

## **Adlink Technology Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2022 and 2021 and  
Independent Auditors' Review Report**

### INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Adlink Technology Inc.

#### Introduction

We have reviewed the accompanying consolidated balance sheets of Adlink Technology Inc. and its subsidiaries (collectively, the Group) as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

#### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$673,371 thousand and NT\$634,983 thousand, respectively, representing both 5% of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$268,669 thousand and NT\$649,959 thousand, respectively, representing 3% and 8%, respectively, of the consolidated total liabilities. The amounts of unreviewed comprehensive (loss) income of these subsidiaries for the three months ended September 30, 2022 and 2021 were NT\$(26,032) thousand and NT\$7,254 thousand, respectively, representing (9%) and (14%), respectively, of the consolidated total comprehensive income; and the amounts of unreviewed comprehensive (loss) income of these subsidiaries for the nine months ended September 30, 2022 and 2021 were NT\$(14,385) thousand and NT\$(4,556) thousand, respectively, representing (2%) and 1,174%, respectively, of the consolidated total comprehensive income. In addition, as disclosed

in Note 12 to the consolidated financial statements, the carrying amounts of investments accounted for using the equity method were NT\$156,336 thousand and NT\$113,129 thousand, respectively; the related shares of comprehensive loss of associates for the three months ended September 30, 2022 and 2021 were NT\$15,305 thousand and NT\$15,329 thousand, respectively; the related shares of comprehensive loss of associates for the nine months ended September 30, 2022 and 2021 were NT\$41,987 thousand and NT\$26,045 thousand, respectively. The amounts of these investments were calculated and disclosed on the basis of the unreviewed financial statements of the investees as of and for the same reporting periods as those of the Company. Further, as disclosed in Note 31 to the consolidated financial statements, other information on the Company's non-significant subsidiaries and other investees accounted for using the equity method was disclosed on the basis of the unreviewed financial statements as of and for the same reporting periods as those of the Company.

### **Qualified Conclusion**

Based on our reviews, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

October 28, 2022

### Notice to Readers

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

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

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,634,255	12	\$ 1,296,331	10	\$ 1,094,215	8
Financial assets at fair value through profit or loss (Note 7)	-	-	19	-	-	-
Financial assets at amortized cost	96,851	1	1,396	-	1,405	-
Notes receivable (Note 9)	69,000	1	52,874	-	79,520	1
Trade receivables (Note 9)	2,175,317	15	2,274,258	17	1,793,722	14
Trade receivables from related parties (Note 27)	48,973	-	77,956	1	52,525	-
Other receivables (Note 27)	59,327	-	61,847	1	85,281	1
Current tax assets	21,178	-	18,463	-	18,577	-
Inventories (Note 10)	4,433,115	31	3,713,270	28	3,764,095	30
Prepayments	134,070	1	97,603	1	134,620	1
Other current assets	4,225	-	3,090	-	4,627	-
<b>Total current assets</b>	<b>8,676,311</b>	<b>61</b>	<b>7,597,107</b>	<b>58</b>	<b>7,028,587</b>	<b>55</b>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income (Note 8)	57,924	-	56,234	1	62,638	1
Financial assets at fair value at amortized cost	6,260	-	4,961	-	4,951	-
Investments accounted for using the equity method (Note 12)	156,336	1	99,433	1	113,129	1
Property, plant and equipment (Notes 13 and 28)	4,264,016	30	4,228,136	32	4,221,276	33
Right-of-use assets (Note 14)	123,997	1	120,478	1	122,034	1
Investment properties (Notes 15 and 28)	240,149	2	442,721	3	444,709	4
Intangible assets (Note 16)	353,622	3	316,353	2	355,928	3
Deferred tax assets	299,049	2	282,895	2	304,892	2
Prepayments for equipment	2,328	-	4,796	-	4,991	-
Refundable deposits	21,349	-	23,327	-	29,060	-
Other non-current assets	3,876	-	3,669	-	-	-
<b>Total non-current assets</b>	<b>5,528,906</b>	<b>39</b>	<b>5,583,003</b>	<b>42</b>	<b>5,663,608</b>	<b>45</b>
<b>TOTAL</b>	<b>\$ 14,205,217</b>	<b>100</b>	<b>\$ 13,180,110</b>	<b>100</b>	<b>\$ 12,692,195</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 17)	\$ 1,305,899	9	\$ 2,361,392	18	\$ 2,062,445	16
Contract liabilities (Note 21)	279,275	2	158,436	1	233,580	2
Trade payables (Note 18)	2,147,374	15	1,990,885	15	2,508,898	20
Trade payables to related parties (Note 27)	27,292	-	10,932	-	6,677	-
Other payables (Notes 19 and 27)	779,026	6	795,132	6	781,003	6
Current tax liabilities	198,274	1	91,773	1	66,374	1
Provisions	65,279	1	51,905	1	50,764	-
Lease liabilities (Note 14)	22,415	-	30,385	-	30,245	-
Current portion of long-term borrowings (Note 17)	575,442	4	420,367	3	355,800	3
Other current liabilities	29,112	-	21,906	-	17,441	-
<b>Total current liabilities</b>	<b>5,429,388</b>	<b>38</b>	<b>5,933,113</b>	<b>45</b>	<b>6,113,227</b>	<b>48</b>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 17 and 27)	3,385,958	24	2,686,633	20	2,134,200	17
Provisions	45,475	-	39,053	-	37,374	-
Deferred tax liabilities	13,693	-	8,886	-	9,400	-
Lease liabilities (Note 14)	53,291	1	41,357	-	43,032	-
Net defined benefit liabilities	50,570	-	50,627	1	56,802	1
<b>Total non-current liabilities</b>	<b>3,548,987</b>	<b>25</b>	<b>2,826,556</b>	<b>21</b>	<b>2,280,808</b>	<b>18</b>
<b>Total liabilities</b>	<b>8,978,375</b>	<b>63</b>	<b>8,759,669</b>	<b>66</b>	<b>8,394,035</b>	<b>66</b>
<b>EQUITY (Note 20)</b>						
Ordinary shares	2,174,973	15	2,174,973	17	2,174,973	17
Capital surplus	956,432	7	956,432	7	950,223	8
Retained earnings						
Legal reserve	666,540	5	654,165	5	654,165	5
Special reserve	241,076	2	233,001	2	233,001	2
Unappropriated earnings	1,277,859	9	642,946	5	536,672	4
<b>Total retained earnings</b>	<b>2,185,475</b>	<b>16</b>	<b>1,530,112</b>	<b>12</b>	<b>1,423,838</b>	<b>11</b>
Other equity	(90,038)	(1)	(241,076)	(2)	(250,874)	(2)
<b>Total equity</b>	<b>5,226,842</b>	<b>37</b>	<b>4,420,441</b>	<b>34</b>	<b>4,298,160</b>	<b>34</b>
<b>TOTAL</b>	<b>\$ 14,205,217</b>	<b>100</b>	<b>\$ 13,180,110</b>	<b>100</b>	<b>\$ 12,692,195</b>	<b>100</b>

