	1,406,353	1,530,112	Note I
Other equity		(135,895)	(180,850)	(233,001)	(241,076)	(147,309)
Treasury Stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	4,558,002	4,676,253	4,516,046	4,420,441	5,578,649
	After distribution	4,275,222	4,328,258	4,298,549	4,355,192	Note I

Note 1: The earnings distribution for 2022 has not been approved by the shareholders' general meeting, so it is not shown.

Condensed Statements of Comprehensive Income

Unit: NT\$ thousands (EPS: NT\$)

Item \ Year	Parent company only				
	2018	2019	2020	2021	2022
Operating revenue	7,853,796	7,399,729	6,081,925	6,506,478	7,997,996
Gross profit	2,036,218	2,247,149	1,910,828	1,847,305	2,314,423
Operating Income	421,320	603,511	305,770	54,347	362,568
Non-operating income and expenses	(139,129)	(51,055)	(6,220)	86,814	592,336
Net profit (loss) before tax	282,191	552,456	299,550	141,161	954,904
Income from Continuing Operations	244,442	443,171	243,665	118,884	805,858
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss) of Current Term	244,442	443,171	243,665	118,884	805,858
Other comprehensive income (Net After Tax) of Current Term	20,010	(48,310)	(54,939)	(3,200)	109,359
Total comprehensive Income of Current Period	264,452	394,861	188,726	115,684	915,217
Earnings per Share	1.12	2.04	1.12	0.55	3.71

2. The names and opinions of CPAs for the most recent five years

Year	Name of the accounting firm	Names of the CPAs	Audit Opinion
2018	Deloitte & Touche	Wen-Chi Guo, Wen-Chin Lin	Unmodified 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	Wen-Chin Lin, Yi-Wen Wang	Unmodified opinion
2022	Deloitte & Touche	Wen-Chin Lin, Yi-Wen Wang	Unmodified opinion

II. Financial analysis for the last five years

1. International Financial Reporting Standards

Analysis Item		Year	Consolidated				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio		44.82	44.40	48.34	66.46	58.28
	Ratio of long-term capital to property, plant, and equipment		569.59	440.28	411.59	168.09	214.69
Solvency (%)	Current ratio		181.76	174.25	164.89	128.05	184.92
	Quick ratio		102.58	115.92	113.17	63.82	97.77
	Interest coverage ratio		19.05	21.42	22.31	6.55	14.98
Operating Ability	Receivables Turnover Ratio (times)		5.48	5.19	4.72	4.33	5.12
	Average days for cash receipts		66.60	70.32	77.33	84.29	71.28
	Inventory turnover ratio (times)		2.77	2.70	3.04	2.21	2.00
	Payables Turnover Ratio (Times)		4.32	4.16	4.45	3.69	4.19
	Average days for sale of goods		131.76	135.18	120.06	165.15	182.50
	Property, plant, and equipment turnover ratio (times)		12.14	10.98	8.59	3.59	2.77
	Total assets turnover ratio (times)		1.30	1.26	1.12	0.88	0.88
Profitability	Return on total assets (%)		3.21	5.60	2.97	1.35	6.43
	Return on equity (%)		5.32	9.59	5.25	2.66	15.96
	Ratio of net income before tax to paid-in capital (%) (Note 7)		13.88	28.33	16.13	9.33	44.61
	Net Profit Ratio (%)		2.33	4.23	2.51	1.23	6.87
	Earnings per share (NT\$)		1.12	2.04	1.12	0.55	3.71
Cash Flows	Cash flow ratio (%)		4.74	43.26	17.39	(19.70)	21.30
	Cash Flow Adequacy Ratio (%)		65.62	94.23	85.21	17.93	26.26
	Cash reinvestment ratio (%)		(3.32)	24.29	5.50	(18.65)	8.91
Degree of Leverage	Degree of Operating leverage (DOL)		1.96	1.45	1.70	3.26	1.52
	Financial leverage		1.06	1.04	1.04	1.36	1.13

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

1. The increase in the ratio of long-term capital to property, plant, and equipment was mainly due to the increasing long-term loans.
2. The increase in the current ratio and quick ratio was mainly due to the increase in current assets and the decrease in current liabilities.
3. The decreasing property, plant, and equipment turnover rate (times) were mainly due to the increasing net value of average property, plant, and equipment.
4. The increase in the overall profitability was mainly due to the increase in the gross profit.
5. The increase in the overall cash flow ratio was mainly due to the increase in cash inflows from operations.
6. The increase in the operating leverage was mainly due to the increase in the profits.

Analysis Item \ Year		Parent company only				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	30.23	30.33	33.09	57.91	51.10
	Ratio of long-term capital to property, plant, and equipment	1,373.69	1,589.96	1,744.42	210.86	269.02
Debt service ability (%)	Current ratio	233.56	225.14	215.59	139.43	212.04
	Quick ratio	157.1	173.55	165.15	87.90	133.44
	Interest coverage ratio	204.16	525.15	241.8	8.41	21.55
Operating Ability	Receivables Turnover Ratio (times)	4.7	3.95	3.57	3.51	3.72
	Average days for cash receipts	77.66	92.41	102.24	103.99	98.12
	Inventory turnover ratio (times)	4.77	4.58	4.49	3.56	3.23
	Payables Turnover Ratio (Times)	6.13	4.63	3.87	4.05	5.22
	Average days for sale of goods	76.52	79.69	81.29	102.53	113.00
	Property, plant, and equipment turnover ratio (times)	23.41	23.01	21.3	3.57	2.39
	Total assets turnover ratio (times)	1.24	1.12	0.9	0.75	0.73
Profitability	Return on total assets (%)	3.88	6.7	3.63	1.55	7.70
	Return on equity (%)	5.33	9.6	5.3	2.66	16.12
	Ratio of net income before tax to paid-in capital (%) (Note 7)	12.97	25.4	13.77	6.49	43.90
	Net Profit Ratio (%)	3.11	5.99	4.01	1.83	10.08
	Earnings per share (NT\$)	1.12	2.04	1.12	0.55	0.55
Cash Flows	Cash flow ratio (%)	8.63	68.86	35.95	(18.28)	8.27
	Cash Flow Adequacy Ratio (%)	68.64	101.39	91.97	27.10	28.01
	Cash Reinvestment Ratio (%)	(3.49)	20.06	6.29	(11.76)	(0.26)
Degree of Leverage	Degree of Operating Leverage (DOL)	1.38	1.25	1.46	5.12	1.73
	Financial leverage	1.00	1.00	1.00	1.54	1.15
<p>Causes for the changes in financial ratios in the last two years (difference up to 20%):</p> <ol style="list-style-type: none"> 1. The increase in the ratio of long-term capital to property, plant, and equipment was mainly due to the increasing long-term loans. 2. The increase in the current ratio and quick ratio was mainly due to the increase in current assets and the decrease in current liabilities. 3. The decreasing property, plant, and equipment turnover rate (times) were mainly due to the increasing net value of average property, plant, and equipment. 4. The increase in the overall profitability was mainly due to the increase in the gross profit. 5. The increase in the overall cash flow ratio was mainly due to the increase in cash inflows from operations. 6. The increase in the operating leverage was mainly due to the increase in the profits. 						

Note 1: Till the date of publication, there is no financial information that has been recently audited by certified public accountant (CPA).

Note 2: The formula is as follows:

1. Financial structure

(1) Ratio of liabilities to assets = total liabilities/total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current

liabilities)/net amount of 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 coverage ratio = net income before income tax and interest expense/interest expense for the current period.

3. Operating Ability

(1) Turnover rate of accounts receivable including accounts receivable and notes receivable arising from operations = net sales/average balances of accounts receivable including accounts receivable and notes receivable arising from operations for each period.

(2) Average days of collection = 365/receivables turnover ratio.

(3) Inventory turnover rate = cost of goods sold/average inventory value.

(4) Payable including accounts payable and business-related notes payable turnover ratio = cost of goods sold/average balance of payable of the period including accounts payable and business-related notes payable.

(5) Average days of sales = 365/inventory turnover ratio.

(6) Property, plant and equipment turnover rate = net sales/average net sales of property, plant and equipment.

(7) Total asset turnover = net sales/average total assets.

4. Profitability

(1) Return on assets = (After-tax profit or loss + interest expense x (1 - tax rate)/average total assets.

(2) Return on equity = profit or loss after tax/total average equity.

(3) Profit margin = after-tax profit or loss/net sales.

(4) Earnings per share = (profit or loss attributable to owners of the parent company - dividends on preferred stock)/weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities/current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the current five years/(capital expenditures + inventory increase + cash dividend) for the current five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend)/(gross of property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage (DOL) = (Net operating revenue - operating change costs and expenses)/operating profit (Note 6).

(2) Financial leverage = operating income/(operating income - interest expenses).

Note 4: The following matters shall be paid special attention when the EPS calculation formula is applied as above:

1. The calculation shall be based on the weighted average number of shares of common stock instead of the number of issued shares at the end of the year.

2. Where there is cash replenishment or treasury stock transaction, the weighted average number of shares should be calculated during circulation period.

3. In the case of capital increase by surplus or by capital reserve, the annual and semi-annual earnings per share of previous years shall be retrospectively adjusted in accordance with the proportion of capital increase without taking into account the issuance period of such capital increase.

4. If the preferred share cannot be converted into cumulative preferred shares, then the dividend of the year (whether it has been issued or not) shall be deducted from net income after tax (NIAT), or included as a net loss after tax. If the special shares are of a non-cumulative nature and have net profit after tax, the special dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment shall be made.

Note 5: Pay special attention to the following matters when cash flow analysis is measured:

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure is the annual cash outflow of capital investments.

3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If there is a decrease in inventory at the end of the period, it is calculated as zero.

4. Cash dividends include the cash dividends of common stocks and preferred stocks.

5. The gross of property, plant, and equipment means the total amount of property, plant, and equipment before deducting accumulated depreciation.

Note 6: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment, the rationality and consistency should be taken notice.

Note 7: Where company shares have no par value or where the par value per share is not NT\$10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio attributable to the owner of the parent company in the asset balance sheet.

III. Audit Committee's Report for the Most Recent Fiscal Year's Financial 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 2022, which have been audited by CPAs Wen-Chin Lin and Yi-Wen Wang from Deloitte & Touche. Moreover, the proposal of the business report and the earnings distribution was 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 the Company Act. Please review the report.

To
ADLINK Technology Inc.
2023 Annual Shareholders' Meeting

Audit Committee Convener: Hsing-Hai Wei

March 16, 2023

- IV. The financial statements audited by the certified public accountant for the year 2022: please refer to pages 109-177 of this annual report.**
- V. The individual financial statements audited by the certified public accountant for the year 2022: please refer to pages 178-239 of this annual report.**
- 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	2022	2021	Difference	
			Amount	%
Current assets	8,086,738	7,597,107	489,631	6.44%
Property, plant and equipment	4,224,047	4,228,136	(4,089)	-0.10%
Intangible assets	336,189	316,353	19,836	6.27%
Other Assets	948,907	1,038,514	(89,607)	-8.63%
Total Assets	13,595,881	13,180,110	415,771	3.15%
Current liabilities	4,373,009	5,933,113	(1,560,104)	(26.29%)
Non-current liabilities	3,550,716	2,826,556	724,160	25.62%
Total Liabilities	7,923,725	8,759,669	(835,944)	(9.54%)
Capital stock	2,174,973	2,174,973	0	0.00%
Capital surplus	1,264,450	956,432	308,018	32.20%
Retained earnings	2,286,535	1,530,112	756,423	49.44%
Other equity	(147,309)	(241,076)	93,767	(38.90%)
Non-controlling interest	93,507	0	93,507	-
Total equity	5,672,156	4,420,441	1,251,715	28.32%
Analytical explanation of the ratio increase or decrease of 20% and more than ten million dollars in the last two years:				
1. The decrease in current liabilities was mainly due to the decrease in short-term borrowings.				
2. The increase in non-current liabilities was mainly due to the increase in long-term borrowings.				
3. The increase in the total equity was mainly due to the increase in the profits.				

II. Financial Performance Analysis

Comparative Analysis of Financial Performance

Unit: NT\$ thousand

	2022	2021	Increase (decrease) in amounts	Increase (Decrease), %
Operating revenue	11,718,175	9,673,054	2,045,121	21.14%
Operating costs	7,466,169	6,117,892	1,348,277	22.04%
Gross profit	4,252,006	3,555,162	696,844	19.60%
Operating Expenses	3,635,601	3,416,664	218,937	6.41%
Operating Profit	616,405	138,498	477,907	345.06%
Non-operating income and expenses	353,924	64,412	289,512	449.47%
Finance costs	(69,422)	(36,571)	(32,851)	89.83%
Net profit (loss) before tax	970,329	202,910	767,419	378.21%
Income tax expense	164,933	84,026	80,907	96.29%
Net profit (loss) for the year	805,396	118,884	686,512	577.46%
Other comprehensive profit or loss after tax	108,906	(3,200)	112,106	(3503.31%)
Total comprehensive income	914,302	115,684	798,618	690.34%
Net profit attributable to owners of the parent company	805,858	118,884	686,974	577.85%
Total comprehensive profit or loss attributable to owners of the parent company	915,217	115,684	799,533	691.14%

Analytical explanation of the ratio increase or decrease of 20% and more than ten million dollars in the last two years:

1. The increase in operating income compared to the previous period was mainly due to the increase in operating income.
2. The increase in the non-operating income was mainly due to the increase in other profits.
3. The increase in finance costs was mainly due to the increase in interest on increasing bank loans.
4. The increase in net income before income tax/income tax expense/net income for the year was mainly due to the increase in gross operating profit.
5. The increase in other comprehensive income (loss) after tax was mainly due to the translation differences in financial statements from foreign operations.
6. The increase in total consolidated profit or loss/net income attributable to owners of the parent company/total consolidated profit or loss attributable to owners of the parent company was mainly due to the increase in gross operating profit.

III. Cash Flow Analysis

(I) Liquidity analysis in the last two years

Item \ Year	2022	2021	Increase (decrease) ratio %
Cash Flow Ratio	21.30	(19.70)	(208.14%)
Cash Flow Allowable Ratio	26.26	17.93	46.48%
Cash Reinvestment Ratio	8.91	(18.65)	(147.80%)

Analytical explanation for changes in the ratio of increase or decrease of more than 20%:
The increase in the cash flow ratio/overall cash flow ratio was mainly due to the increase in cash inflows from operations.

(II) Analysis of cash flow in the following year

Unit: NT\$ thousand

Cash balance at the beginning of year①	Net cash flow from operating activities ②	Estimating year-round cash outflows ③	Estimated cash surplus (shortfall) ① + ② - ③	Remedy for cash inadequacy	
				Investment Plan	Financing plan
1,296,331	300,000	(165,250)	1,431,081	0	0

1. Analysis of changes in cash flow:
Operating activities: Mainly due to cash inflows from operating activities.
Investment activities: mainly due to the capital expenditures for anticipated purchase of computer software and R&D equipment.
Financing activities: mainly due to the cash outflow from cash dividends.

2. Remedial measures and mobility analysis of the expected current 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) Investment 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 175 of the annual report - the information of the operation of the affiliates. The Company recognized the investment loss of ATG Germany, a subsidiary of re-investment, as EUR3,355,000 in 2022. It was expected that the cost will be reduced and the efficiency and profitability will be raised by the restructuring of the organizational structure. The investment loss of ZTL UK was GBP1,413,000. The subsidiary has received a strategic investment of EUR12.48 million from the TTTech Auto, a well-known autonomous driving software company. The two companies have complementary technologies and will jointly develop the MotionWise Cyclone DDS autonomous driving software platform, which can provide comprehensive real-time communication for vehicles to ensure communication security and high quality. It is expected to yield more benefits in the autonomous driving market in the future.

(III) Investment plan for the reinvestment in the following year

The Company's reinvestment policy in the current year is based on the principle of capital increase to the original investment business and the marketing 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. In terms of the changes of the interest rate: the Company takes more conservative way to arrange and plan its assets, centering on stability and soundness, and regularly evaluates the information on currency market and financing. The Company's capital expenditure increased because of the purchase of Group's corporate headquarter in Taiwan last year. Therefore, under the use of funds borrowed from banks, it is expected that future operating cash inflows will gradually repay loans to reduce the risk of the hike in the interest rate.
2. With respect to the changes of the exchange rate: In addition to increasing quotations and receipts in US currency, the Company made price adjustments for exchange rate changes; and the accounts payable was changed from local currency to foreign currency for major purchasers and dealers, to diversify currencies to reduce the risk of the exchange rate, and also engage in forward exchange transactions to avoid exchange rate risks in due course. The Group's corporate cargo receivables are also distributed in different currencies, such as RMB, Singaporean Dollar and EUR, and are offset by foreign currency assets and liabilities, which have a natural hedging effect.
3. Inflation: The Company adjusted the selling price and the conditions of import and export from time to time according to market situations, so inflation did not cause too much negative impact.

(II) Engaging in high-risk, high-yield investments, fund lending to others, endorsement guarantees, derivative commodity trading policies, profits or main causes of loss, 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 lending funds to others in the current year: More details on page 168.
3. The situation of the endorsement warranty in the current year: More details on page 169.
4. The policy for derivative commodity trading, main causes for profits or losses, and future response measures: The Company does not engage in derivative commodity trading as a principle except for the hedging of the exchange rate, and will comply with the provisions of the "Acquisition or Disposal of Assets Management Method" of the Company.