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

(With Deloitte & Touche review report dated October 28, 2022)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 27)	\$ 3,061,122	100	\$ 2,291,856	100	\$ 8,430,503	100	\$ 6,648,630	100
OPERATING COSTS (Notes 10, 22 and 27)	1,933,899	63	1,489,471	65	5,352,782	64	4,172,825	63
GROSS PROFIT	1,127,223	37	802,385	35	3,077,721	36	2,475,805	37
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	(1,072)	-	(172)	-	(651)	-	(362)	-
REALIZED GROSS PROFIT	1,126,151	37	802,213	35	3,077,070	36	2,475,443	37
OPERATING EXPENSES (Notes 22 and 27)								
Selling and marketing	272,755	9	222,387	10	766,218	9	696,384	10
General and administrative	238,323	8	230,162	10	723,635	9	669,278	10
Research and development	357,694	11	388,965	17	1,142,379	13	1,121,757	17
Expected credit loss (gain)	76	-	182	-	5,169	-	(366)	-
Total operating expenses	868,848	28	841,696	37	2,637,401	31	2,487,053	37
PROFIT (LOSS) FROM OPERATIONS	257,303	9	(39,483)	(2)	439,669	5	(11,610)	-
NON-OPERATING INCOME AND EXPENSES (Note 22)								
Interest income	468	-	231	-	1,895	-	1,035	-
Other income	19,006	1	64,627	3	84,635	1	215,918	3
Other gains and losses	51,154	2	(30,866)	(1)	424,228	5	(113,668)	(2)
Finance costs	(18,148)	(1)	(10,174)	-	(49,272)	(1)	(23,452)	-
Share of loss of associates (Note 12)	(15,305)	(1)	(15,329)	(1)	(41,987)	-	(26,045)	-
Total non-operating income and expenses	37,175	1	8,489	1	419,499	5	53,788	1
PROFIT (LOSS) BEFORE INCOME TAX	294,478	10	(30,994)	(1)	859,168	10	42,178	1
INCOME TAX EXPENSE (Note 23)	62,967	2	20,497	1	138,556	2	24,693	1
NET PROFIT (LOSS) FOR THE PERIOD	231,511	8	(51,491)	(2)	720,612	8	17,485	-
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Note 20)	-	-	(64)	-	-	-	(7,987)	-

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# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ 79,870	3	\$ 11,196	-	\$ 188,797	2	\$ (12,357)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	(15,974)	(1)	(2,240)	-	(37,759)	-	2,471	-
Other comprehensive income (loss) for the period, net of income tax	63,896	2	8,892	-	151,038	2	(17,873)	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 295,407	10	\$ (42,599)	(2)	\$ 871,650	10	\$ (388)	-
EARNINGS (LOSS) PER SHARE (Note 24)								
Basic	\$ 1.06		\$ (0.24)		\$ 3.31		\$ 0.08	
Diluted	\$ 1.06		\$ (0.24)		\$ 3.30		\$ 0.08	

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

(With Deloitte & Touche review report dated October 28, 2022)

(Concluded)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Ordinary Shares	Capital Surplus	Retained Earnings				Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	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
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	23,994	-	(23,994)	-	-	-	-	-
Special reserve reversed	-	-	-	52,151	(52,151)	-	-	-	-	-
Issue of cash from capital surplus - NT\$1.0 per share	-	(217,498)	-	-	-	-	-	-	-	(217,498)
Net profit for the nine months ended September 30, 2021	-	-	-	-	17,485	17,485	-	-	-	17,485
Other comprehensive loss for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(9,886)	(7,987)	(17,873)	(17,873)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	17,485	17,485	(9,886)	(7,987)	(17,873)	(388)
BALANCE AT SEPTEMBER 30, 2021	\$ 2,174,973	\$ 950,223	\$ 654,165	\$ 233,001	\$ 536,672	\$ 1,423,838	\$ (242,887)	\$ (7,987)	\$ (250,874)	\$ 4,298,160
BALANCE AT JANUARY 1, 2022	\$ 2,174,973	\$ 956,432	\$ 654,165	\$ 233,001	\$ 642,946	\$ 1,530,112	\$ (226,025)	\$ (15,051)	\$ (241,076)	\$ 4,420,441
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	12,375	-	(12,375)	-	-	-	-	-
Special reserve reversed	-	-	-	8,075	(8,075)	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.3 per share	-	-	-	-	(65,249)	(65,249)	-	-	-	(65,249)
Net profit for the nine months ended September 30, 2022	-	-	-	-	720,612	720,612	-	-	-	720,612
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	151,038	-	151,038	151,038
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	720,612	720,612	151,038	-	151,038	871,650
BALANCE AT SEPTEMBER 30, 2022	\$ 2,174,973	\$ 956,432	\$ 666,540	\$ 241,076	\$ 1,277,859	\$ 2,185,475	\$ (74,987)	\$ (15,051)	\$ (90,038)	\$ 5,226,842

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

(With Deloitte & Touche review report dated October 28, 2022)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 859,168	\$ 42,178
Adjustments for:		
Depreciation expense	176,163	149,489
Amortization expense	63,158	72,998
Expected credit loss (gain) recognized on trade receivables	5,169	(366)
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	19	(818)
Finance costs	49,272	23,452
Interest income	(1,895)	(1,035)
Dividend income	(502)	(667)
Share of loss of associates accounted for using the equity method	41,987	26,045
Loss (gain) on disposal of property, plant and equipment	2,852	(78)
Gain on disposal of investment properties	(356,210)	-
Loss on the liquidation of subsidiaries	594	-
Impairment loss recognized on goodwill and intangible assets	-	81,476
Write-downs of inventories	79,293	60,814
Unrealized gain on the transactions with associates	651	362
Net (gain) loss on foreign currency exchange	(76,888)	34,487
Gain on lease modifications	(487)	(34)
Loss on compensation	66,976	-
Government grant revenue	-	(65,606)
Changes in operating assets and liabilities		
Notes receivable	(16,126)	(22,536)
Trade receivables	170,397	120,433
Trade receivables from related parties	34,155	(16,003)
Other receivables	2,520	(43,296)
Inventories	(804,203)	(1,987,352)
Prepayments	(37,227)	(52,640)
Other current assets	(1,135)	(2,847)
Other non-current assets	(207)	-
Contract liabilities	120,839	115,797
Trade payables	34,698	1,234,735
Trade payables to related parties	16,880	(11,268)
Other payables	26,272	(137,778)
Provisions	19,796	(2,997)
Other current liabilities	7,206	(76,678)
Net defined benefit liabilities	(57)	(173)
Cash generated from (used in) operations	483,128	(459,906)