(III) The plan and estimated expenses of future research and development:

Project Name	Description	Current progress	Estimated Completion Time	Estimated Investment
MLB-3100 series	The medical computer module, powered by Intel CPU and NVIDIA MXM GPU, can be an efficient AI operation solution to meet extensive requirements of the embedment market, such as efficiency, service life, dimension and specification	Under development	2023	5,080,000
VPX6200	The rugged 6U VPX single-board computer, powered by 11th Gen Intel® workstation CPU, has double nodes standby to each other, which can meet the needs of applications with massive operations in harsh environments	Under development	2023	4,740,000
P5G+AMR	Distributed swarm smart future factory, built in with 5G servers or integrated small 5G basestation and integrated with the DDS (data distribution service) technology, enables instant data transmission and rapid response between machines, so that various robots can communicate with each other for autonomous collaboration	Under development	2023	3,100,000

(IV) The impact of important domestic and foreign policy and legal changes on the company's financial business and the response measures:

The execution of the financial 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 financial 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 image, and there are no events detrimental to the image. From time to time, the Company will hold a corporate explanation meeting to report the result of the Company's operating performance and future operating policies, and also place all of it on the public information observatory and the official website.

(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 directors, supervisors or more than 10% of the major shareholders, the effect of a substantial transfer or exchange of equity on the Company, the risks and Response measures: None.

(XI) Impact, risk, and response measures related to any change in the administrative authority towards the Company's operations: None.

(XII) In the case of litigation or non-litigation events, the Company and the Company's directors, supervisors, general managers, substantive responsible persons, shareholders representing more than ten percent of the Company, and significant litigation, non-litigation or administrative litigation events from which the Company has been adjudicated or is still in a relationship, 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.

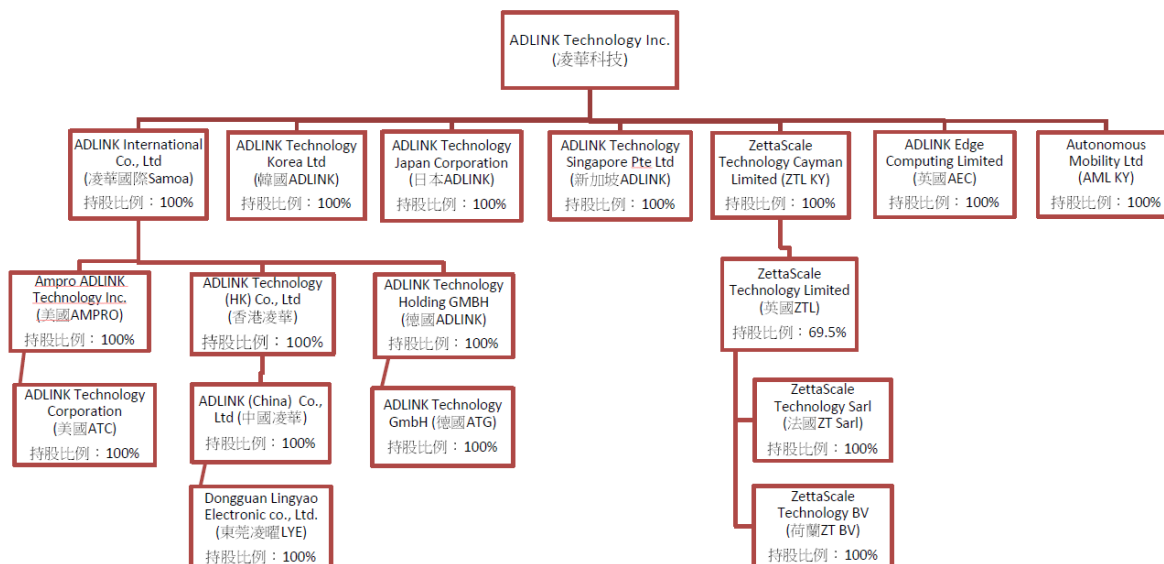
VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I. Relevant Information on affiliates

(1) Consolidated business report of affiliates

1. Organization Chart of affiliates (2023.04.28)



2. Basic information of affiliates

April 28, 2023

Name of Affiliate	Abbreviation	Date of Incorporation	Address	Actual paid-in capital (Thousands dollars)	Major Lines of Business or Products
ADLINK International Co., Ltd	Adlink International	2001.03	Offshore Chamber, P.O. Box 217, Apia, Samoa	USD61,872	General investment
ADLINK Technology Singapore Pte Ltd	ADLINK Singapore	1997.05	1008 Toa Payoh North, 07-17/18 Singapore 318996	SGD659	Sales of industrial automatic control cards and industrial mainboards, etc.
Adlink Technology Japan Corporation	ADLINK Japan	2007.04	KANDA374 Bldg. 4F, 3-7-4 Kanda Kajicho, Chiyoda-ku, Tokyo 101-0045, Japan	JPY98,000	Sales of industrial automatic control cards and industrial mainboards, etc.
ADLINK Technology Korea Ltd	ADLINK Korea	2019.01	A-1503, U-TOWER, 767 Sinsu-ro, Suji-gu, Yongin-si, Gyeonggi-do, Republic of Korea, 16827	USD300	Sales of industrial automatic control cards and industrial mainboards, etc.
ADLINK Technology (HK) Co., Ltd	ADLINK Hong Kong	2001.03	1501 Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.	USD24,255	General investment
ADLINK Technology (China) Co., Ltd.	ADLINK Technology (China) Co., Ltd.	2004.04	No. 300 Fangchun Road, Zhangjiang Hi-Tech Park, Shanghai	USD26,656	Research and development, manufacturing and sales of industrial automatic control cards and industrial mainboards, etc.
Ampro ADLINK Technology Inc.	Ampro USA	1983.07	6450 VIA DEL ORO, SAN JOSE, CA 95119-1208, U.S.A.	USD20,789	Research and development and sales of industrial automatic control cards and industrial motherboards
ADLINK Technology Corporation	ATC	1997.04	400 TradeCenter, Suite 5900 Woburn MA, 01801 USA	USD12,701	Software sales

Name of Affiliate	Abbreviation	Date of Incorporation	Address	Actual paid-in capital (Thousands dollars)	Major Lines of Business or Products
ADLINK Technology Holding GmbH	ADLINK Germany	2010.08	Hans-Thoma-Str. 11,68163 Mannheim, Germany	EUR12,609	Sales of industrial automatic control cards and industrial mainboards, etc.
Dongguan Lingyou	Dongguan Lingyou	2011.08	Room 2303, Unit 1, 555 Mei Ching Middle Road, Ta Lang Town, Tung Wan, China	CNY2,000	Sales business of chassis and computers and their peripheral equipment
ADLINK Technology GmbH	ATG Germany	2012.02	Hans-Thoma-Str. 11,68163 Mannheim, Germany	EUR12,409	Manufacture and sale of industrial automatic control cards, industrial mainboards, etc., and design, manufacture as well as sales of medical embedded PC systems and displays
ZettaScale Technology Cayman Limited	ZTL KY	2021.06	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.	GBP9,050	General investment
ZettaScale Technology Limited	ZTL	1991.11	Suite 1, First Floor The Honeycomb, The Watermark Gateshead, Tyne & Wear United Kingdom NE11 9SZ	GBP22,029	Software R&D and sales
ZettaScale Technology SARL	ZT SARL	1993.03	Bâtiment Thalès – Parc des Algorithmes, Route de l'Orme des Merisiers, 91190 SAINT AUBIN, France	EUR221	Software R&D and sales
ZettaScale Technology BV	ZTBV	2011.08	Amarilstraat 30 7554TV Hengelo (OV) Netherlands	EUR18	Software R&D
ADLINK Edge Computing Limited	AEC	2021.09	Suite 1, First Floor The Honeycomb, The Watermark Gateshead, Tyne & Wear United Kingdom NE11 9SZ	-	Software R&D and sales
Autonomous Mobility Ltd	AML KY	2022.01	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.	-	General investment

3. Shareholders of the companies presumed to have a relationship of control and affiliation: None

4. Businesses of affiliates and their interrelations

By Industry	Name of Affiliated Companies (Abbreviation)	Affiliates with related business
Buying and selling business	ADLINK Singapore	The sale of the Company's products
	ADLINK Japan	The sale of the Company's products
	ADLINK Korea	The sale of the Company's products
	Dong Guan Ling Yao	The sale of the Company's products
	ATC	The sales of ZTL products
Trading and	ADLINK Technology (China) Co., Ltd.	Manufacture and sale of the Company's products

manufacturing industry	Ampro USA	Sales of the Company and AMPRO's products
	ATG Germany	Manufacture and sale of the Company's products
The sales of research and development of the software products	ZTL	Software R&D and sales
	AEC	Software R&D and sales
	ZT SARL	Software R& D and sales
	ZT BV	Software R& D
Investment industry	Adlink International	None
	ADLINK Hong Kong	None
	ADLINK Germany	None
	ZTL KY	None
	AML KY	None

5. The director and general manager of the affiliates

April 28, 2023

Company Name (abbreviation)	Job Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Percentage
Adlink International	Director	ADLINK Technology (Representative: Chun (Jim) Liu)	61,872	100%
ADLINK Singapore	Director	ADLINK Technology (Representative: Ta-Chih (Jeff) Chou)	659	100%
ADLINK Japan	Director	Chun (Jim) Liu Ta-Chih (Jeff) Chou Mikio Hattori	Note 4	100%
ADLINK Korea	Director	ADLINK Technology (Representative: Chun (Jim) Liu)	Note 1	100%
ADLINK Hong Kong	Director	ADLINK Technology (Representative: Chun (Jim) Liu)	Note 2/ 24,255	100%
ADLINK Technology (China) Co., Ltd.	Director	ADLINK Technology (Representative: Chun (Jim) Liu) Harn-Fen (Dianne) Ni Ta-Chih Tsou	Note 1/ Note 3	100%
Dongguan Lingyou	Director	ADLINK, China (Representative: Chun (Jim) Liu) Harn-Fen (Dianne) Ni Ta-Chih (Jeff) Chou Sheng-Chih Liu	Note 1/ Note 5	100%
Ampro USA	Director	ADLINK International (Representative: Chun (Jim) Liu) Ta-Chih (Jeff) Chou	Note 2/39,743	100%
ATC	Director	Mimi Han	Note 7/1	100%
ADLINK Germany	Director	ADLINK International (Representative: Chun (Jim) Liu) Harn-Fen (Dianne) Ni Yi-Nan (Edgar) Chen Ta-Chih (Jeff) Chou	Note 2/12,609	100%
ATG Germany	Director	Chun (Jim) Liu Harn-Fen (Dianne) Ni Yi-Nan (Edgar) Chen Shih-Hao (Roy) Wan Ta-Chih (Jeff) Chou	Note 6/750	100%
ZTL KY	Director	ADLINK Technology (Representative: Chun (Jim) Liu)	61,155	100%

Company Name (abbreviation)	Job Title	Name or Representative	Shareholding	
			Number of shares (thousand shares)	Percentage
		Ta-Chih (Jeff) Chou Angelo Corsaro Elizabeth Waters		
ZTL UK	Director	Chun (Jim) Liu Ta-Chih (Jeff) Chou Angelo Corsaro Elizabeth Waters FRIEDHELM PICKHARD WEISS, Herwig	577,866	69.5%
ZT SARL	Director	Angelo Corsaro	Note 8/ Note 9	100%
ZT BV	Director	Hans van't Hag	Note 8/ Note 10	100%
AEC UK	Director	Chun (Jim) Liu Ta-Chih (Jeff) Chou Elizabeth Waters	Note 11	100%
AML KY	Director	ADLINK Technology (Representative: Chun (Jim) Liu)	Note 11	100%

Note 1: It is a limited company and does not issue shares.

Note 2: Held by ADLINK International.

Note 3: Held by ADLINK Hong Kong.

Note 4: 1,960 shares

Note 5: Held by ADLINK Technology China.

Note 6: Held by ADLINK Germany.

Note 7: Held by AMPRO USA.

Note 8: Held by ZTL UK.

Note 9: The amount of company's investment is shown only on the license with no record of the number of shares on it.

Note 10: 180 shares.

Note 11: AEC and AML were established in September 2021 and January 2022, and were issued with 1 share.

6. Status of operations of affiliates

Unit: NT\$ thousands (EPS: NT\$)

Company name	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Operating income (loss)	Profit (loss) after tax for the current period	Earnings (loss) per share after tax (yuan)
ADLINK International	1,900,090	2,017,440	0	2,017,440	0	34	10,846	0.17
ADLINK Singapore	15,078	277,466	57,242	220,224	496,160	30,874	27,614	41.89
ADLINK Japan	22,775	296,519	220,040	76,479	693,371	21,535	16,501	8,419.04
ADLINK Korea	8,663	98,164	72,014	26,151	301,838	13,212	9,424	Note 1
ATL UK (Note 4)	817,056	496,201	189,621	306,581	106,451	(91,951)	(51,988)	(1.42)
ZTL KY	335,665	213,074	0	213,073	0	0	(51,525)	0.00
ADLINK Hong Kong	744,871	1,467,981	0	1,467,981	0	(42)	11,517	0.47
Ampro USA	575,440	1,376,233	641,516	734,717	2,783,962	95,665	81,706	2.06
ADLINK Germany	412,567	(553,041)	7	(553,048)	0	(105,283)	(105,290)	(8.35)

Company name	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Operating income (loss)	Profit (loss) after tax for the current period	Earnings (loss) per share after tax (yuan)
ATG Germany	388,650	647,727	1,201,826	(554,099)	1,926,133	(96,673)	(105,220)	(140.30)
ATCI	2,267	0	0	0	0	0	0	0.00
ATC	351,564	30,676	55,571	(24,895)	30,816	(4,173)	(4,435)	(4,444.53)
ADLINK China	804,604	3,374,214	1,908,334	1,465,879	4,465,019	181,378	11,394	Note 1
Dongguan Lingyou	8,808	126,619	82,073	44,546	202,998	9,031	9,024	Note 1

Note 1: It is a limited company and no shares have been issued.

Note 2: The exchange rate of the balance sheet to be converted is the average exchange rate of the purchases and sales made by Taiwan Bank on December 31, 2022.

Note 3: The exchange rate of the profit and loss statements is the average exchange rate of the purchased and sold by Taiwan Bank in the current month of 2022.

Note 4: Including companies such as ZTL, ZT SARL, ZT BV, etc., since each individual is a sales or research and development base within ZTL, the consolidated presentation of information is more relevant.

(2) The consolidated financial statements of the affiliates

From January 1, 2022 to December 31, 2022 the Company was consolidated by "affiliates". The standards for the preparation of business reports, consolidated Financial Statements of and business reports of affiliates "should be included in the preparation of the consolidated financial statements of the affiliates, and the consolidated financial statements of the parent companies and subsidiaries that should be also included in accordance with International Financial Reporting Standard No. 10, which shall be equally recorded. The relevant information disclosed in the consolidated financial report of the affiliates can be found in the previous the parent companies and subsidiaries. The consolidated financial report of the affiliates is no longer prepared separately.

(3) Relationship Report

In accordance with the provisions of Article 369-12 of the Companies Law, the Company is not a subsidiary of a public stock-issued company, so it is not required to prepare a relationship report.

II 、 Till the date of publication of the annual report in the current year, the handling of private placement securities should disclose the voting date and amount of the shareholders' meeting or the Board of Directors, the basis and reasonableness of the pricing, the method of selection of the particular person, the necessary reasons to handle the private placement, the private placement object, the qualification conditions, the number of subscriptions, the relationship with the company, the participation in the company's operations, the actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of handling the private placement on the equity of the shareholders, the completion of the capital utilization plan after the share capital or the price has been collected, the use of funds for the private placement securities, the progress of the plan, and the situation of the benefits of the plan: Inapplicable.

III 、 Till the date of publication of the annual report in the current year, the subsidiary held or disposed of the company's shares: None.

IV 、 Other necessary additional clarifications: None.

V 、 Till the date of publication of the annual report in the current year, matters as prescribed in Article 36 (2) (2) of the Securities and Exchange Act that have a substantial impact on shareholders' equity or the price of securities: None.