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# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
Interest received	\$ 1,895	\$ 1,035
Interest paid	(50,978)	(21,842)
Income tax paid	<u>(83,876)</u>	<u>(73,018)</u>
Net cash generated from (used in) operating activities	<u>350,169</u>	<u>(553,731)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(10,637)
Purchase of financial assets at amortized cost	(95,045)	(4,968)
Proceeds from sale of financial assets at amortized cost	1,477	-
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	(120,987)	(3,252,381)
Proceeds from disposal of property, plant and equipment	92	143
Decrease in refundable deposits	1,978	7,923
Payments for computer software	(68,306)	(86,508)
Payments for investment properties	(439)	-
Proceeds from disposal of investment properties	547,946	-
Increase in prepayments for equipment	(3,248)	(7,489)
Dividends received	<u>502</u>	<u>667</u>
Net cash generated from (used in) investing activities	<u>164,121</u>	<u>(3,252,551)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	6,249,122	2,764,538
Repayments of short-term borrowings	(7,333,737)	(1,792,775)
Proceeds from long-term borrowings	1,282,300	2,515,000
Repayments of long-term borrowings	(427,900)	(290,000)
Repayment of the principal portion of lease liabilities	(22,991)	(41,848)
Cash dividends paid	<u>(65,249)</u>	<u>(217,498)</u>
Net cash (used in) generated from financing activities	<u>(318,455)</u>	<u>2,937,417</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>142,089</u>	<u>(34,408)</u>

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## ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 337,924	\$ (903,273)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,296,331</u>	<u>1,997,488</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,634,255</u>	<u>\$ 1,094,215</u>

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

(With Deloitte & Touche review report dated October 28, 2022)

(Concluded)

# ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 October 28, 2022.

### 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, Amended and Revised Standards and Interpretations	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 are 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 occur 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. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
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, 2023

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c. Basis of consolidation

The basis of preparing the interim consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2021.

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

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Other long-term employee benefits

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

3) Taxation

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

## **5. 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 Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 226	\$ 252	\$ 252
Checking accounts and demand deposits	1,562,059	1,295,377	1,093,594
Cash equivalents			
Time deposits with original maturities of less than 3 months	69,850	-	-
Third-party payment accounts	<u>2,120</u>	<u>702</u>	<u>369</u>
	<u>\$ 1,634,255</u>	<u>\$ 1,296,331</u>	<u>\$ 1,094,215</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets held for trading - current			
Foreign exchange forward contracts not under hedge accounting	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ -</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 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 September 30, 2022.

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Investments in foreign equity instruments</u>			
Unlisted ordinary shares	\$ 57,924	\$ 56,234	\$ 60,120
Unlisted convertible preference shares	<u>-</u>	<u>-</u>	<u>2,518</u>
	<u>\$ 57,924</u>	<u>\$ 56,234</u>	<u>\$ 62,638</u>

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

Refer to Table 3 for information relating to the foreign equity instruments held by the Group were classified as financial assets at FVTOCI on September 30, 2022.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	\$ 69,000	\$ 52,874	\$ 79,520
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,000</u>	<u>\$ 52,874</u>	<u>\$ 79,520</u>
<u>Trade receivables</u>			
Gross carrying amount at amortized cost	\$ 2,188,501	\$ 2,281,607	\$ 1,800,573
Less: Allowance for impairment loss	<u>(13,184)</u>	<u>(7,349)</u>	<u>(6,851)</u>
	<u>\$ 2,175,317</u>	<u>\$ 2,274,258</u>	<u>\$ 1,793,722</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.

September 30, 2022

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,638,653	\$ 197,642	\$ 103,078	\$ 249,128	\$ 2,188,501
Loss allowance	<u>-</u>	<u>-</u>	<u>(7,712)</u>	<u>(5,472)</u>	<u>(13,184)</u>
Amortized cost	<u>\$ 1,638,653</u>	<u>\$ 197,642</u>	<u>\$ 95,366</u>	<u>\$ 243,656</u>	<u>\$ 2,175,317</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>

September 30, 2021

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,284,356	\$ 223,097	\$ 20,032	\$ 273,088	\$ 1,800,573
Loss allowance	<u>-</u>	<u>-</u>	<u>(822)</u>	<u>(6,029)</u>	<u>(6,851)</u>
Amortized cost	<u>\$ 1,284,356</u>	<u>\$ 223,097</u>	<u>\$ 19,210</u>	<u>\$ 267,059</u>	<u>\$ 1,793,722</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 7,349	\$ 7,878
Add: Amounts recovered	183	-
Add: Net remeasurement of loss allowance	5,169	-
Less: Net reversal of loss allowance	-	(366)
Less: Amounts written off	(92)	(522)
Foreign exchange gains and losses	<u>575</u>	<u>(139)</u>
Balance at September 30	<u>\$ 13,184</u>	<u>\$ 6,851</u>

## 10. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials and supplies	\$ 2,972,634	\$ 2,581,873	\$ 2,517,206
Work in progress	394,985	351,055	432,161
Finished goods	814,089	533,494	694,041
Merchandise	<u>251,407</u>	<u>246,848</u>	<u>120,687</u>
	<u>\$ 4,433,115</u>	<u>\$ 3,713,270</u>	<u>\$ 3,764,095</u>



The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2022 and for the nine months ended September 30, 2022 included inventory write-downs of \$32,513 thousand and \$79,293 thousand, respectively, and unallocated manufacturing expenses of \$18,016 thousand and \$94,944 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2021 and for the nine months ended September 30, 2021 included reversals of inventory write-downs of \$3,026 thousand and inventory write-downs of \$60,814 thousand, and unallocated manufacturing expenses of \$24,828 thousand and \$79,709 thousand, respectively.

## 11. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Adlink Technology Singapore Pte Ltd.	Selling of industrial computers	100	100	100	Note 1
The Company	Adlink Technology Japan Corporation	Selling of industrial computers	100	100	100	Note 1
The Company	Adlink Technology Korea Ltd.	Selling of industrial computers	100	100	100	Note 1
The Company	Adlink International Co., Ltd.	Investment activities	100	100	100	-
The Company	Zettascale Technology Cayman Limited	Investment activities	100	100	100	Notes 1 and 2
The Company	Adlink Edge Computing Limited	Software development, authorization and service	100	100	-	Notes 1 and 2
The Company	Zettascale Technology Limited (formerly named Adlink Technology Limited)	Software development, authorization and service	-	-	100	Notes 1, 3 and 4
The Company	Autonomous Mobility Ltd.	Investment activities	100	-	-	Notes 1 and 2
Adlink International Co., Ltd.	Ampro Adlink Technology Inc	Manufacturing and selling of industrial computers	100	100	100	-
Adlink International Co., Ltd.	Adlink Technology Holding GmbH	Investment activities	100	100	100	Note 1
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Investment activities	100	100	100	-
Zettascale Technology Cayman Limited	Zettascale Technology Limited (formerly named Adlink Technology Limited)	Software development, authorization and service	100	100	-	Notes 1, 3 and 4
Adlink Technology Holding GmbH	Adlink Technology GmbH	Manufacturing and selling of industrial computers	100	100	100	-
Ampro Adlink Technology Inc.	Adlink Technology Canada Inc.	Software development	-	100	100	Notes 1 and 7
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Software authorization and service	100	100	100	Note 1
Zettascale Technology Limited	Zettascale Technology SARL (formerly named Adlink Technology SARL)	Software development, authorization and service	100	100	100	Notes 1 and 5
Zettascale Technology Limited	Zettascale Technology BV (formerly named Adlink Technology OpenSplice B.V.)	Software development	100	100	100	Notes 1 and 6
Adlink Technology (HK) Co., Ltd.	Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial computers	100	100	100	-
Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd.	Manufacturing and selling of electronic parts	100	100	100	Note 1

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Associates that are not individually material</u>			
JY Technology (Shanghai)	\$ 37,979	\$ 40,103	\$ 44,029
Shanghai Tuibu Enterprise Management Co., Ltd.	15,411	15,552	-
JY Technology (Korea)	-	-	-
Farobot Inc.	-	43,778	69,100
Farobot Tech. Inc.	<u>102,946</u>	<u>-</u>	<u>-</u>
	<u>\$ 156,336</u>	<u>\$ 99,433</u>	<u>\$ 113,129</u>

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

The Group and Hyield Venture Capital Co., Ltd., a subsidiary of Hon Hai Precision Industry Co., Ltd., jointly set up Farobot Tech Inc. in March 2022. The Group invested 49% equity interest in Farobot Tech Inc. but did not have control over this investee. To improve efficiency in management and utilization of the Group's resources, the Group restructured its organization and transferred the ownership of Farobot Inc. from the Company to Farobot Tech Inc. 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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The Group's share of loss from continuing operations	<u>\$ 15,305</u>	<u>\$ 15,329</u>	<u>\$ 41,987</u>	<u>\$ 26,045</u>