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 (the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. 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, 2022 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 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, 2022, 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, 2022 and 2021, 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 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, 2022, 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 16, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,992,378	15	\$ 1,296,331	10
Financial assets at fair value through profit or loss (Note 7)	-	-	19	-
Financial assets at amortized cost	24,429	-	1,396	-
Notes receivable (Note 9)	41,064	-	52,874	-
Trade receivables (Note 9)	2,104,092	16	2,274,258	17
Trade receivables from related parties (Note 29)	31,590	-	77,956	1
Other receivables (Note 29)	55,998	-	61,847	1
Current tax assets	13,829	-	18,463	-
Inventories (Note 10)	3,747,032	28	3,713,270	28
Prepayments	64,247	-	97,603	1
Other current assets	12,079	-	3,090	-
Total current assets	8,086,738	59	7,597,107	58
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	57,800	1	56,234	1
Financial assets at fair value at amortized cost	8,607	-	4,961	-
Investments accounted for using the equity method (Note 12)	151,316	1	99,433	1
Property, plant and equipment (Notes 13 and 30)	4,224,047	31	4,228,136	32
Right-of-use assets (Note 14)	140,065	1	120,478	1
Investment properties (Notes 15 and 30)	238,911	2	442,721	3
Intangible assets (Note 16)	336,189	3	316,353	2
Deferred tax assets (Note 24)	322,782	2	282,895	2
Prepayments for equipment	3,089	-	4,796	-
Refundable deposits	22,871	-	23,327	-
Other non-current assets	3,466	-	3,669	-
Total non-current assets	5,509,143	41	5,583,003	42
TOTAL	\$ 13,595,881	100	\$ 13,180,110	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 930,631	7	\$ 2,361,392	18
Contract liabilities (Note 22)	278,613	2	158,436	1
Trade payables (Note 18)	1,550,374	11	1,990,885	15
Trade payables to related parties (Note 29)	12,693	-	10,932	-
Other payables (Notes 19 and 29)	899,434	7	795,132	6
Current tax liabilities	236,112	2	91,773	1
Provisions	68,170	1	51,905	1
Lease liabilities (Note 14)	29,525	-	30,385	-
Current portion of long-term borrowings (Note 17)	335,442	2	420,367	3
Other current liabilities	32,015	-	21,906	-
Total current liabilities	4,373,009	32	5,933,113	45
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	3,396,264	25	2,686,633	20
Provisions	45,520	-	39,053	-
Deferred tax liabilities (Note 24)	14,669	-	8,886	-
Lease liabilities (Note 14)	63,469	1	41,357	-
Net defined benefit liabilities (Note 20)	30,794	-	50,627	1
Total non-current liabilities	3,550,716	26	2,826,556	21
Total liabilities	7,923,725	58	8,759,669	66
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Ordinary shares	2,174,973	16	2,174,973	17
Capital surplus	1,264,450	9	956,432	7
Retained earnings				
Legal reserve	666,540	5	654,165	5
Special reserve	241,076	2	233,001	2
Unappropriated earnings	1,378,919	10	642,946	5
Total retained earnings	2,286,535	17	1,530,112	12
Other equity	(147,309)	(1)	(241,076)	(2)
Total equity attributable to owners of the Company	5,578,649	41	4,420,441	34
NON-CONTROLLING INTERESTS (Note 26)	93,507	1	-	-
Total equity	5,672,156	42	4,420,441	34
TOTAL	\$ 13,595,881	100	\$ 13,180,110	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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)	\$ 11,718,175	100	\$ 9,673,054	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>7,465,205</u>	<u>64</u>	<u>6,117,386</u>	<u>63</u>
GROSS PROFIT	4,252,970	36	3,555,668	37
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	<u>(964)</u>	<u>-</u>	<u>(506)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>4,252,006</u>	<u>36</u>	<u>3,555,162</u>	<u>37</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing	1,019,835	9	958,691	10
General and administrative	1,060,710	9	936,154	10
Research and development	1,544,496	13	1,521,068	16
Expected credit loss	<u>10,560</u>	<u>-</u>	<u>751</u>	<u>-</u>
Total operating expenses	<u>3,635,601</u>	<u>31</u>	<u>3,416,664</u>	<u>36</u>
PROFIT FROM OPERATIONS	<u>616,405</u>	<u>5</u>	<u>138,498</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	7,421	-	1,403	-
Other income	128,197	1	280,920	3
Other gains and losses	335,804	3	(134,290)	(1)
Finance costs	(69,422)	(1)	(36,571)	-
Share of loss of associates	<u>(48,076)</u>	<u>-</u>	<u>(47,050)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>353,924</u>	<u>3</u>	<u>64,412</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	970,329	8	202,910	2
INCOME TAX EXPENSE (Note 24)	<u>164,933</u>	<u>1</u>	<u>84,026</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>805,396</u>	<u>7</u>	<u>118,884</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	19,768	-	6,093	-

(Continued)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 21)	\$ 690	-	\$ (15,051)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	(3,954)	-	(1,218)	-
	<u>16,504</u>	<u>-</u>	<u>(10,176)</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)	115,616	1	8,720	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 21 and 24)	(23,214)	-	(1,744)	-
	<u>92,402</u>	<u>1</u>	<u>6,976</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>108,906</u>	<u>1</u>	<u>(3,200)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 914,302</u>	<u>8</u>	<u>\$ 115,684</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 805,858	7	\$ 118,884	1
Non-controlling interests	(462)	-	-	-
	<u>\$ 805,396</u>	<u>7</u>	<u>\$ 118,884</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 915,217	8	\$ 115,684	1
Non-controlling interests	(915)	-	-	-
	<u>\$ 914,302</u>	<u>8</u>	<u>\$ 115,684</u>	<u>1</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 3.71</u>		<u>\$ 0.55</u>	
Diluted	<u>\$ 3.68</u>		<u>\$ 0.55</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, 2022 AND 2021 (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 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	Total Other Equity			
BALANCE AT JANUARY 1, 2021	\$ 2,174,973	\$ 1,167,721	\$ 630,171	\$ 180,850	\$ 595,332	\$ 1,406,353	\$ (233,001)	\$ -	\$ (233,001)	\$ 4,516,046	\$ -	\$ 4,516,046
Appropriation of 2020 earnings												
Legal reserve	-	-	23,994	-	(23,994)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	52,151	(52,151)	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,209	-	-	-	-	-	-	-	6,209	-	6,209
Issue of cash from capital surplus - NT\$1.0 per share	-	(217,498)	-	-	-	-	-	-	-	(217,498)	-	(217,498)
Net profit for the year ended December 31, 2021	-	-	-	-	118,884	118,884	-	-	-	118,884	-	118,884
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	4,875	4,875	6,976	(15,051)	(8,075)	(3,200)	-	(3,200)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	123,759	123,759	6,976	(15,051)	(8,075)	115,684	-	115,684
BALANCE AT DECEMBER 31, 2021	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 dividend - 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

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 970,329	\$ 202,910
Adjustments for:		
Depreciation expenses	234,942	213,797
Amortization expenses	85,289	99,271
Expected credit loss recognized on trade receivables	10,560	751
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	19	(837)
Finance costs	69,422	36,571
Interest income	(7,421)	(1,403)
Dividend income	(727)	(667)
Share of loss of associates accounted for using the equity method	48,076	47,050
Loss on disposal of property, plant and equipment	2,891	122
(Gain) loss on disposal of investment properties	(356,210)	75
Loss on the liquidation of subsidiaries	594	-
Impairment loss recognized on goodwill and intangible assets	-	107,713
Write-downs of inventories	76,253	70,130
Unrealized gain on the transactions with associates	964	506
Net (gain) loss on foreign currency exchange	(123,432)	53,243
Gain on lease modifications	(487)	(34)
Loss on compensation	144,709	-
Government grant revenue	-	(65,606)
Changes in operating assets and liabilities		
Notes receivable	11,810	4,110
Trade receivables	133,086	(367,481)
Trade receivables from related parties	48,748	(43,383)
Other receivables	55,956	30,560
Inventories	(115,143)	(1,945,199)
Prepayments	32,596	(15,623)
Other current assets	(8,989)	(1,310)
Other non-current assets	203	(3,669)
Contract liabilities	120,177	40,653
Trade payables	(478,673)	718,176
Trade payables to related parties	1,183	(7,001)
Other payables	132,531	(94,717)
Provisions	22,732	(177)
Other current liabilities	10,109	(72,213)
Net defined benefit liabilities	(65)	(255)
Cash generated from (used in) operations	1,122,032	(993,937)
Interest received	7,421	1,403
Interest paid	(70,481)	(35,137)
Income tax paid	(127,339)	(141,210)
Net cash generated from (used in) operating activities	931,633	(1,168,881)

(Continued)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (10,637)
Purchase of financial assets at amortized cost	(116,387)	(4,968)
Proceeds from sale of financial assets at amortized cost	89,415	-
Proceeds from sale of financial assets at fair value through profit or loss	-	100,699
Acquisition of investments accounted for using the equity method	(99,849)	-
Payments for property, plant and equipment	(143,005)	(3,323,530)
Proceeds from disposal of property, plant and equipment	99	145
Decrease in refundable deposits	456	13,656
Payments for computer software	(78,294)	(98,097)
Payments for investment properties	(439)	-
Proceeds from disposal of investment properties	547,946	-
Increase in prepayments for equipment	(4,009)	(21,053)
Dividends received	<u>727</u>	<u>667</u>
Net cash generated from (used in) investing activities	<u>196,660</u>	<u>(3,343,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,794,518	5,578,360
Repayments of short-term borrowings	(8,269,432)	(4,293,445)
Proceeds from long-term borrowings	1,587,300	3,132,000
Repayments of long-term borrowings	(962,594)	(290,000)
Repayment of the principal portion of lease liabilities	(31,902)	(57,753)
Cash dividends paid	(65,249)	(217,498)
Change in non-controlling interests	<u>402,662</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(544,697)</u>	<u>3,851,664</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>112,451</u>	<u>(40,822)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	696,047	(701,157)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,296,331</u>	<u>1,997,488</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,992,378</u>	<u>\$ 1,296,331</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, 2022 AND 2021 (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 16, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022

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 IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are 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.

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 SIGNIFICANT ACCOUNTING POLICIES

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 IFRSs 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).

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange 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, 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.

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 28.

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 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. 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. CRITICAL 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.

The estimates and underlying assumptions are reviewed by the management of the Group on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 202	\$ 252
Checking accounts and demand deposits	1,988,915	1,295,377
Cash equivalents - third-party paying accounts	<u>3,261</u>	<u>702</u>
	<u>\$ 1,992,378</u>	<u>\$ 1,296,331</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets held for trading - current		
Foreign exchange forward contracts not under hedge accounting	<u>\$ -</u>	<u>\$ 19</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, 2021</u>			
Sell	EUR/NTD	March 2022	EUR850/NTD26,699

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, 2022.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2022	2021
<u>Investments in foreign equity instruments</u>		
Unlisted ordinary shares	\$ 57,800	\$ 56,234

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, 2022.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Gross carrying amount at amortized cost	\$ 41,064	\$ 52,874
Less: Allowance for impairment loss	-	-
	<u>\$ 41,064</u>	<u>\$ 52,874</u>
<u>Trade receivables</u>		
Gross carrying amount at amortized cost	\$ 2,122,465	\$ 2,281,607
Less: Allowance for impairment loss	<u>(18,373)</u>	<u>(7,349)</u>
	<u>\$ 2,104,092</u>	<u>\$ 2,274,258</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, 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>

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,779,727	\$ 197,318	\$ 30,432	\$ 274,130	\$ 2,281,607
Loss allowance	<u>-</u>	<u>-</u>	<u>(2,428)</u>	<u>(4,921)</u>	<u>(7,349)</u>
Amortized cost	<u>\$ 1,779,727</u>	<u>\$ 197,318</u>	<u>\$ 28,004</u>	<u>\$ 269,209</u>	<u>\$ 2,274,258</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 7,349	\$ 7,878
Add: Amounts recovered	183	-
Add: Net remeasurement of loss allowance	10,560	751
Less: Amounts written off	(159)	(1,140)
Foreign exchange gains and losses	<u>440</u>	<u>(140)</u>
Balance at December 31	<u>\$ 18,373</u>	<u>\$ 7,349</u>

10. INVENTORIES

	December 31	
	2022	2021
Raw materials and supplies	\$ 2,175,674	\$ 2,581,873
Work in progress	385,387	351,055
Finished goods	920,782	533,494
Merchandise	<u>265,189</u>	<u>246,848</u>
	<u>\$ 3,747,032</u>	<u>\$ 3,713,270</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of \$76,253 thousand and \$70,130 thousand respectively, and unallocated manufacturing expenses of \$110,676 thousand and \$97,685 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			2022	2021	
The Company	Adlink Technology Singapore Pte Ltd.	Selling of industrial computers	100	100	-
The Company	Adlink Technology Japan Corporation	Selling of industrial computers	100	100	-
The Company	Adlink Technology Korea Ltd.	Selling of industrial computers	100	100	-
The Company	Adlink International Co., Ltd.	Investment activities	100	100	-
The Company	Zettascale Technology Cayman Limited	Investment activities	100	100	Note 2
The Company	Adlink Edge Computing Limited	Software development, authorization and service	100	100	Note 2
The Company	Autonomous Mobility Ltd.	Investment activities	100	-	Note 2
Adlink International Co., Ltd.	Ampro Adlink Technology Inc	Manufacturing and selling of industrial computers	100	100	-
Adlink International Co., Ltd.	Adlink Technology Holding GmbH	Investment activities	100	100	-
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Investment activities	100	100	-
Zettascale Technology Cayman Limited	Zettascale Technology Limited (formerly named Adlink Technology Limited)	Software development, authorization and service	69.5	100	Notes 1, 3, 4
Adlink Technology Holding GmbH	Adlink Technology GmbH	Manufacturing and selling of industrial computers	100	100	-
Ampro Adlink Technology Inc.	Adlink Technology Canada Inc.	Software development	-	100	Note 7
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Software authorization and service	100	100	-
Zettascale Technology Limited	Zettascale Technology SARL (formerly named Adlink Technology SARL)	Software development, authorization and service	100	100	Note 5
Zettascale Technology Limited	Zettascale Technology BV (formerly named Adlink Technology OpenSplice B.V.)	Software development	100	100	Note 6
Adlink Technology (HK) Co., Ltd.	Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial computers	100	100	-
Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd	Manufacturing and selling of electronic parts	100	100	-

Note 1: Refer to Note 26 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 Zettascale Technology Cayman Limited, Adlink Edge Computing Limited and Autonomous Mobility Ltd. in June 2021, September 2021 and January 2022, respectively.

Note 3: To improve efficiency in management and utilization of the Group's resources, the Company transferred the ownership of Zettascale Technology Limited to Zettascale Technology Cayman Limited in November 2021.

Note 4: Adlink Technology Limited was renamed Zettascale Technology Limited in the fourth quarter of 2021.

Note 5: Adlink Technology SARL was renamed Zettascale Technology SARL in the fourth quarter of 2021.

Note 6: Adlink Technology Open Splice BV was renamed Zettascale Technology BV in the fourth quarter of 2021.

Note 7: 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			
	2022	% of Ownership	2021	% of Ownership
<u>Associates that are not individually material</u>				
JY Technology (Shanghai)	\$ 38,004	38.38	\$ 40,103	38.38
Shanghai Tuibu Enterprise Management Co., Ltd	15,393	27.97	15,552	27.97
JY Technology (Korea)	-	28.16	-	28.16
Farobot Inc.	-	-	43,778	49.00
Farobot Technology Ltd.	<u>97,919</u>	49.00	<u>-</u>	-
	<u>\$ 151,316</u>		<u>\$ 99,433</u>	

Refer to Table 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 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 Group, Shanghai Cehai Business Information Consulting Partnership and Shanghai Armillary Business Information Consulting Partnership jointly set up Shanghai Tuibu Enterprise Management Co., Ltd. in November 2021. The Group invested 27.97% equity interest in Farobot Inc. but did not have control over this investee. Since there was a change in the abovementioned investment, Shanghai Tuibu Enterprise Management Co., Ltd. invested 25.43% equity interest in JY Technology (Shanghai), and the Group still invested the same equity interest in JY Technology (Shanghai).

Aggregate Information of Associates That Are Not Individually Material

	For the Year Ended December 31	
	2022	2021
The Group's share of loss from continuing operations	<u>\$(48,076)</u>	<u>\$(47,050)</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost								
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	6,345	-	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>
Accumulated depreciation								
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>
Cost								
Balance at January 1, 2021	\$ 324,782	\$ 1,021,395	\$ 623,767	\$ 977	\$ 310,750	\$ 386,791	\$ -	\$ 2,668,462
Additions	1,982,003	268,932	18,198	-	6,693	78,724	995,611	3,350,161
Disposals	-	-	(8,949)	(483)	(121,559)	(12,273)	-	(143,264)
Transfers from prepayments for equipment	220,000	1,343	9,936	-	-	6,575	88,000	325,854
Reclassification	-	1,073,421	9,890	-	-	-	(1,083,311)	-
Transfers to investment properties	(131,362)	(376,029)	-	-	-	-	-	(507,391)
Effect of foreign currency exchange differences	(5,434)	(8,803)	(5,674)	(22)	(6,574)	(3,965)	-	(30,472)
Balance at December 31, 2021	<u>\$ 2,389,989</u>	<u>\$ 1,980,259</u>	<u>\$ 647,168</u>	<u>\$ 472</u>	<u>\$ 189,310</u>	<u>\$ 455,852</u>	<u>\$ 300</u>	<u>\$ 5,663,350</u>
Accumulated depreciation								
Balance at January 1, 2021	\$ -	\$ 496,586	\$ 553,749	\$ 977	\$ 133,285	\$ 315,645	\$ -	\$ 1,500,242
Depreciation expense	-	56,578	41,941	-	7,384	43,137	-	149,040
Disposals	-	-	(8,940)	(483)	(121,379)	(12,195)	-	(142,997)
Transfers to investment properties	-	(59,548)	-	-	-	-	-	(59,548)
Effect of foreign currency exchange differences	-	(2,399)	(4,920)	(22)	(1,397)	(2,785)	-	(11,523)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 491,217</u>	<u>\$ 581,830</u>	<u>\$ 472</u>	<u>\$ 17,893</u>	<u>\$ 343,802</u>	<u>\$ -</u>	<u>\$ 1,435,214</u>
Carrying amounts at December 31, 2021	<u>\$ 2,389,989</u>	<u>\$ 1,489,042</u>	<u>\$ 65,338</u>	<u>\$ -</u>	<u>\$ 171,417</u>	<u>\$ 112,050</u>	<u>\$ 300</u>	<u>\$ 4,228,136</u>

To integrate each department's resources, approve efficiency in management and meet operating needs in the future, the Company's board of directors resolved on July 3, 2020 to purchase the Huaya Section of Guishan District, Taoyuan City from Chroma ATE Inc., an investor with significant influence over the Group, and designated Land Serial No. 327 as the Group's management headquarter and main operating base.