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

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 2,389,989	\$ 1,980,259	\$ 647,168	\$ 472	\$ 189,310	\$ 455,852	\$ 300	\$ 5,663,350
Additions	-	20,253	11,377	-	5,615	45,057	1,710	84,012
Disposals	-	(2,431)	(2,975)	-	(5,641)	(8,722)	-	(19,769)
Reclassification	-	300	-	-	-	-	(300)	-
Transfer from investment properties	-	6,189	-	-	-	-	-	6,189
Transfer from prepayments for equipment	-	-	-	-	-	5,716	-	5,716
Effect of foreign currency exchange differences	27,641	47,016	8,104	69	25,180	8,332	-	116,342
Balance at September 30, 2022	<u>\$ 2,417,630</u>	<u>\$ 2,051,586</u>	<u>\$ 663,674</u>	<u>\$ 541</u>	<u>\$ 214,464</u>	<u>\$ 506,235</u>	<u>\$ 1,710</u>	<u>\$ 5,855,840</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2022	\$ -	\$ 491,217	\$ 581,830	\$ 472	\$ 17,893	\$ 343,802	\$ -	\$ 1,435,214
Depreciation expense	-	66,591	30,174	-	5,835	41,118	-	143,718
Disposals	-	(2,431)	(2,910)	-	(2,872)	(8,612)	-	(16,825)
Transfer from investment properties	-	175	-	-	-	-	-	175
Effect of foreign currency exchange differences	-	14,849	7,448	69	1,181	5,995	-	29,542
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 570,401</u>	<u>\$ 616,542</u>	<u>\$ 541</u>	<u>\$ 22,037</u>	<u>\$ 382,303</u>	<u>\$ -</u>	<u>\$ 1,591,824</u>
Carrying amounts at September 30, 2022	<u>\$ 2,417,630</u>	<u>\$ 1,481,185</u>	<u>\$ 47,132</u>	<u>\$ -</u>	<u>\$ 192,427</u>	<u>\$ 123,932</u>	<u>\$ 1,710</u>	<u>\$ 4,264,016</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<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>
<b>Cost</b>								
Balance at January 1, 2021	\$ 324,782	\$ 1,021,395	\$ 623,767	\$ 977	\$ 310,750	\$ 386,791	\$ -	\$ 2,668,462
Additions	1,982,003	257,684	20,408	-	6,708	66,224	977,439	3,310,466
Disposals	-	-	(4,579)	-	(20,800)	(8,264)	-	(33,643)
Transfer from prepayments for equipment	220,000	1,343	-	-	-	2,752	88,000	312,095
Reclassification	-	1,054,920	9,890	-	-	-	(1,064,810)	-
Transfer to investment properties	(131,362)	(376,029)	-	-	-	-	-	(507,391)
Effect of foreign currency exchange differences	(4,279)	(15,620)	(6,509)	(22)	(5,285)	(4,750)	-	(36,465)
Balance at September 30, 2021	<u>\$ 2,391,144</u>	<u>\$ 1,943,693</u>	<u>\$ 642,977</u>	<u>\$ 955</u>	<u>\$ 291,373</u>	<u>\$ 442,753</u>	<u>\$ 629</u>	<u>\$ 5,713,524</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2021	\$ -	\$ 496,586	\$ 553,749	\$ 977	\$ 133,285	\$ 315,645	\$ -	\$ 1,500,242
Depreciation expense	-	35,508	31,550	-	5,540	30,450	-	103,048
Disposals	-	-	(4,570)	-	(20,800)	(8,208)	-	(33,578)
Transfer to investment properties	-	(59,548)	-	-	-	-	-	(59,548)
Effect of foreign currency exchange differences	-	(7,292)	(5,865)	(22)	(1,140)	(3,597)	-	(17,916)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 465,254</u>	<u>\$ 574,864</u>	<u>\$ 955</u>	<u>\$ 116,885</u>	<u>\$ 334,290</u>	<u>\$ -</u>	<u>\$ 1,492,248</u>
Carrying amounts at September 30, 2021	<u>\$ 2,391,144</u>	<u>\$ 1,478,439</u>	<u>\$ 68,113</u>	<u>\$ -</u>	<u>\$ 174,488</u>	<u>\$ 108,463</u>	<u>\$ 629</u>	<u>\$ 4,221,276</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 \$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	3-10 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 28.

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

Other significant lease related information are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets			\$ 51,847	\$ 27,981
Depreciation charge for right-of-use assets	\$ 8,791	\$ 9,080	\$ 27,184	\$ 43,307
Expenses relating to short-term and low-value asset leases	\$ 7,155	\$ 13,713	\$ 15,643	\$ 41,362
Total cash outflow for leases			\$ 40,053	\$ 84,947

Right-of-use assets pledged by the Group as collateral for bank borrowing facilities are set out in Note 28.

## 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)
Transfer to property, plant and equipment	-	(6,189)	(6,189)
Balance at September 30, 2022	\$ -	\$ 247,577	\$ 247,577
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 53,818	\$ 53,818
Depreciation expense	-	5,261	5,261
Disposals	-	(51,476)	(51,476)
Transfer to property, plant and equipment	-	(175)	(175)
Balance at September 30, 2022	\$ -	\$ 7,428	\$ 7,428
Carrying amounts at September 30, 2022	\$ -	\$ 240,149	\$ 240,149
Carrying amounts at December 31, 2021 and January 1, 2022	\$ 131,362	\$ 311,359	\$ 442,721

((Continued))

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Transfer from property, plant and equipment	<u>131,362</u>	<u>376,029</u>	<u>507,391</u>
Balance at September 30, 2021	<u>\$ 131,362</u>	<u>\$ 376,029</u>	<u>\$ 507,391</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Depreciation expense	-	3,134	3,134
Transfer from property, plant and equipment	<u>-</u>	<u>59,548</u>	<u>59,548</u>
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 62,682</u>	<u>\$ 62,682</u>
Carrying amounts at September 30, 2021	<u>\$ 131,362</u>	<u>\$ 313,347</u>	<u>\$ 444,709</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 six months ended June 30, 2022. The fair value of investment properties as of September 30, 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:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Lease commitments of investment properties	<u>\$ 156,056</u>	<u>\$ 225,334</u>	<u>\$ 236,672</u>

Investment properties pledged by the Company as collateral for bank borrowing facilities are set out in Note 28.