The total amount of the land purchase of NT\$3,080,000 thousand was based on the real estate appraisal report and current market conditions. In accordance with the contract, the total amount has been paid and the transaction was completed in March 2021; moreover, Chroma ATE Inc. promised to lease back part of buildings and staff accommodation in the next 5 years.

Building

Main buildings	20-50 years
Mechanical and electrical accessories	2-20 years
Decoration	2-10 years
Machinery equipment	3-10 years
Transportation equipment	5-6 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 30.

14. LEASE ARRANGEMENTS

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

Other significant lease related information are as follows:

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	\$ 74,689	\$ 42,680
Depreciation charge for right-of-use assets	\$ 36,020	\$ 59,710
Expenses relating to short-term and low-value asset leases	\$ 23,029	\$ 46,857
Total cash outflow for leases	\$ 57,069	\$ 106,805

Right-of-use assets pledged by the Group as collateral for bank borrowing facilities are set out in Note 30.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<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	-	(6,189)	(6,189)

Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 247,577</u>	<u>\$ 247,577</u>
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Accumulated depreciation

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	-	(175)	(175)

Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 8,666</u>
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Carrying amounts at December 31, 2022	<u>\$ -</u>	<u>\$ 238,911</u>	<u>\$ 238,911</u>
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Cost

Balance at January 1, 2021	\$ -	\$ -	\$ -
Disposals	-	(10,852)	(10,852)
Transfers from property, plant and equipment	131,362	376,029	507,391

Balance at December 31, 2021	<u>\$ 131,362</u>	<u>\$ 365,177</u>	<u>\$ 496,539</u>
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(Continued)

	Land	Building	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Depreciation Expense	-	5,047	5,047
Disposals	-	(10,777)	(10,777)
Transfers from property, plant and equipment	<u>-</u>	<u>59,548</u>	<u>59,548</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 53,818</u>	<u>\$ 53,818</u>
Carrying amounts at December 31, 2021	<u>\$ 131,362</u>	<u>\$ 311,359</u>	<u>\$ 442,721</u> (Concluded)

In April 2021 and October 2021, respectively, the Group leased part of its buildings and staff accommodation in Guishan District to Chroma ATE Inc. and its subsidiaries according to the agreed terms in the contract and leased its buildings in Zhonghe District to Team Group Inc. for a period of 5 years. In addition, 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, 2022, which was arrived at by reference to market evidence of transaction prices for similar properties, was approximately \$268,883 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:

	December 31	
	2022	2021
Lease commitments of investment properties	<u>\$ 144,909</u>	<u>\$ 225,334</u>

Investment property pledged by the Company as collateral for bank borrowing facilities are set out in Note 30.

16. INTANGIBLE ASSETS

	Computer Software	Goodwill	Trademarks	Customer Relationship	Technological Expertise	Total
<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	<u>2,747</u>	<u>18,123</u>	<u>12,788</u>	<u>21,323</u>	<u>1,162</u>	<u>56,143</u>
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>\$ 1,382,892</u> (Continued)

	Computer Software	Goodwill	Trademarks	Customer Relationship	Technological Expertise	Total
<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>\$ 1,046,703</u>
<u>Carrying amounts at December 31, 2022</u>						
	<u>\$ 76,541</u>	<u>\$ 169,630</u>	<u>\$ 90,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,189</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 116,106	\$ 611,984	\$ 157,420	\$ 324,373	\$ 126,132	\$ 1,336,015
Additions	98,610	-	-	-	-	98,610
Disposals	(73,207)	-	-	-	-	(73,207)
Reclassification	28,093	-	-	-	-	28,093
Effect of foreign currency exchange differences	(2,322)	(26,281)	(9,048)	(17,713)	(7,804)	(63,168)
Balance at December 31, 2021	<u>\$ 167,280</u>	<u>\$ 585,703</u>	<u>\$ 148,372</u>	<u>\$ 306,660</u>	<u>\$ 118,328</u>	<u>\$ 1,326,343</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2021	\$ 81,347	\$ 349,419	\$ 73,939	\$ 314,765	\$ 111,868	\$ 931,338
Amortization expense	78,988	-	-	8,164	12,119	99,271
Disposals	(73,207)	-	-	-	-	(73,207)
Impairment losses recognized	-	104,334	-	-	3,379	107,713
Effect of foreign currency exchange differences	(2,171)	(20,944)	(6,703)	(16,269)	(9,038)	(55,125)
Balance at December 31, 2021	<u>\$ 84,957</u>	<u>\$ 432,809</u>	<u>\$ 67,236</u>	<u>\$ 306,660</u>	<u>\$ 118,328</u>	<u>\$ 1,009,990</u>
<u>Carrying amounts at December 31, 2021</u>						
	<u>\$ 82,323</u>	<u>\$ 152,894</u>	<u>\$ 81,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,353</u>

(Concluded)

Computer software is amortized on a straight-line basis over their following estimated useful lives which is 1-10 years.

Zettascale Technology Limited, the Group's subsidiaries in the UK, failed to achieve their operating performance targets. Nevertheless, the management has a plan to promote their products and expects to take advantage of the industrial computer products and continue developing the Industrial Internet of Things. The management assessed that the expected recoverable amount of goodwill was lower than the related carrying amount; thus, impairment losses of \$107,713 thousand was recognized for the years ended December 31, 2021.

The main recoverable amount was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 13.2%. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured bank loans	<u>\$ 930,631</u>	<u>\$ 2,361,392</u>

As of December 31, 2022 and 2021, the interest rates on the short-term borrowings were 1.56% - 3.7% and 0.52% - 4.00% per annum, respectively. The expected repayment period of short-term borrowings were January to December 2023 and January to December 2022, respectively.

Refer to Note 28 for related information on utilized and unutilized bank loan facilities.

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured bank loans	\$ 2,200,306	\$ 1,557,000
Secured bank loans (Note 30)	1,531,400	1,550,000
Less: Current portions	<u>(335,442)</u>	<u>(420,367)</u>
Long-term borrowings	<u>\$ 3,396,264</u>	<u>\$ 2,686,633</u>

As of December 31, 2022 and 2021, the interest rates on the long-term borrowings were both 1.13%-1.78% and 0.50%-1.00% per annum. The expected repayment period of long-term borrowings was the same in October 2024 to March 2033.

Refer to Note 28 for related information on utilized and unutilized bank loan facilities.

In response to the pandemic, the U.S. federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). It established Paycheck Protection Program (PPP) to assist small and-medium enterprises (SMEs) to maintain operational capabilities during the economic shutdown and to continue to pay employee salaries and provide jobs.

The Group's subsidiary in the United States obtained a loan of US\$2,329 thousand (or NT\$65,606 thousand) from a bank authorized by Small Business Administration (SBA) to pay employee salaries and relevant benefits. The subsidiary's application of loan exemption may be approved upon meeting all the specific conditions. If specific conditions are not met, the principal of the loan with a 1% fixed interest rate shall be repaid in full within the given specific period.

The Group's subsidiary in the United States obtained the exemption for the PPP loan and recognized the amount as government grant revenue in June 2021.

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

	December 31	
	2022	2021
Salaries and bonuses	\$ 439,506	\$ 378,755
Annual leave	58,587	55,856
Purchases of equipment	25,698	52,907
Compensation to employees	67,662	25,000
Others	<u>307,981</u>	<u>282,614</u>
	<u>\$ 899,434</u>	<u>\$ 795,132</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:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 93,075	\$ 106,365
Fair value of plan assets	<u>(62,281)</u>	<u>(55,738)</u>
Net defined benefit liabilities	<u>\$ 30,794</u>	<u>\$ 50,627</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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>
Balance at January 1, 2021	<u>\$ 110,642</u>	<u>\$ (53,667)</u>	<u>\$ 56,975</u>
Current service cost	1,437	-	1,437
Net interest expense (income)	<u>440</u>	<u>(216)</u>	<u>224</u>
Recognized in profit or loss	<u>1,877</u>	<u>(216)</u>	<u>1,661</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(787)	(787)
Actuarial (gain) loss			
Changes in demographic assumptions	413	-	413
Changes in financial assumptions	(3,625)	-	(3,625)
Experience adjustments	<u>(2,094)</u>	<u>-</u>	<u>(2,094)</u>
Recognized in other comprehensive income (loss)	<u>(5,306)</u>	<u>(787)</u>	<u>(6,093)</u>
Contributions from the employer	-	(1,916)	(1,916)
Benefits paid	<u>(848)</u>	<u>848</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 106,365</u>	<u>\$ (55,738)</u>	<u>\$ 50,627</u>

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:

	December 31	
	2021	2020
Discount rate(s)	1.30%	0.70%
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:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (2,271)</u>	<u>\$ (2,927)</u>
0.25% decrease	<u>\$ 2,357</u>	<u>\$ 3,048</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,294</u>	<u>\$ 2,948</u>
0.25% decrease	<u>\$ (2,222)</u>	<u>\$ (2,848)</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.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 1,897</u>	<u>\$ 2,137</u>
Average duration of the defined benefit obligation	9.0 years	11.0 years

21. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
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 5,000 thousand shares of the Company's authorized shares were reserved for the issuance of employee share options.

As of December 31, 2022, 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	
	2022	2021
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 be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>319,741</u>	<u>11,723</u>
	<u>\$ 1,264,450</u>	<u>\$ 956,432</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 accounted for using the equity method.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting in 2022 and in that meeting resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended 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. Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year 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 not 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. 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 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. 1010012865, 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 FSC issued Rule No. 1090150022 in March 2021. Based on the above Rule issued, the original Rule No. 1010012865 will be abolished on December 31, 2021; subsequently, the Company will be in compliance with the relevant Rule.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 12,375	\$ 23,994
Special reserve	\$ 8,075	\$ 52,151
Cash dividends	\$ 65,249	\$ -
Cash dividends per share (NT\$)	\$ 0.3	\$ -

The Company's shareholders also resolved to issue cash dividends from the capital surplus of \$217,498 thousand at \$1.0 per share in 2020.

The appropriations of earnings for 2022 were proposed by the Company's board of directors. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 82,168	
Special reserve	(93,767)	
Cash dividends	543,742	\$ 2.5

The appropriation of earnings for 2022 was resolved in the shareholders' meeting held on June 26, 2023.

d. Other equity items

	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensiv e Income
<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 26)	222	-
Related income tax	<u>(23,214)</u>	<u>-</u>
Balance at December 31	<u>\$(132,948)</u>	<u>\$ (14,361)</u>
<u>For the year ended December 31, 2021</u>		
Balance at January 1	\$(233,001)	\$ -
Exchange differences on translation of the financial statements of foreign operations	8,720	-
Unrealized loss on equity instruments	-	(15,051)
Related income tax	<u>(1,744)</u>	<u>-</u>
Balance at December 31	<u>\$(226,025)</u>	<u>\$ (15,051)</u>

22. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from the sale of goods	\$ 11,603,049	\$ 9,532,755
Software authorization and service revenue	<u>115,126</u>	<u>140,299</u>
	<u>\$ 11,718,175</u>	<u>\$ 9,673,054</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 34 for information of the disaggregation of revenue.

23. NET PROFIT FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2022	2021
Rental income (Note 29)	\$ 56,774	\$ 44,312
Grant revenue (Note 17)	31,315	172,262
Income from clearance of overdue debts	3,215	7,144
Others	<u>36,893</u>	<u>57,202</u>
	<u>\$ 128,197</u>	<u>\$ 280,920</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain (loss) on disposal of investment properties (Note 15)	\$ 356,210	\$ (75)
Loss on compensation	(144,709)	-
Net foreign exchange gains (losses)	133,936	(26,283)
Loss on disposal of property, plant and equipment	(2,891)	(122)
Loss on the liquidation of subsidiaries	(594)	-
Impairment losses (Note 16)	-	(107,713)
Others	<u>(6,148)</u>	<u>(97)</u>
	<u>\$ 335,804</u>	<u>\$ (134,290)</u>

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 67,284	\$ 34,412
Interest on lease liabilities	<u>2,138</u>	<u>2,159</u>
	<u>\$ 69,422</u>	<u>\$ 36,571</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Cost of goods sold	\$ 71,205	\$ 62,511
Operating expenses	<u>163,737</u>	<u>151,286</u>
	<u>\$ 234,942</u>	<u>\$ 213,797</u>
An analysis of amortization by function		
Cost of goods sold	\$ 2,139	\$ 1,609
Operating expenses	<u>83,150</u>	<u>97,662</u>
	<u>\$ 85,289</u>	<u>\$ 99,271</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 109,599	\$ 105,978
Defined benefit plans (Note 20)	<u>1,788</u>	<u>1,661</u>
	111,387	107,639
Other employee benefits	<u>2,880,605</u>	<u>2,693,836</u>
	<u>\$ 2,991,992</u>	<u>\$ 2,801,475</u>
An analysis of employee benefits expense by function		
Cost of goods sold	\$ 535,002	\$ 485,618
Operating expenses	<u>2,456,990</u>	<u>2,315,857</u>
	<u>\$ 2,991,992</u>	<u>\$ 2,801,475</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, 2022 and 2021, respectively, which have been approved by the Company's board of directors respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Accrual Rate (%)	Cash	Accrual Rate (%)
Employees' compensation	\$ 67,662	6.57	\$ 25,000	14.87
Remuneration of directors	8,000	0.78	2,000	1.19

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, 2021 and 2020.

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

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 235,566	\$ 120,575
Adjustments for prior years	<u>(10,959)</u>	<u>741</u>
	224,607	121,316
Deferred tax		
In respect of the current year	<u>(59,674)</u>	<u>(37,290)</u>
Income tax expense recognized in profit or loss	<u>\$ 164,933</u>	<u>\$ 84,026</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 970,329</u>	<u>\$ 202,910</u>
Income tax expense calculated at the statutory rate	\$ 194,066	\$ 40,582
Tax-exempt income	(50,184)	(19,659)
Nondeductible expenses in determining taxable income	3,612	11,726
Land value increment tax	7,624	-
Unrecognized temporary differences	16,602	33,182
Unrecognized loss carryforwards	(4,118)	(19,053)
Effect of different tax rate of group entities operating in other jurisdictions	8,290	36,507
Adjustments for prior years' tax	<u>(10,959)</u>	<u>741</u>
Income tax expense recognized in profit or loss	<u>\$ 164,933</u>	<u>\$ 84,026</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	\$(23,214)	\$ (1,744)
Remeasurement of defined benefit plans	<u>(3,954)</u>	<u>(1,218)</u>
Income tax recognized in other comprehensive income	<u>\$(27,168)</u>	<u>\$ (2,962)</u>

c. Deferred tax assets and liabilities

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>

For the year ended December 31, 2021

	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	\$ 11,692	\$ 6,912	\$ -	\$ -	\$ 18,604
Defined benefit obligation	11,395	(51)	(1,218)	-	10,126
Allowance for write-down of inventories	49,474	3,893	-	(128)	53,239
Foreign investment loss	53,345	(25,544)	-	-	27,801
Exchange differences on translation of the financial statements of foreign operations	58,148	-	(1,744)	-	56,404
Invested company impairment loss	62,258	21,543	-	-	83,801
Others	36,983	(3,558)	-	(505)	32,920
	<u>\$ 283,295</u>	<u>\$ 3,195</u>	<u>\$ (2,962)</u>	<u>\$ (633)</u>	<u>\$ 282,895</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gains	\$ 8,587	\$ (4,513)	\$ -	\$ -	\$ 4,074
Property, plant and equipment	35,030	(29,586)	-	(636)	4,808
Others	-	4	-	-	4
	<u>\$ 43,617</u>	<u>\$ (34,095)</u>	<u>\$ -</u>	<u>\$ (636)</u>	<u>\$ 8,886</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:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 805,858</u>	<u>\$ 118,884</u>

Shares

	(In Thousands of Shares)	
	For the Year Ended December 31	
	2022	2021
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>1,348</u>	<u>560</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>218,845</u>	<u>218,057</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. 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 GBP\$10,821 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.

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Limited**

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>

27. 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.

28. 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 was no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 19
Financial assets at amortized cost (1)	4,281,029	3,797,302
Financial assets at FVTOCI	57,800	56,234
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	7,133,322	8,275,031

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 32.

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.

	For the Year Ended December 31	
	2022	2021
USD impact	\$ 8,319	\$ 4,036
RMB impact	5,929	3,363
EUR impact	7,787	2,226

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:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 25,309	\$ 2,262
Financial liabilities	723,625	1,796,134
Cash flow interest rate risk		
Financial assets	1,368,916	1,131,791
Financial liabilities	4,031,706	3,744,000

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, 2022 and 2021 would have decreased/increased by \$13,314 thousand and by \$13,061 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, 2022 and 2021, the proportion of trade receivables from those mentioned above to total trade receivables were as follows:

	December 31	
	2022	2021
Mainland China	34%	39%
U.S.A.	25%	29%
Europe	17%	14%

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, 2022 and 2021, 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, 2022

	Less than 1 Year	1-3 Year	3+ Years
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>

December 31, 2021

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,806,639	\$ -	\$ -
Variable interest rate liabilities	1,181,835	753,300	2,041,998
Fixed interest rate liabilities	1,685,300	-	-
Lease liabilities	<u>30,526</u>	<u>29,664</u>	<u>14,630</u>
	<u>\$ 5,704,300</u>	<u>\$ 782,964</u>	<u>\$ 2,056,628</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank facilities:		
Amount used	\$ 3,130,937	\$ 3,918,392
Amount unused	<u>4,913,297</u>	<u>3,151,019</u>
	<u>\$ 8,044,234</u>	<u>\$ 7,069,411</u>
Secured bank facilities:		
Amount used	\$ 1,531,400	\$ 1,550,000
Amount unused	<u>-</u>	<u>294,000</u>
	<u>\$ 1,531,400</u>	<u>\$ 1,844,000</u>

29. 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 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
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
Adivic Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
AUO Digitech Taiwan 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	
	2022	2021
Investors with significant influence over the Group	\$ 43,239	\$ 42,832
Subsidiaries of investors with significant influence over the Group	14,358	938
Associates	108,334	112,989
Others	<u>189</u>	<u>-</u>
	<u>\$ 166,120</u>	<u>\$ 156,759</u>

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

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Group	\$ 354	\$ 426
Subsidiaries of investors with significant influence over the Group	18,883	18,947
Associates	8,800	-
Others	<u>21,674</u>	<u>18,819</u>
	<u>\$ 49,711</u>	<u>\$ 38,192</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Investors with significant influence over the Group	\$ 5,703	\$ 24,811
	Subsidiaries of investors with significant influence over the Group	2,803	-
	Associates	26,563	57,084
	Less: Share of loss of associates	<u>(3,479)</u>	<u>(3,939)</u>
		<u>\$ 31,590</u>	<u>\$ 77,956</u>
Other receivables	Investors with significant influence over the Group	\$ 2,858	\$ 2,405
	Subsidiaries of investors with significant influence over the Group	2,785	2,803
	Associates	<u>82</u>	<u>1</u>
		<u>\$ 5,725</u>	<u>\$ 5,209</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Investors with significant influence over the Group	\$ 101	\$ 145
	Subsidiaries of investors with significant influence over the Group	6,742	1,026
	Others	<u>5,850</u>	<u>9,761</u>
		<u>\$ 12,693</u>	<u>\$ 10,932</u>
Other payables	Investors with significant influence over the Group	\$ 713	\$ 531
	Subsidiaries of investors with significant influence over the Group	823	-
	Associates	566	-
	Others	<u>1</u>	<u>-</u>
		<u>\$ 2,103</u>	<u>\$ 531</u>

The outstanding trade payables to related parties are unsecured.

f. Property, plant and equipment acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company Chroma ATE Inc.	<u>\$ -</u>	<u>\$ 3,080,000</u>

Refer to Note 13 for related information.

g. Intangible assets acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Group Chroma ATE Inc.	<u>\$ 263</u>	<u>\$ 350</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental expenses	Others	\$ 7,903	\$ 7,427
Rental income	Investors with significant influence over the Group	\$ 35,032	\$ 26,274
	Subsidiaries of investors with significant influence over the Group	10,826	8,288
	Associates	57	-
		<u>\$ 45,915</u>	<u>\$ 34,562</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	
	2022	2021
Adlink Technology GmbH	\$ 916,160	\$ 549,920
Zettascale Technology Limited	\$ 545,490	\$ 629,600
Adlink Technology (China) Co., Ltd.	\$ 337,950	\$ -
Ampro Adlink Technology Inc.	\$ 193,290	\$ 169,005
Adlink Technology Korea Ltd.	\$ 32,215	\$ 28,535

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 33,164	\$ 41,221
Post-employment benefits	392	423
	<u>\$ 33,556</u>	<u>\$ 41,644</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Land	\$ 2,202,003	\$ 2,202,003
Investment properties	238,911	348,496
Buildings	1,021,265	1,053,660
Property under construction	<u>819</u>	<u>300</u>
	<u>\$ 3,462,998</u>	<u>\$ 3,604,459</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Contingent Liabilities

The facilities that the Group provided endorsements or guarantees for its subsidiaries refer to Note 29 for information.

32. 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, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<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)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<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)

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,099	27.68 (USD:NTD)	\$ 1,746,593
USD	21,970	6.38 (USD:RMB)	608,134
USD	4,607	115.09 (USD:JPY)	127,518
USD	5,270	0.88 (USD:EUR)	145,871
USD	613	0.74 (USD:GBP)	16,971
USD	736	1,177.87 (USD:KRW)	20,361
RMB	79,682	4.34 (RMB:NTD)	345,939
EUR	6,895	31.32 (EUR:NTD)	215,939
EUR	985	0.84 (EUR:GBP)	<u>30,861</u>
			<u>\$ 3,258,187</u>

Financial liabilities

Monetary items			
USD	35,566	27.68 (USD:NTD)	\$ 984,471
USD	34,209	6.38 (USD:RMB)	946,892
USD	3,496	115.09 (USD:JPY)	96,782
USD	7,499	0.88 (USD:EUR)	207,561
USD	10	0.74 (USD:GBP)	268
USD	936	1,177.87 (USD:KRW)	25,905
RMB	2,217	4.34 (RMB:NTD)	9,623
EUR	746	31.32 (EUR:NTD)	23,369
EUR	27	0.84 (EUR:GBP)	<u>851</u>
			<u>\$ 2,295,722</u>

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.

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: Notes 7 and 28
- 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).

34. 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, 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	<u>79,052</u>	<u>5,343</u>	<u>304</u>	<u>590</u>	<u>-</u>	<u>85,289</u>
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>

For the Year Ended December 31, 2021						
	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 3,793,017	\$ 2,206,956	\$ 1,826,082	\$ 1,846,999	\$ -	\$ 9,673,054
Inter-segment revenue	<u>3,556,706</u>	<u>2,089,609</u>	<u>-</u>	<u>100,628</u>	<u>(5,746,943)</u>	<u>-</u>
Segment revenue	<u>\$ 7,349,723</u>	<u>\$ 4,296,565</u>	<u>\$ 1,826,082</u>	<u>\$ 1,947,627</u>	<u>\$ (5,746,943)</u>	<u>\$ 9,673,054</u>
Interest income	\$ 345	\$ 1,058	\$ -	\$ -	\$ -	\$ 1,403
Finance costs	19,457	6,912	138	10,064	-	36,571
Depreciation expense	119,762	54,211	17,031	22,793	-	213,797
Amortization expense	72,788	3,364	1,913	21,206	-	99,271
Other significant non-cash items						
Impairment losses	-	-	-	107,713	-	107,713
Segment income (loss)	<u>\$ 1,813,520</u>	<u>\$ 197,599</u>	<u>\$ 39,806</u>	<u>\$ (134,892)</u>	<u>\$ -</u>	<u>1,916,033</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>1,713,123</u>
Profit before income tax						<u>\$ 202,910</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, 2022 and 2021.

TABLE 1

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 193,290	\$ 184,260 (US\$ 6,000)	\$ 92,130	2	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 3,905,054	\$ 3,905,054	Note 4
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	96,645	92,130 (US\$ 3,000)	92,130	2	b	-	Operation requirement	-	-	-	1,412,208	1,412,208	Note 4

Note 1: Fill in 0 for the Company, 1 for Adlink International Co., Ltd.

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

a. 1 for transactions.

b. 2 for short-term financing.

Note 3: Financing limit for each borrower shall not exceed 20% of the lender’s net equity in latest financial statements. However, foreign borrower was held 100% of voting shares directly and indirectly by the same company, the financing limit 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, 2022****(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.	\$ 2,789,325	\$ 32,215	\$ 30,710 (US\$ 1,000)	\$ -	\$ -	0.55	\$ 2,789,325	Y	-	-
		Zettascale Technology Limited	a. and b.	1,115,730	545,490	-	-	-	-	1,115,730	Y	-	-
		Ampro Adlink Technology Inc.	a. and b.	2,789,325	193,290	184,260 (US\$ 6,000)	-	-	3.30	2,789,325	Y	-	-
		Adlink Technology GmbH	a. and b.	2,789,325	916,160	850,720 (EUR 26,000)	415,544	-	15.25	2,789,325	Y	-	-
		Adlink Technology (China) Co., Ltd.	a. and b.	2,789,325	337,950	330,600 (RMB 75,000)	74,371	-	5.93	2,789,325	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, 2022****(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, 2022				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	57,800	4.13	57,800	-
Ampro Adlink Technology Inc.	<u>Shares - convertible preference shares</u> Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income	750	-	14.14	-	-

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, 2022**

(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)	\$ (602,169)	(7.53)	Net 120 days	-	-	\$ 194,724	8.93	Note
Adlink Technology Japan Corporation	The Company	Parent company	Purchase	602,169	95.93	Net 120 days	-	-	(194,724)	(99.60)	Note
The Company	Adlink Technology Korea Ltd	Subsidiary	(Sale)	(253,360)	(3.17)	Net 60 days	-	-	63,132	2.90	Note
Adlink Technology Korea Ltd.	The Company	Parent company	Purchase	253,360	93.72	Net 60 days	-	-	(63,132)	(99.86)	Note
The Company	Adlink Technology Singapore Pte Ltd	Subsidiary	(Sale)	(268,211)	(3.35)	Net 60 days	-	-	24,107	1.11	Note
Adlink Technology Singapore Pte Ltd.	The Company	Parent company	Purchase	268,211	58.91	Net 60 days	-	-	(24,107)	(83.13)	Note
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(1,983,388)	(24.80)	Net 60 days	-	-	397,698	18.24	Note
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	1,983,388	86.09	Net 60 days	-	-	(397,698)	(95.49)	Note
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(1,398,747)	(17.49)	Net 150 days	-	-	703,972	32.30	Note
Adlink Technology GmbH	The Company	Parent company	Purchase	1,398,747	86.68	Net 150 days	-	-	(703,972)	(98.81)	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	(Sale)	(277,001)	(3.46)	Net 150 days	-	-	340,463	15.62	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Purchase	277,001	5.96	Net 150 days	-	-	(340,463)	(26.23)	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(2,200,368)	(49.14)	Net 60 days	-	-	270,862	26.14	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	2,200,368	37.84	Net 60 days	-	-	(270,862)	(32.29)	Note
Dongguan Lingyao Electronic Technology Co., Ltd.	Adlink Technology (China) Co., Ltd.	Parent company	(Sale)	(145,251)	(71.35)	Net 60 days	-	-	78,973	90.70	Note
Adlink Technology (China) Co., Ltd	Dongguan Lingyao Electronic Technology Co., Ltd.	Subsidiary	Purchase	145,251	80.06	Net 60 days	-	-	(78,973)	(6.08)	Note

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

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, 2022
(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	Adlink Technology Japan Corporation	Subsidiary	Trade receivables	4.02	\$ <u> -</u>	-	\$ <u>194,763</u>	\$ <u> -</u>	Note 2
			Other receivables		<u> 39</u>				
					\$ <u>194,763</u>				
	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	Trade receivables	4.14	\$ <u> -</u>	-	\$ <u>376,109</u>	\$ <u> -</u>	Note 2
			Other receivables		<u> -</u>				
					\$ <u>397,698</u>				
	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables	2.52	\$ <u> -</u>	-	\$ <u>219,488</u>	\$ <u> -</u>	Note 2
			Other receivables		<u> 1,056</u>				
					\$ <u>705,028</u>				
Adlink Technology (China) Co., Ltd.	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables	0.86	\$ <u> -</u>	-	\$ <u>92,903</u>	\$ <u> -</u>	Note 2
			Other receivables		<u> 92,903</u>				
					\$ <u>433,366</u>				
	The Company	Parent company	Trade receivables	5.82	\$ <u> -</u>	-	\$ <u>266,096</u>	\$ <u> -</u>	Note 2
			Other receivables		<u> 6,032</u>				
					\$ <u>276,894</u>				

Note 1: It was the subsequent amount received as of March 16, 2023.

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, 2022
(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	\$ 24,107	Based on regular terms	-
		Adlink Technology Singapore Pte Ltd.	a	Operating revenue	268,211	Based on regular terms	2
		Adlink Technology Japan Corporation	a	Trade receivables	194,724	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Operating revenue	602,169	Based on regular terms	5
		Adlink Technology Korea Ltd.	a	Trade receivables	63,132	Based on regular terms	-
		Adlink Technology Korea Ltd.	a	Operating revenue	253,360	Based on regular terms	2
		Ampro Adlink Technology Inc.	a	Trade receivables	397,698	Based on regular terms	3
		Ampro Adlink Technology Inc.	a	Operating revenue	1,983,388	Based on regular terms	17
		Ampro Adlink Technology Inc.	a	R&D design expense	15,348	Based on regular terms	-
		Adlink Technology GmbH	a	Trade receivables	703,972	Based on regular terms	5
		Adlink Technology GmbH	a	Operating revenue	1,398,747	Based on regular terms	12
		Adlink Technology GmbH	a	Other payables	11,969	Based on regular terms	-
		Adlink Technology GmbH	a	R&D design expense	38,491	Based on regular terms	-
		Adlink Technology (China) Co., Ltd.	a	Trade receivables	340,463	Based on operating requirements	3
		Adlink Technology (China) Co., Ltd.	a	Operating revenue	277,001	Based on regular terms	2
		Adlink Technology (China) Co., Ltd.	a	Trade payables	270,862	Based on regular terms	2
		Adlink Technology (China) Co., Ltd.	a	Purchase	2,200,368	Based on regular terms	19
		Adlink Technology (China) Co., Ltd.	a	Other receivables	92,903	Based on operating requirements	1
		Adlink Technology (China) Co., Ltd.	a	Procurement service revenue	55,066	Based on the agreed rate of procurement amount	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	a	Purchase	58,331	Based on regular terms	-
1	ADLINK International Co., Ltd.	Adlink Technology (China) Co., Ltd.	c	Other receivable	92,324	Based on regular terms	1
2	Zettascale Technology Limited	ADLINK Technology Corporation	c	Trade receivables	10,444	Based on regular terms	-
		ADLINK Technology Corporation	c	Operating revenue	23,471	Based on regular terms	-
		Zettascale Technology SARL	c	Trade receivable	39,214	Based on regular terms	-
		Zettascale Technology SARL	c	Operating revenue	30,499	Based on regular terms	-
3	Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd.	c	Operating revenue	17,327	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	c	Trade payables	78,424	Based on regular terms	1
		Dongguan Lingyao Electronic Technology Co., Ltd.	c	Purchase	145,251	Based on regular terms	1

(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)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.0	\$ 1,908,979	\$ (10,812)	\$ (10,812)	Subsidiary (Note 7)
	Adlink Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	659,200	100.0	193,672	27,614	27,614	Subsidiary (Note 7)
	Adlink Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	JPY 98,000	JPY 98,000	1,960	100.0	74,942	16,501	16,501	Subsidiary (Note 7)
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.0	24,246	9,424	9,424	Subsidiary (Note 7)
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	(Note 4)	61,155,000	100.0	213,074	(51,525)	(51,525)	Subsidiary (Note 7)
	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	(Note 4)	500,000	100.0	12,487	(6,011)	(6,011)	Subsidiary (Note 7)
	Autonomous Mobility Ltd.	Cayman Islands	Investment activities	(Note 4)	(Note 4)	1	100.0	-	-	-	Subsidiary (Note 7)
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300	66,624	28.2	(3,479)	(1,848)	607	Associate
	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	-	NT\$ 98,000	-	-	-	(93,468)	(6,212)	Associate (Note 6)
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,076	-	5,076,890	49.0	97,919	(82,218)	(40,287)	Associate
Farobot Technology Ltd.	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	NT\$ 400,000	-	40,000,000	100.0	232,338	(93,468)	-	Associate (Note 6)
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\$ 47,801	US\$ 384	-	Indirectly owned subsidiary (Note 7)
	Ampro Adlink Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789	39,743,137	100.0	US\$ 32,379	US\$ 2,741	-	Indirectly owned subsidiary (Note 7)
	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.0	US\$ (18,010)	US\$ (3,532)	-	Indirectly owned subsidiary (Note 7)
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 12,979	36,584,052	69.5	GBP 5,745	GBP (1,413)	-	Indirectly owned subsidiary (Note 7)
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 (16,997)	EUR (3,355)	-	Indirectly owned subsidiary (Note 7)
Ampro Adlink Technology Inc.	Adlink Technology Canada Inc.	Canada	Software development	-	CAD 100	-	-	-	CAD (33)	-	Indirectly owned subsidiary (Notes 5 and 7)
	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.0	US\$ (811)	US\$ (149)	-	Indirectly owned subsidiary (Note 7)
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.0	EUR (290)	EUR (1,618)	-	Indirectly owned subsidiary (Note 7)
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.0	EUR (16)	EUR 3	-	Indirectly owned subsidiary (Note 7)

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: Zettascale Technology Cayman Limited, Adlink Edge Computing Limited and Autonomous Mobility Ltd. were incorporated in June 2021, September 2021 and January 2022, respectively, and no amount of investment was recorded on the license.