## 16. INTANGIBLE ASSETS

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Computer software	\$ 85,181	\$ 82,323	\$ 89,375
Goodwill	175,375	152,894	179,172
Trademarks	93,066	81,136	81,634
Customer relationship	-	-	2,313
Technological expertise	<u>-</u>	<u>-</u>	<u>3,434</u>
	<u>\$ 353,622</u>	<u>\$ 316,353</u>	<u>\$ 355,928</u>

Except for amortization recognized and impairment loss, the Group did not have significant addition or disposal of other intangible assets for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021. 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 \$26,823 thousand and \$81,476 thousand was recognized for the three months ended September 30, 2021 and for the nine months ended September 30, 2021, respectively.

## 17. BORROWINGS

### a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	<u>\$ 1,305,899</u>	<u>\$ 2,361,392</u>	<u>\$ 2,062,445</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the interest rates on the short-term borrowings were 1.05%-3.85%, 0.52%-4.00% and 0.51%-4.00% per annum, respectively. The expected repayment period of short-term borrowings were October 2022 to August 2023, January 2022 to December 2022 and October 2021 to July 2022, respectively.

Refer to Note 26 for related information on utilized and unutilized bank loan facilities.

### b. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 2,430,000	\$ 1,557,000	\$ 940,000
Secured bank loans (Note 28)	1,531,400	1,550,000	1,550,000
Less: Current portions	<u>(575,442)</u>	<u>(420,367)</u>	<u>(355,800)</u>
Long-term borrowings	<u>\$ 3,385,958</u>	<u>\$ 2,686,633</u>	<u>\$ 2,134,200</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the interest rates on the long-term borrowings were 1.00%-1.60%, 0.50%-1.00% and 0.50%-0.98% per annum. The expected repayment period of long-term borrowings was the same in October 2024 to March 2033.

Refer to Note 26 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.

As of December 31, 2020, 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

	September 30, 2022	December 31, 2021	September 30, 2021
Salaries and bonuses	\$ 314,006	\$ 378,755	\$ 312,779
Annual leave	72,355	55,856	73,171
Compensation to employees	37,688	25,000	3,764
Purchases of equipment	15,932	52,907	84,361
Others	<u>339,045</u>	<u>282,614</u>	<u>306,928</u>
	<u>\$ 779,026</u>	<u>\$ 795,132</u>	<u>\$ 781,003</u>

## 20. EQUITY

### a. Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>
Shares authorized	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>217,497</u>	<u>217,497</u>	<u>217,497</u>
Shares issued	<u>\$ 2,174,973</u>	<u>\$ 2,174,973</u>	<u>\$ 2,174,973</u>

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

A total of 5,000 thousand shares of the Company's authorized shares were reserved for the issuance of employee share options.

As of September 30, 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

	September 30, 2022	December 31, 2021	September 30, 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	\$ 566,881
Conversion of bonds	207,034	207,034	207,034
Arising from employee restricted shares vested	97,689	97,689	97,689
Arising from employee share options exercised	43,453	43,453	43,453
Treasury share transactions	17,579	17,579	17,579
Arising from employee share options expired	12,073	12,073	12,073
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries (2)	<u>11,723</u>	<u>11,723</u>	<u>5,514</u>
	<u>\$ 956,432</u>	<u>\$ 956,432</u>	<u>\$ 950,223</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 22-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:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
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.

d. Other equity items

	<b>Exchange Differences Arising on Translation of Foreign Operations</b>	<b>Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income</b>
<u>For the nine months ended September 30, 2022</u>		
Balance at January 1	\$ (226,025)	\$ (15,051)
Exchange differences on translation of the financial statements of foreign operations	188,797	-
Related income tax	<u>(37,759)</u>	<u>-</u>
Balance at September 30	\$ <u>(74,987)</u>	\$ <u>(15,051)</u>
		((Continued))

	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income
<u>For the nine months ended September 30, 2021</u>		
Balance at January 1	\$ (233,001)	\$ -
Exchange differences on translation of the financial statements of foreign operations	(12,357)	-
Unrealized valuation loss on financial assets at fair value	-	(7,987)
Related income tax	<u>2,471</u>	<u>-</u>
Balance at September 30	<u>\$ (242,887)</u>	<u>\$ (7,987)</u> ((Concluded))

## 21. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from the sale of goods	\$ 3,039,770	\$ 2,256,922	\$ 8,352,984	\$ 6,544,969
Software authorization and service revenue	<u>21,352</u>	<u>34,934</u>	<u>77,519</u>	<u>103,661</u>
	<u>\$ 3,061,122</u>	<u>\$ 2,291,856</u>	<u>\$ 8,430,503</u>	<u>\$ 6,648,630</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 32 for information of the disaggregation of revenue.