Note 5: The liquidation of Adlink Technology Canada Inc. had completed in April 2022.

Note 6: The Group restructured the organization and transferred the ownership of Farobot Inc. from the Company to Farobot Technology Ltd. Refer to Note 12 for information.

Note 7: 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, 2022**
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2022	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\$ 724,921) (Notes 5 and 7)	\$ -	\$ -	HK\$ 7,283 US\$ 22,671 (NT\$ 724,921) (Notes 5 and 7)	RMB 2,587 (NT\$ 11,460)	100.00	RMB 2,587 (NT\$ 11,460)	RMB 332,389 (NT\$ 1,465,835)	\$ -	Note 9
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 8,820)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB 1,956 (NT\$ 8,665)	100.00	RMB 1,956 (NT\$ 8,665)	RMB 10,106 (NT\$ 44,567)	-	Note 9
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 46,903 (NT\$ 206,842)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (1,283) (NT\$ -5,684)	38.40 (Note 8)	RMB (401) (NT\$ -1,779)	RMB 9,081 (NT\$ 38,004)	-	-
Shanghai Tuibu Enterprise Management Co., Ltd.	Investment activities	RMB 11,925 (NT\$ 52,589)	c. Adlink Technology (China) Co., Ltd.	(Note 8)	-	-	(Note 8)	RMB (326) (NT\$ -1,444)	27.97	RMB (91) (NT\$ -405)	RMB 3,491 (NT\$ 15,393)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$724,921 (HK\$7,283, US\$22,671)	\$729,553 (HK\$7,305, US\$22,819)	\$3,347,189 (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, 2022.

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$3.81, US\$1=NT\$29.81, RMB1=NT\$4.43 for the year ended December 31, 2022; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$3.94, US\$1=NT\$30.71, RMB1=NT\$4.41 prevailing on December 31, 2022.

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. by its partial 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 38.4% equity interest in JY Technology (Shanghai).

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

TABLE 9**ADLINK TECHNOLOGY INC.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022****(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
Cathay Biotech Inc. investment account entrusted Citi (Taiwan) Commercial Bank	14,707,559	6.76
Chroma ATE Inc.	14,417,253	6.62
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.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Adlink Technology Inc.

Opinion

We have audited the financial statements of Adlink Technology Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the financial statements, including a summary of significant accounting policies (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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. 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, 2022 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 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, 2022, 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 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 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, 2022, 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 16, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 811,403	7	\$ 724,882	7
Financial assets at fair value through profit or loss (Note 7)	-	-	19	-
Notes receivable (Note 8)	3,623	-	18,848	-
Trade receivables (Note 8)	426,848	4	585,593	6
Trade receivables from related parties (Note 25)	1,749,340	16	1,517,703	14
Other receivables	29,235	-	53,712	1
Other receivables from related parties (Note 25)	100,107	1	6,802	-
Inventories (Note 9)	1,827,070	16	1,694,848	16
Other current assets	17,944	-	13,580	-
Total current assets	4,965,570	44	4,615,987	44
NON-CURRENT ASSETS				
Financial assets at amortized cost	7,727	-	4,095	-
Investments accounted for using the equity method (Note 10)	2,525,319	22	1,744,487	17
Property, plant and equipment (Notes 11, 25 and 26)	3,336,182	29	3,370,594	32
Right-of-use assets (Note 12)	26,735	-	8,495	-
Investment properties (Notes 13 and 26)	238,911	2	442,721	4
Intangible assets (Note 25)	59,840	1	60,257	1
Deferred tax assets (Note 21)	231,473	2	237,193	2
Prepayments for equipment	3,089	-	4,796	-
Refundable deposits	9,147	-	10,351	-
Other non-current assets	3,466	-	3,669	-
Total non-current assets	6,441,889	56	5,886,658	56
TOTAL	\$ 11,407,459	100	\$ 10,502,645	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 300,000	3	\$ 891,344	8
Trade payables (Note 15)	559,158	5	826,053	8
Trade payables to related parties (Note 25)	290,000	2	501,075	5
Other payables (Notes 16 and 25)	572,235	5	525,441	5
Current tax liabilities	167,105	1	52,568	1
Provisions	26,089	-	19,212	-
Lease liabilities (Note 12)	8,829	-	4,015	-
Current portion of long-term borrowings (Note 14)	335,442	3	420,367	4
Other current liabilities (Note 19)	82,970	1	70,419	1
Total current liabilities	2,341,828	20	3,310,494	32
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	3,396,264	30	2,686,633	26
Provisions	32,248	1	26,089	-
Deferred tax liabilities (Note 21)	9,928	-	4,078	-
Lease liabilities (Note 12)	17,748	-	4,283	-
Net defined benefit liabilities (Note 17)	30,794	-	50,627	-
Total non-current liabilities	3,486,982	31	2,771,710	26
Total liabilities	5,828,810	51	6,082,204	58
EQUITY (Note 18)				
Ordinary shares	2,174,973	19	2,174,973	21
Capital surplus	1,264,450	11	956,432	9
Retained earnings				
Legal reserve	666,540	6	654,165	6
Special reserve	241,076	2	233,001	2
Unappropriated earnings	1,378,919	12	642,946	6
Total retained earnings	2,286,535	20	1,530,112	14
Other equity	(147,309)	(1)	(241,076)	(2)
Total equity	5,578,649	49	4,420,441	42
TOTAL	\$ 11,407,459	100	\$ 10,502,645	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, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 25)	\$ 7,997,996	100	\$ 6,506,478	100
OPERATING COSTS (Notes 9, 20 and 25)	<u>5,683,573</u>	<u>71</u>	<u>4,631,532</u>	<u>71</u>
GROSS PROFIT	2,314,423	29	1,874,946	29
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	<u>(46,311)</u>	<u>-</u>	<u>(27,641)</u>	<u>(1)</u>
REALIZED GROSS PROFIT	<u>2,268,112</u>	<u>29</u>	<u>1,847,305</u>	<u>28</u>
OPERATING EXPENSES (Notes 20 and 25)				
Selling and marketing	245,632	3	252,463	4
General and administrative	578,475	7	440,710	6
Research and development	1,081,328	14	1,099,460	17
Expected credit loss	<u>109</u>	<u>-</u>	<u>325</u>	<u>-</u>
Total operating expenses	<u>1,905,544</u>	<u>24</u>	<u>1,792,958</u>	<u>27</u>
PROFIT FROM OPERATIONS	<u>362,568</u>	<u>5</u>	<u>54,347</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 25)				
Interest income	5,615	-	307	-
Other income	162,000	2	165,176	2
Other gains and losses	531,891	7	(138,703)	(2)
Finance costs	(46,469)	(1)	(19,054)	-
Share of profit or loss of subsidiaries and associates	<u>(60,701)</u>	<u>(1)</u>	<u>79,088</u>	<u>1</u>
Total non-operating income and expenses	<u>592,336</u>	<u>7</u>	<u>86,814</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	954,904	12	141,161	2
INCOME TAX EXPENSE (Note 21)	<u>149,046</u>	<u>2</u>	<u>22,277</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>805,858</u>	<u>10</u>	<u>118,884</u>	<u>2</u>

(Continued)

ADLINK TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ 19,768	-	\$ 6,093	-
Share of the other comprehensive loss of subsidiaries accounted for using the equity method (Note 18)	690	-	(15,051)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	(3,954)	-	(1,218)	-
	<u>16,504</u>	<u>-</u>	<u>(10,176)</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)	116,069	1	8,720	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	(23,214)	-	(1,744)	-
	<u>92,855</u>	<u>1</u>	<u>6,976</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>109,359</u>	<u>1</u>	<u>(3,200)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 915,217</u>	<u>11</u>	<u>\$ 115,684</u>	<u>2</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 3.71</u>		<u>\$ 0.55</u>	
Diluted	<u>\$ 3.68</u>		<u>\$ 0.55</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Ordinary Share Capital	Capital Surplus	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
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings				
BALANCE AT JANUARY 1, 2021	\$ 2,174,973	\$ 1,167,721	\$ 630,171	\$ 180,850	\$ 595,332	\$ 1,406,353	\$ (233,001)	\$ -	\$ (233,001)	\$ 4,516,046
Appropriation of the 2020 earnings										
Legal reserve	-	-	23,994	-	(23,994)	-	-	-	-	-
Special reserve reversed	-	-	-	52,151	(52,151)	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,209	-	-	-	-	-	-	-	6,209
Issue of cash from capital surplus - NT\$1.0 per share	-	(217,498)	-	-	-	-	-	-	-	(217,498)
Net profit for the year ended December 31, 2021	-	-	-	-	118,884	118,884	-	-	-	118,884
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	4,875	4,875	6,976	(15,051)	(8,075)	(3,200)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	123,759	123,759	6,976	(15,051)	(8,075)	115,684
BALANCE AT DECEMBER 31, 2021	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	<u>\$ 2,174,973</u>	<u>\$ 1,264,450</u>	<u>\$ 666,540</u>	<u>\$ 241,076</u>	<u>\$ 1,378,919</u>	<u>\$ 2,286,535</u>	<u>\$ (132,948)</u>	<u>\$ (14,361)</u>	<u>\$ (147,309)</u>	<u>\$ 5,578,649</u>

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

ADLINK TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 954,904	\$ 141,161
Adjustments for:		
Depreciation expenses	138,286	109,151
Amortization expenses	79,052	86,896
Expected credit loss recognized on trade receivables	109	325
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	19	(837)
Finance costs	46,469	19,054
Interest income	(5,615)	(307)
Dividend income	(727)	(667)
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	60,701	(79,088)
Loss on disposal of property, plant and equipment	108	48
(Gain) loss on disposal of investment properties	(356,210)	75
Impairment loss recognized on goodwill and intangible assets	-	107,713
Write-downs of inventories	46,617	46,369
Unrealized gain on transactions with subsidiaries	46,311	27,641
Net (gain) loss on foreign currency exchange	(123,719)	48,808
Unrealized (loss) gain on procurement with subsidiaries	(875)	6,918
Changes in operating assets and liabilities		
Notes receivable	15,225	(16,507)
Trade receivables	199,508	(59,530)
Trade receivables from related parties	(107,107)	(523,904)
Other receivables	24,477	(17,692)
Other receivables from related parties	(90,238)	76,855
Inventories	(178,839)	(835,669)
Other current assets	(5,124)	3,948
Other non-current assets	203	(3,669)
Trade payables	(302,577)	172,946
Trade payables to related parties	(256,575)	216,500
Other payables	73,674	(46,637)
Provisions	13,036	(3,659)
Other current liabilities	12,551	(12,789)
Net defined benefit liabilities	(65)	(255)
Cash generated from (used in) operations	283,579	(536,802)
Interest received	5,615	307
Interest paid	(45,332)	(18,278)
Income tax paid	(50,107)	(50,422)
Net cash generated from (used in) operating activities	193,755	(605,195)

(Continued)

ADLINK TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (95,927)	\$ (4,095)
Proceeds from sale of financial assets at amortized cost	89,415	-
Proceeds from sale of financial assets at fair value through profit or loss	-	100,699
Acquisition of investments accounted for using the equity method	(462,430)	-
Payments for property, plant and equipment	(110,542)	(3,254,063)
Proceeds from disposal of property, plant and equipment	18	133
Decrease in refundable deposits	1,204	11,542
Payments for computer software	(77,875)	(88,433)
Payments for investment properties	(439)	-
Proceeds from disposal of investment properties	547,946	-
Increase in prepayments for equipment	(4,009)	(18,193)
Dividends received	<u>727</u>	<u>667</u>
Net cash used in investing activities	<u>(111,912)</u>	<u>(3,251,743)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,309,500	2,861,981
Repayments of short-term borrowings	(4,901,273)	(2,170,637)
Proceeds from long-term borrowings	1,587,300	3,132,000
Repayments of long-term borrowings	(962,594)	(290,000)
Repayment of the principal portion of lease liabilities	(6,713)	(23,979)
Cash dividends paid	<u>(65,249)</u>	<u>(217,498)</u>
Net cash (used in) generated from financing activities	<u>(39,029)</u>	<u>3,291,867</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>43,707</u>	<u>(15,137)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,521	(580,208)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>724,882</u>	<u>1,305,090</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 811,403</u>	<u>\$ 724,882</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, 2022 AND 2021

(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 16, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022

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 IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are 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.

The Company is continuously assessing the possible impact of that 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 SIGNIFICANT ACCOUNTING POLICIES

- 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.

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 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.

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 24.

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 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.

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.

l. 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. 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. CRITICAL 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.

The estimates and underlying assumptions are reviewed by the management of the Company on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 50	\$ 50
Checking accounts and demand deposits	808,092	724,130
Cash equivalents - third-party paying accounts	<u>3,261</u>	<u>702</u>
	<u>\$ 811,403</u>	<u>\$ 724,882</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets held for trading - current		
Foreign exchange forward contracts not under hedge accounting	<u>\$ -</u>	<u>\$ 19</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, 2021</u>			
Sell	EUR/NTD	March 2022	EUR850/NTD26,699

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, 2022.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Gross carrying amount at amortized cost	\$ 3,623	\$ 18,848
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,623</u>	<u>\$ 18,848</u>
<u>Trade receivables</u>		
Gross carrying amount at amortized cost	\$ 429,529	\$ 588,234
Less: Allowance for impairment loss	<u>(2,681)</u>	<u>(2,641)</u>
	<u>\$ 426,848</u>	<u>\$ 585,593</u>

The average credit period of sales of goods was 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, 2022

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

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 505,973	\$ 77,649	\$ 3,413	\$ 1,199	\$ 588,234
Loss allowance	<u>-</u>	<u>-</u>	<u>(1,442)</u>	<u>(1,199)</u>	<u>(2,641)</u>
Amortized cost	<u>\$ 505,973</u>	<u>\$ 77,649</u>	<u>\$ 1,971</u>	<u>\$ -</u>	<u>\$ 585,593</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 2,641	\$ 2,316
Add: Net remeasurement of loss allowance	109	325
Less: Amounts written off	<u>(69)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,681</u>	<u>\$ 2,641</u>

9. INVENTORIES

	December 31	
	2022	2021
Raw materials and supplies	\$ 1,093,243	\$ 1,171,259
Work in progress	252,672	216,975
Finished goods	398,245	139,588
Merchandise	<u>82,910</u>	<u>167,026</u>
	<u>\$ 1,827,070</u>	<u>\$ 1,694,848</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of \$46,617 thousands and \$46,369 thousands respectively, and unallocated manufacturing expenses of \$46,668 thousands and \$59,505 thousands, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2022		2021	
	Amount	Percentage of Equity Interest (%)	Amount	Percentage of Equity Interest (%)
<u>Investments in subsidiaries (a)</u>				
Adlink International Co., Ltd.	\$ 1,908,979	100.0	\$ 1,850,876	100.0
Adlink Technology Singapore Pte Ltd.	193,672	100.0	152,538	100.0
Adlink Technology Japan Company	74,942	100.0	60,848	100.0
Adlink Technology Korea Ltd.	24,246	100.0	15,507	100.0
Zettascale Technology Cayman Limited	213,074	100.0	(379,060)	100.0
Adlink Edge Computing Limited	12,487	100.0	-	100.0
Autonomous Mobility Limited.	-	100.0	-	-
	<u>2,427,400</u>		<u>1,700,709</u>	

(Continued)

December 31				
2022			2021	
	Amount	Percentage of Equity Interest (%)	Amount	Percentage of Equity Interest (%)
<u>Investments in associates (b)</u>				
Associates that are not individually material				
Farobot Inc.	\$ -	-	\$ 43,778	49.0
Farobot Technology Ltd.	97,919	49.0	-	-
JY Technology (Korea)	-	28.2	-	28.2
	<u>97,919</u>		<u>43,778</u>	
	<u>\$ 2,525,319</u>		<u>\$ 1,744,487</u>	
				(Concluded)

a. Investments in subsidiaries

Refer to Tables 6 and 7 for the details of the subsidiaries indirectly held by the Company.

Adlink Technology Limited was renamed Zettascale Technology Limited in the fourth quarter of 2021.

In order to improve efficiency in management and utilization of the Group's resources, The Company incorporated Zettascale Technology Cayman Limited in June 2021, Adlink Edge Computing Limited in September 2021 and Autonomous Mobility Ltd in January 2022, respectively.

In order to develop the "Industrial Internet of Things" market, the Company restructured its organization in March 2020. Then Zettascale Technology Limited was directly held by the Company. Then Zettascale Technology Limited invested in subsidiaries in France and the Netherlands.

To improve efficiency in management and utilization of the Group's resources, the Company transferred the ownership of Zettascale Technology Limited to Zettascale Technology Cayman Limited in November 2021.

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. Refer to Note 26 to the Company's consolidated financial statements for the year ended December 31, 2022 for related information.

Zettascale Technology Limited, the Company's indirectly owned subsidiaries in the UK, failed to achieve their operating performance targets. Nevertheless, the management has a plan to promote their products and expects to take advantage of the industrial computer products and continue developing the Industrial Internet of Things. The management assessed that the expected recoverable amount of goodwill was lower than the related carrying amount; thus, impairment losses of \$107,713 thousands were recognized for the years ended December 31, 2021.

The main recoverable amount was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 13.2%, respectively. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

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, 2022 and 2021 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.

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2022	2021
The Company's share of loss from continuing operations	<u><u>\$(45,892)</u></u>	<u><u>\$(50,193)</u></u>

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<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><u>\$ 2,202,003</u></u>	<u><u>\$ 1,107,783</u></u>	<u><u>\$ 403,878</u></u>	<u><u>\$ 59</u></u>	<u><u>\$ 306,612</u></u>	<u><u>\$ 819</u></u>	<u><u>\$ 4,021,154</u></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></u>	<u><u>\$ 86,518</u></u>	<u><u>\$ 378,653</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 219,801</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 684,972</u></u>
Carrying amounts at December 31, 2022	<u><u>\$ 2,202,003</u></u>	<u><u>\$ 1,021,265</u></u>	<u><u>\$ 25,225</u></u>	<u><u>\$ 59</u></u>	<u><u>\$ 86,811</u></u>	<u><u>\$ 819</u></u>	<u><u>\$ 3,336,182</u></u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2021	\$ 131,362	\$ 122,264	\$ 375,962	\$ 100,264	\$ 205,436	\$ -	\$ 935,288
Additions	1,982,003	260,281	6,194	-	59,052	995,611	3,303,141
Disposals	-	-	(5,259)	(100,045)	(8,400)	-	(113,704)
Reclassification	-	1,073,421	9,890	-	-	(1,083,311)	-
Transfers from prepayments for equipment	220,000	1,343	9,936	-	2,525	88,000	321,804
Transfers to investment properties	(131,362)	(376,029)	-	-	-	-	(507,391)
Balance at December 31, 2021	<u>\$ 2,202,003</u>	<u>\$ 1,081,280</u>	<u>\$ 396,723</u>	<u>\$ 219</u>	<u>\$ 258,613</u>	<u>\$ 300</u>	<u>\$ 3,939,138</u>
Accumulated depreciation							
Balance at January 1, 2021	\$ -	\$ 58,001	\$ 329,363	\$ 99,547	\$ 174,301	\$ -	\$ 661,212
Depreciation expense	-	29,167	26,931	488	23,817	-	80,403
Disposals	-	-	(5,259)	(99,865)	(8,399)	-	(113,523)
Transfers to investment properties	-	(59,548)	-	-	-	-	(59,548)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 27,620</u>	<u>\$ 351,035</u>	<u>\$ 170</u>	<u>\$ 189,719</u>	<u>\$ -</u>	<u>\$ 568,544</u>
Carrying amounts at December 31, 2021	<u>\$ 2,202,003</u>	<u>\$ 1,053,660</u>	<u>\$ 45,688</u>	<u>\$ 49</u>	<u>\$ 68,894</u>	<u>\$ 300</u>	<u>\$ 3,370,594</u>

(Concluded)

To integrate each department's resources, approve efficiency in management and meet operating needs in the future, the Company's board of directors resolved on July 3, 2020 to purchase the Huaya Section of Guishan District, Taoyuan City from Chroma ATE Inc., an investor with significant influence over the Company, and designated Land Serial No. 327 as the Group's management headquarter and main operating base.

The total amount of land purchase of NT\$3,080,000 thousands was based on the real estate appraisal report and current market conditions. In accordance with the contract, the total amount has been paid and the transaction was completed in March 2021; moreover, Chroma ATE Inc. promised to lease back part of buildings and staff accommodation in the next 5 years.

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	3-10 years
Decoration	2-10 years
Machinery equipment	3-8 years
Leasehold improvements	3-5 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 26.

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:

**For the Year Ended December
31**

	2022	2021
Additions to right-of-use assets	<u>\$ 25,473</u>	<u>\$ 16,846</u>
Depreciation charge for right-of-use assets	<u>\$ 6,752</u>	<u>\$ 23,701</u>
Expenses relating to short-term leases	<u>\$ 2,301</u>	<u>\$ 28,182</u>
Total cash outflow for leases	<u>\$ 9,169</u>	<u>\$ 52,209</u>

13. INVESTMENT PROPERTY

	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, 2021	<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 8,666</u>
Carrying amounts at December 31, 2021	<u>\$ -</u>	<u>\$ 238,911</u>	<u>\$ 238,911</u>
<u>Costs</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Disposals	-	(10,852)	(10,852)
Transfers from property, plant and equipment	<u>131,362</u>	<u>376,029</u>	<u>507,391</u>
Balance at December 31, 2021	<u>\$ 131,362</u>	<u>\$ 365,177</u>	<u>\$ 496,539</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Depreciation expense	-	5,047	5,047
Disposals	-	(10,777)	(10,777)
Transfers from property, plant and equipment	<u>-</u>	<u>59,548</u>	<u>59,548</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 53,818</u>	<u>\$ 53,818</u>
Carrying amounts at December 31, 2021	<u>\$ 131,362</u>	<u>\$ 311,359</u>	<u>\$ 442,721</u>

In April 2021 and October 2021, respectively, the Company leased part of its buildings and staff accommodation in Guishan District to Chroma ATE Inc. and its subsidiaries in accordance with the agreed terms in the contract and leased its buildings in Zhonghe District to Team Group Inc., for a period of 5 years. In addition, 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, 2022, which was arrived at by reference to market evidence of transaction prices for similar properties, was approximately NT\$268,883 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:

	December 31	
	2022	2021
Lease commitments of investment properties	<u>\$ 144,909</u>	<u>\$ 225,334</u>

Investment property pledged by the Company as collateral for bank borrowing facilities are set out in Note 26.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured bank loans	<u>\$ 300,000</u>	<u>\$ 891,344</u>

As of December 31, 2022 and 2021, the interest rates on the short-term borrowings were 1.56%-1.6% and 0.52%-0.86% per annum, respectively. The expected repayment period of short-term borrowings was from February to August 2023 and January to June 2022, respectively.

Refer to Note 24 for related information on utilized and unutilized bank loan facilities.

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured bank loans	\$ 2,200,306	\$ 1,557,000
Secured bank loans (Note 26)	1,531,400	1,550,000
Less: Current portion	<u>(335,442)</u>	<u>(420,367)</u>
	<u>\$ 3,396,264</u>	<u>\$ 2,686,633</u>

As of December 31, 2022 and 2021, the interest rates on the long-term borrowings were 1.13%-1.78% and 0.50%-1.00% per annum, respectively. The expected repayment period of long-term borrowings was the same in October 2024 to March 2033.

Refer to Note 24 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

	December 31	
	2022	2021
Salaries and bonuses	\$ 294,263	\$ 258,605
Compensation to employees	67,662	25,000
Purchases of equipment	19,502	51,025
Remuneration of directors	8,000	2,000
Others	<u>182,808</u>	<u>188,811</u>
	<u>\$ 572,235</u>	<u>\$ 525,441</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:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 93,075	\$ 106,365
Fair value of plan assets	<u>(62,281)</u>	<u>(55,738)</u>
Net defined benefit liabilities	<u>\$ 30,794</u>	<u>\$ 50,627</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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>
Balance at January 1, 2021	<u>\$ 110,642</u>	<u>\$ (53,667)</u>	<u>\$ 56,975</u>
Current service cost	1,437	-	1,437
Net interest expense (income)	<u>440</u>	<u>(216)</u>	<u>224</u>
Recognized in profit or loss	<u>1,877</u>	<u>(216)</u>	<u>1,661</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(787)	(787)
Actuarial (gain) loss			
Changes in demographic assumptions	413	-	413
Changes in financial assumptions	(3,625)	-	(3,625)
Experience adjustments	<u>(2,094)</u>	<u>-</u>	<u>(2,094)</u>
Recognized in other comprehensive income (loss)	<u>(5,306)</u>	<u>(787)</u>	<u>(6,093)</u>
Contributions from the employer	-	(1,916)	(1,916)
Benefits paid	<u>(848)</u>	<u>848</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 106,365</u>	<u>\$ (55,738)</u>	<u>\$ 50,627</u>

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:

	December 31	
	2022	2021
Discount rate(s)	1.30%	0.70%
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:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (2,271)</u>	<u>\$ (2,927)</u>
0.25% decrease	<u>\$ 2,357</u>	<u>\$ 3,048</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 2,294</u>	<u>\$ 2,948</u>
0.25% decrease	<u>\$ (2,222)</u>	<u>\$ (2,848)</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.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 1,897</u>	<u>\$ 2,137</u>
Average duration of the defined benefit obligation	9.0 years	11.0 years

18. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
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 5,000 thousands shares of the Company's authorized shares were reserved for the issuance of employee share options.

As of December 31, 2022, the number of ordinary shares issued through private placements, has not yet been applied to be listed, was 14,708 thousands shares.

b. Capital surplus

	December 31	
	2022	2021
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 be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>319,741</u>	<u>11,723</u>
	<u>\$ 1,264,450</u>	<u>\$ 956,432</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 accounted for using the equity method.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting in 2022 and in that meeting resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended 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. Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year 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 not 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. 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. 1010012865, 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 FSC issued Rule No. 1090150022 in March 2021. Based on the above Rule issued, the original Rule No. 1010012865 will be abolished on December 31, 2021; subsequently, the Company will be in compliance with the relevant Rule.

The appropriations of earnings for 2021 and 2020, were as follows:

	2021	2020
Legal reserve	<u>\$ 12,375</u>	<u>\$ 23,994</u>
Special reserve	<u>\$ 8,075</u>	<u>\$ 52,151</u>
Cash dividends	<u>\$ 65,249</u>	<u>\$ -</u>
Cash dividends per share (NT\$)	\$ 0.3	\$ -

The Company's shareholders also resolved to issue cash dividends from the capital surplus of \$217,498 thousands at \$1.0 per share in 2020.

The appropriations of earnings for 2022 were proposed by the Company's board of directors. The appropriation and dividends per share were as follows:

	Surplus Distribution Case	Dividend Per Share (NT\$)
Legal reserve	\$ 82,168	
Special reserve	(93,767)	
Cash dividends	543,742	\$ 2.5

The appropriation of earnings for 2022 was resolved in the shareholders' meeting held on June 26, 2023.

d. Other equity items

	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
<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	-
Share from subsidiaries accounted for using the equity method	-	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>
<u>For the year ended December 31, 2021</u>		
Balance at January 1	\$(233,001)	\$ -
Exchange differences on translation of the financial statements of foreign operations	8,720	-
Share from subsidiaries accounted for using the equity method	-	(15,051)
Related income tax	<u>(1,744)</u>	<u>-</u>
Balance at December 31	<u>\$(226,025)</u>	<u>\$ (15,051)</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, 2022 and 2021, respectively, were as follows:

a. Contract information

	For the Year Ended December 31	
	2022	2021
Computer-On-Modules	\$ 2,589,700	\$ -
Embedded Platforms & Modules	-	3,308,576
Networking, Communications, Public Sector	1,483,923	1,485,961
IoT Solution and Technology	1,401,995	1,633,549
Display Computing	1,251,051	-
MEC Servers	965,833	-
Others	<u>305,494</u>	<u>78,392</u>
	<u>\$ 7,997,996</u>	<u>\$ 6,506,478</u>

b. Contract balances

	December 31	
	2022	2021
Contract liabilities (reported as other current liabilities)		
Sale of goods	<u>\$ 67,779</u>	<u>\$ 53,073</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

	For the Year Ended December 31	
	2022	2021
Procurement service revenue (Note 25)	\$ 53,541	\$ 54,830
Rental income (Note 25)	49,007	36,700
Grant revenue	3,223	17,976
Income from clearance of overdue debts	3,215	7,114
Others (Note 25)	<u>53,014</u>	<u>48,556</u>
	<u>\$ 162,000</u>	<u>\$ 165,176</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain (loss) on disposal of investment properties (Note 13)	\$ 356,210	\$ (75)
Impairment losses (Note 10)	-	(107,713)
Net foreign exchange gains (losses) (Note 28)	177,641	(30,962)
Net (loss) gain of financial assets and liabilities at fair value through profit or loss	(19)	837
Loss on disposal of property, plant and equipment	(108)	(48)
Others	<u>(1,833)</u>	<u>(742)</u>
	<u>\$ 531,891</u>	<u>\$ (138,703)</u>

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 46,312	\$ 19,006
Interest on lease liabilities	<u>157</u>	<u>48</u>
	<u>\$ 46,469</u>	<u>\$ 19,054</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Cost of goods sold	\$ 53,210	\$ 40,637
Operating expenses	<u>85,076</u>	<u>68,514</u>
	<u>\$ 138,286</u>	<u>\$ 109,151</u>
An analysis of amortization by function		
Cost of goods sold	\$ 1,532	\$ 893
Operating expenses	<u>77,520</u>	<u>86,003</u>
	<u>\$ 79,052</u>	<u>\$ 86,896</u>

e. Employee benefits expense

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term benefits						
Salary expenses	\$ 258,193	\$ 1,059,554	\$ 1,317,747	\$ 229,685	\$ 962,270	\$ 1,191,955
Insurance expenses	23,593	71,276	94,869	21,774	68,881	90,655
Remuneration of directors	<u>-</u>	<u>10,916</u>	<u>10,916</u>	<u>-</u>	<u>2,107</u>	<u>2,107</u>
	<u>281,786</u>	<u>1,141,746</u>	<u>1,423,532</u>	<u>251,459</u>	<u>1,033,258</u>	<u>1,284,717</u>
Retirement benefits						
Defined contribution plans	9,850	42,273	52,123	9,422	40,877	50,299
Defined benefit plans	<u>-</u>	<u>1,788</u>	<u>1,788</u>	<u>-</u>	<u>1,661</u>	<u>1,661</u>
	<u>9,850</u>	<u>44,061</u>	<u>53,911</u>	<u>9,422</u>	<u>42,538</u>	<u>51,960</u>
Other employee benefits	<u>15,015</u>	<u>35,469</u>	<u>50,484</u>	<u>12,707</u>	<u>32,925</u>	<u>45,632</u>
Total employee benefits expense	<u>\$ 306,651</u>	<u>\$ 1,221,276</u>	<u>\$ 1,527,927</u>	<u>\$ 273,588</u>	<u>\$ 1,108,721</u>	<u>\$ 1,382,309</u>

As of December 31, 2022 and 2021, the Company's average number of employees was 1,041 and 1,013 employees, respectively, among which 8 and 7 directors not concurrently holding positions in the Company in both 2022 and 2021. The basis of above calculations was the same as the basis used in the calculation of employee benefits expense.

As of December 31, 2022 and 2021, the average employee benefit expenses were \$1,469 thousands and \$1,372 thousands, respectively; average salary expenses were \$1,276 thousands and \$1,185 thousands, respectively. The change in average salary expense was 7.7%.

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, 2022 and 2021, respectively, which have been approved by the Company's board of directors were as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Accrual Rate (%)	Cash	Accrual Rate (%)
Employees' compensation	\$ 67,662	6.57	\$ 25,000	14.87
Remuneration of directors	8,000	0.78	2,000	1.19

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 2022 and 2021 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

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 165,578	\$ 50,375
Adjustments for prior years	(934)	(15,698)
	164,644	34,677
Deferred tax		
In respect of the current year	(15,598)	(12,400)
Income tax expense recognized in profit or loss	<u>\$ 149,046</u>	<u>\$ 22,277</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 954,904</u>	<u>\$ 141,161</u>
Income tax expense calculated at the statutory rate	\$ 190,980	\$ 28,232
Nondeductible expenses in determining taxable income	1,246	9,834
Tax-exempt income	(49,870)	(91)
Land value increment tax	7,624	-
Adjustments for prior years' tax	<u>(934)</u>	<u>(15,698)</u>
Income tax expense recognized in profit or loss	<u>\$ 149,046</u>	<u>\$ 22,277</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	\$(23,214)	\$ (1,744)
Remeasurement of defined benefit plans	<u>(3,954)</u>	<u>(1,218)</u>
Income tax recognized in other comprehensive income	<u>\$(27,268)</u>	<u>\$ (2,962)</u>

c. Deferred tax assets and liabilities

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>\$ (27,268)</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>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany gains	\$ 11,692	\$ 6,912	\$ -	\$ 18,604
Defined benefit obligation	11,395	(51)	(1,218)	10,126
Allowance for write-down of inventories	25,475	5,922	-	31,397
Foreign investment loss	53,345	(25,544)	-	27,801
Exchange differences on translation of the financial statements of foreign operations	58,148	-	(1,744)	56,404
Others	<u>72,209</u>	<u>20,652</u>	<u>-</u>	<u>92,861</u>
	<u>\$ 232,264</u>	<u>\$ 7,891</u>	<u>\$ (2,962)</u>	<u>\$ 237,193</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains	<u>\$ 8,587</u>	<u>\$ (4,509)</u>	<u>\$ -</u>	<u>\$ 4,078</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

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 805,858</u>	<u>\$ 118,884</u>

Shares

	(In Thousands of Shares)	
	For the Year Ended December 31	
	2022	2021
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>1,348</u>	<u>560</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>218,845</u>	<u>218,057</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. 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.

24. 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 mutual funds and foreign exchange forward contracts at fair value under Levels 1 and Level 2, respectively.

There was no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 19
Financial assets at amortized cost (1)	3,137,430	2,926,338
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	5,460,848	5,859,932

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, project deposits, notes receivable, trade and other receivables (including related parties) 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 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 28.

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.

	For the Year Ended December 31	
	2022	2021
USD Impact	\$ 12,807	\$ 7,621
RMB Impact	5,929	3,363
EUR Impact	3,683	1,926

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:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial liabilities	\$ 26,577	\$ 608,298
Cash flow interest rate risk		
Financial assets	815,819	728,225
Financial liabilities	4,031,706	3,398,344

Sensitivity analysis

The sensitivity analysis below were 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, 2022 and 2021 would have decreased/increased by \$16,079 thousands and increased/decreased by \$13,351 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 36% and 47% of total trade receivables as of December 31, 2022 and 2021, 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, 2022 and 2021, 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

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.

December 31, 2022

	Less than 1 Year	1-3 Year	3+ Years
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>

December 31, 2021

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 1,861,588	\$ -	\$ -
Variable interest rate liabilities	737,275	753,300	2,041,998
Fixed interest rate liabilities	604,625	-	-
Lease liabilities	<u>3,698</u>	<u>4,671</u>	<u>-</u>
	<u>\$ 3,207,186</u>	<u>\$ 757,971</u>	<u>\$ 2,041,998</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank facilities:		
Amount used	\$ 2,500,306	\$ 2,448,344
Amount unused	<u>3,739,262</u>	<u>3,484,568</u>
	<u>\$ 6,239,568</u>	<u>\$ 5,932,912</u>
Secured bank facilities:		
Amount used	\$ 1,531,400	\$ 1,550,000
Amount unused	<u>-</u>	<u>294,000</u>
	<u>\$ 1,531,400</u>	<u>\$ 18,440,000</u>

25. 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
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
Adivic Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group

(Continued)

Related Party Name	Related Party Category
AUO Digitech Taiwan 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)

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiaries		
Ampro Adlink Technology Inc.	\$ 1,983,388	\$ 1,333,179
Adlink Technology GmbH	1,398,747	927,120
Others	<u>1,400,741</u>	<u>1,295,797</u>
	4,782,876	3,556,096
Investors with significant influence over the Company	43,239	42,832
Subsidiaries of investors with significant influence over the Company	13,866	633
Associates	<u>80,926</u>	<u>53,571</u>
	<u>\$ 4,920,907</u>	<u>\$ 3,653,132</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiaries		
Adlink Technology (China) Co., Ltd.	\$ 2,200,368	\$ 1,918,629
Others	<u>69,504</u>	<u>55,921</u>
	2,269,872	1,974,550
Investors with significant influence over the Company	354	426
Subsidiaries of investors with significant influence over the Company	292	18,925
Others	<u>15,653</u>	<u>7,998</u>
	<u>\$ 2,286,171</u>	<u>\$ 2,001,899</u>

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Subsidiaries		
	Adlink Technology GmbH	\$ 703,972	\$ 405,314
	Ampro Adlink Technology Inc.	397,698	561,209
	Adlink Technology (China) Co., Ltd.	340,463	304,638
	Adlink Technology Japan Company	194,724	105,207
	Others	<u>87,238</u>	<u>81,644</u>
		1,724,095	1,458,012
	Investors with significant influence over the Company	5,703	24,811
	Subsidiaries of investors with significant influence over the Company	2,803	-
	Associates	20,218	38,819
	Less: Share of loss of associates	<u>(3,479)</u>	<u>(3,939)</u>
		<u>\$ 1,749,340</u>	<u>\$ 1,517,703</u>
Other receivables	Subsidiaries		
	Adlink Technology (China) Co., Ltd.	\$ 92,903	\$ -
	Adlink Technology GmbH	1,056	1,055
	Others	<u>423</u>	<u>538</u>
		94,382	1,593
	Investors with significant influence over the Company	2,858	2,405
	Subsidiaries of investors with significant influence over the Company	2,785	2,803
	Associates	<u>82</u>	<u>1</u>
		<u>\$ 100,107</u>	<u>\$ 6,802</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Subsidiaries		
	Adlink Technology (China) Co., Ltd.	\$ 270,862	\$ 484,704
	Others	<u>8,456</u>	<u>10,285</u>
		279,318	494,989
	Investors with significant influence over the Company	102	145
	Subsidiaries of investors with significant influence over the Company	6,742	1,026
	Others	<u>3,838</u>	<u>4,915</u>
		<u>\$ 290,000</u>	<u>\$ 501,075</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other payables	Subsidiaries	\$ 19,637	\$ 32,976
	Investors with significant influence over the Company	713	531
	Subsidiaries of investors with significant influence over the Company	823	-
	Associates	1	-
	Others	<u>566</u>	<u>-</u>
		<u>\$ 21,740</u>	<u>\$ 33,507</u> (Concluded)

f. Property, plant and equipment acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company Chroma ATE Inc.	\$ <u>-</u>	\$ <u>3,080,000</u>

Refer to Note 11 for related information.

g. Intangible assets acquired

Related Party Category/Name	Price For the Year Ended December 31	
	2022	2021
Investors with significant influence over the Company Chroma ATE Inc.	\$ <u>263</u>	\$ <u>350</u>

h. Lease arrangements - the Company is lessor

Line Item	Related Party Category/Name	December 31	
		2022	2021
Rental income	Investors with significant influence over the Company	\$ 35,032	\$ 26,274
	Subsidiaries of investors with significant influence over the Company	10,826	8,288
	Associates	<u>57</u>	<u>-</u>
		<u>\$ 45,915</u>	<u>\$ 34,562</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	
	2022	2021
Adlink Technology GmbH	\$ 916,160	\$ 549,920
Zettascale Technology Limited	\$ 545,490	\$ 629,600
Adlink Technology (China) Co., Ltd.	\$ 337,950	\$ -
Ampro Adlink Technology Inc.	\$ 193,290	\$ 169,005
Adlink Technology Korea Ltd.	\$ 32,215	\$ 28,535

j. Others

1) Revenue from the rendering of services

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2022	2021
<u>Operating expense</u>			
R&D design expense	Subsidiaries	\$ 53,839	\$ 85,563
Software service expense	Subsidiaries	\$ -	\$ 14,108
<u>Other income</u>			
Income from product development	Subsidiaries Adlink Technology (China) Co., Ltd.	\$ -	\$ 4,314

2) Procurement of raw materials and equipment

	Price		Procurement Service Revenue (Classified as Other Income)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Subsidiaries				
Adlink Technology (China) Co., Ltd.	\$ 359,164	\$ 272,759	\$ 55,066	\$ 47,873
Others	35,124	40,548	(1,525)	6,957
	<u>\$ 394,288</u>	<u>\$ 313,307</u>	<u>\$ 53,541</u>	<u>\$ 54,830</u>

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 30,890	\$ 40,464
Post-employment benefits	<u>392</u>	<u>423</u>
	<u>\$ 31,282</u>	<u>\$ 40,887</u>

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

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Land	\$ 2,202,003	\$ 2,202,003
Investment properties	238,911	348,496
Buildings	1,021,265	1,053,660
Property under construction	<u>819</u>	<u>300</u>
	<u>\$ 3,462,998</u>	<u>\$ 3,604,459</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Contingent Liabilities

The facilities that the Company provided endorsements or guarantees for its subsidiaries refer to Note 25 for information.

28. 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:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<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>
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
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>

Financial liabilities

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>
			(Concluded)

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,099	27.68 (USD:NTD)	\$ 1,746,593
RMB	79,682	4.34 (RMB:NTD)	345,939
EUR	6,895	31.32 (EUR:NTD)	<u>215,939</u>
			<u>\$ 2,308,471</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	66,867	27.68 (USD:NTD)	\$ 1,850,876
SGD	7,455	20.46 (SGD:NTD)	152,538
GBP	(10,162)	37.30 (GBP:NTD)	<u>(379,060)</u>
			<u>\$ 1,624,354</u>
<u>Financial liabilities</u>			
Monetary items			
USD	35,566	27.68 (USD:NTD)	\$ 984,471
RMB	2,217	4.34 (RMB:NTD)	9,623
EUR	746	31.32 (EUR:NTD)	<u>23,369</u>
			<u>\$ 1,017,463</u>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$177,641 thousands and \$(30,962) 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.

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: Notes 7 and 24

b. Information on investees: Table 6 (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 7 (attached)
- 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 (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: Note 25
- 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 (attached).

TABLE 1

ADLINK TECHNOLOGY INC.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 193,290	\$ 184,260 (US\$ 6,000)	\$ 92,130	2	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 3,905,054	\$ 3,905,054	
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	96,645	92,130 (US\$ 3,000)	92,130	2	b	-	Operation requirement	-	-	-	1,412,208	1,412,208	

Note 1: Fill in 0 for the Company, 1 for Adlink International Co., Ltd.

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

- a. For transactions.
- b. For short-term financing.

Note 3: Financing limit for each borrower shall not exceed 20% of the lender’s net equity in latest financial statements. However, foreign borrower was held 100% of voting shares directly and indirectly by the same company, the financing limit 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, 2022****(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.	\$ 2,789,325	\$ 32,215	\$ 30,710 (US\$ 1,000)	\$ -	\$ -	0.55	\$ 2,789,325	Y	-	-
		Zettascale Technology Limited	a. and b.	1,115,730	545,490	-	-	-	-	1,115,730	Y	-	-
		Ampro Adlink Technology Inc.	a. and b.	2,789,325	193,290	184,260 (US\$ 6,000)	-	-	3.30	2,789,325	Y	-	-
		Adlink Technology GmbH	a. and b.	2,789,325	916,160	850,720 (EUR26,000)	415,544	-	15.25	2,789,325	Y	-	-
		Adlink Technology (China) Co., Ltd.	a. and b.	2,789,325	337,950	330,600 (RMB75,000)	74,371	-	5.93	2,789,325	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, 2022****(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, 2022				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	57,800	4.13	57,800	-
Ampro Adlink Technology Inc.	<u>Shares - convertible preference shares</u> Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income	750	-	14.14	-	-

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, 2022**

(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)	\$ (602,169)	(7.53)	Net 120 days	-	-	\$ 194,724	8.93	
Adlink Technology Japan Corporation	The Company	Parent company	Purchase	602,169	95.93	Net 120 days	-	-	(194,724)	(99.60)	
The Company	Adlink Technology Korea Ltd	Subsidiary	(Sale)	(253,360)	(3.17)	Net 60 days	-	-	63,132	2.90	
Adlink Technology Korea Ltd.	The Company	Parent company	Purchase	253,360	93.72	Net 60 days	-	-	(63,132)	(99.86)	
The Company	Adlink Technology Singapore Pte Ltd.	Subsidiary	(Sale)	(268,211)	(3.35)	Net 60 days	-	-	24,107	1.11	
Adlink Technology Singapore Pte Ltd.	The Company	Parent company	Purchase	268,211	58.91	Net 60 days	-	-	(24,107)	(83.13)	
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(1,983,388)	(24.80)	Net 60 days	-	-	397,698	18.24	
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	1,983,388	86.09	Net 60 days	-	-	(397,698)	(95.49)	
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(1,398,747)	(17.49)	Net 150 days	-	-	703,972	32.30	
Adlink Technology GmbH	The Company	Parent company	Purchase	1,398,747	86.68	Net 150 days	-	-	(703,972)	(98.81)	
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	(Sale)	(277,001)	(3.46)	Net 150 days	-	-	340,463	15.62	
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Purchase	277,001	5.96	Net 150 days	-	-	(340,463)	(26.23)	
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(2,200,368)	(49.14)	Net 60 days	-	-	270,862	26.14	
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	2,200,368	37.84	Net 60 days	-	-	(270,862)	(32.29)	
Dongguan Lingyao Electronic Technology Co., Ltd.	Adlink Technology (China) Co., Ltd.	Parent company	(Sale)	(145,251)	(71.35)	Net 60 days	-	-	78,973	90.70	
Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd.	Subsidiary	Purchase	145,251	80.06	Net 60 days	-	-	(78,973)	(6.08)	

TABLE 5**ADLINK TECHNOLOGY INC.****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2022****(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	Adlink Technology Japan Corporation	Subsidiary	Trade receivables	\$ 194,724	4.02	\$ _____	-	\$ 194,763	\$ _____
			Other receivables	39					
				\$ 194,763					
	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	Trade receivables	\$ 397,698	4.14	\$ _____	-	\$ 376,109	\$ _____
			Other receivables	-					
				\$ 397,698					
	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables	\$ 703,972	2.52	\$ _____	-	\$ 219,488	\$ _____
			Other receivables	1,056					
			\$ 705,028						
Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables	\$ 340,463	0.86	\$ _____	-	\$ 92,903	\$ _____	
		Other receivables	92,903						
			\$ 433,366						
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables	\$ 270,862	5.82	\$ _____	-	\$ 266,096	\$ _____
		Other receivables	6,032						
			\$ 276,894						

Note: It was the amount received as of March 16, 2023.

TABLE 6

ADLINK TECHNOLOGY INC.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.0	\$ 1,908,979	\$ (10,812)	\$ (10,812)	Subsidiary
	Adlink Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	659,200	100.0	193,672	27,614	27,614	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	74,942	16,501	16,501	Subsidiary
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.0	24,246	9,424	9,424	Subsidiary
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	(Note 4)	61,155,000	100.0	213,074	(51,525)	(51,525)	Subsidiary
	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	(Note 4)	500,000	100.0	12,487	(6,011)	(6,011)	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	(3,479)	(1,848)	607	Associate
	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	-	NT\$ 98,000	-	-	-	(93,468)	(6,212)	Associate (Note 6)
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,076	-	5,076,890	49.0	97,919	(82,218)	(40,287)	Associate
Farobot Technology Ltd.	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	NT\$ 400,000	-	40,000,000	100.0	232,338	(93,468)	-	Associate (Note 6)
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\$ 47,801	US\$ 384	-	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\$ 32,379	US\$ 2,741	-	Indirectly owned subsidiary
	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.0	US\$ (18,010)	US\$ (3,532)	-	Indirectly owned subsidiary
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 12,979	36,584,052	69.5	GBP 5,745	GBP (1,413)	-	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 (16,997)	EUR (3,355)	-	Indirectly owned subsidiary
Ampro Adlink Technology Inc.	Adlink Technology Canada Inc.	Canada	Software development	-	CAD 100	-	-	-	CAD (33)	-	Indirectly owned subsidiary (Note 5)
	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.0	US\$ (811)	US\$ (149)	-	Indirectly owned subsidiary
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.0	EUR (290)	EUR (1,618)	-	Indirectly owned subsidiary
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.0	EUR (16)	EUR 3	-	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: Zettascale Technology Cayman Limited, Adlink Edge Computing Limited and Autonomous Mobility Ltd. were incorporated in June 2021, September 2021 and January 2022, respectively, and no amount of investment was recorded on the license.

Note 5: The liquidation of Adlink Technology Canada Inc. had completed in April 2022.

Note 6: The Group restructured the organization and transferred the ownership of Farobot Inc. from the Company to Farobot Technology Ltd. Refer to Note 10 for information.

TABLE 7

ADLINK TECHNOLOGY INC.

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022**
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2022	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\$ 724,921) (Notes 5 and 7)	\$ -	\$ -	HK\$ 7,283 US\$ 22,671 (NT\$ 724,921) (Notes 5 and 7)	RMB 2,587 (NT\$ 11,460)	100.00	RMB 2,587 (NT\$ 11,460)	RMB 332,389 (NT\$ 1,465,835)	\$ -	
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 8,820)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB 1,956 (NT\$ 8,665)	100.00	RMB 1,956 (NT\$ 8,665)	RMB 10,106 (NT\$ 44,567)	-	
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 46,903 (NT\$ 206,842)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (1,283) (NT\$ (5,684))	38.40 (Note 8)	RMB (401) (NT\$ (1,779))	RMB 9,081 (NT\$ 38,004)	-	
Shanghai Tuibu Enterprise Management Co., Ltd.	Investment activities	RMB 11,925 (NT\$ 52,589)	c. Adlink Technology (China) Co., Ltd.	(Note 8)	-	-	(Note 8)	RMB (326) (NT\$ (1,444))	27.97	RMB (91) (NT\$ (405))	RMB 3,491 (NT\$ 15,393)	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	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\$ 724,921)	US\$ 22,819 HK\$ 7,305 (NT\$ 729,553)	\$ 3,347,189 (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, 2022.

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$3.81, US\$1=NT\$29.81., RMB1=NT\$4.43 for the year ended December 31, 2021; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$3.94, US\$1=NT\$30.71, RMB1=NT\$4.34 prevailing on December 31, 2022.

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. by its partial 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 38.4% equity interest in JY Technology (Shanghai).

TABLE 8**ADLINK TECHNOLOGY INC.****INFORMATION OF MAJOR SHAREHOLDERS****FOR THE YEAR ENDED DECEMBER 31, 2022****(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
Cathay Biotech Inc. investment account entrusted Citi (Taiwan) Commercial Bank	14,707,559	6.76
Chroma ATE Inc.	14,417,253	6.62
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.

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Chairman: Chun (Jim) Liu

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