## 22. NET PROFIT FOR THE YEAR

### a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income (Note 27)	\$ 13,650	\$ 13,360	\$ 43,014	\$ 29,157
Grant revenue (Note 17)	2,284	26,077	12,763	132,056
Income from clearance of overdue debts	3,215	-	3,215	7,141
Others	<u>(143)</u>	<u>25,190</u>	<u>25,643</u>	<u>47,564</u>
	<u>\$ 19,006</u>	<u>\$ 64,627</u>	<u>\$ 84,635</u>	<u>\$ 215,918</u>

### b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Gain on disposal of investment properties (Note 15)	\$ -	\$ -	\$ 356,210	\$ -
Net foreign exchange gains (losses)	77,705	(3,595)	141,899	(32,287)
(Loss) gain on disposal of property, plant and equipment	(89)	103	(2,852)	78
Impairment losses (Note 16)	-	(26,823)	-	(81,476)
Loss on compensation	(23,780)	-	(66,976)	-
Others	<u>(2,682)</u>	<u>(551)</u>	<u>(4,053)</u>	<u>17</u>
	<u>\$ 51,154</u>	<u>\$ (30,866)</u>	<u>\$ 424,228</u>	<u>\$ (113,668)</u>

### c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 17,719	\$ 9,471	\$ 47,853	\$ 21,715
Interest on lease liabilities	<u>429</u>	<u>703</u>	<u>1,419</u>	<u>1,737</u>
	<u>\$ 18,148</u>	<u>\$ 10,174</u>	<u>\$ 49,272</u>	<u>\$ 23,452</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Cost of goods sold	\$ 18,394	\$ 9,601	\$ 54,253	\$ 37,372
Operating expenses	<u>40,260</u>	<u>43,813</u>	<u>121,910</u>	<u>112,117</u>
	<u>\$ 58,654</u>	<u>\$ 53,414</u>	<u>\$ 176,163</u>	<u>\$ 149,489</u>
An analysis of amortization by function				
Cost of goods sold	\$ 547	\$ 361	\$ 1,596	\$ 1,017
Operating expenses	<u>21,751</u>	<u>27,154</u>	<u>61,562</u>	<u>71,981</u>
	<u>\$ 22,298</u>	<u>\$ 27,515</u>	<u>\$ 63,158</u>	<u>\$ 72,998</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 26,951	\$ 25,550	\$ 78,033	\$ 76,861
Defined benefit plans	<u>446</u>	<u>416</u>	<u>1,340</u>	<u>1,246</u>
	27,397	25,966	79,373	78,107
Other employee benefits	<u>690,057</u>	<u>658,259</u>	<u>2,098,128</u>	<u>1,984,594</u>
	<u>\$ 717,454</u>	<u>\$ 684,225</u>	<u>\$ 2,177,501</u>	<u>\$ 2,062,701</u>
An analysis of employee benefits expense by function				
Cost of goods sold	\$ 138,919	\$ 128,130	\$ 388,958	\$ 355,337
Operating expenses	<u>578,535</u>	<u>556,095</u>	<u>1,788,543</u>	<u>1,707,364</u>
	<u>\$ 717,454</u>	<u>\$ 684,225</u>	<u>\$ 2,177,501</u>	<u>\$ 2,062,701</u>

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation and remuneration of directors at rates from 3% to 20% and no higher than 3%, respectively, of net profit before income tax (the parent company only financial statements), employees' compensation, and remuneration of directors. For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the employees' compensation and remuneration of directors are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30			
	2022	2021	2022		2021	
	Cash	Cash	Cash	Accrual Rate (%)	Cash	Accrual Rate (%)
Employees' compensation	<u>\$ 14,228</u>	<u>\$ (2,065)</u>	<u>\$ 37,688</u>	4.20	<u>\$ 3,764</u>	14.23
Remuneration of directors	<u>\$ 3,070</u>	<u>\$ (138)</u>	<u>\$ 8,974</u>	1.00	<u>\$ 251</u>	0.95

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

The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation - cash	<u>\$ 25,000</u>	<u>\$ 49,000</u>
Remuneration of directors - cash	<u>\$ 2,000</u>	<u>\$ 2,600</u>

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

## 23. INCOME TAXES

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current tax				
In respect of the current period	\$ 89,201	\$ 15,547	\$ 193,290	\$ 68,748
Income tax on unappropriated earnings	-	8,190	1,903	8,190
Adjustments for prior period	<u>(8,206)</u>	<u>398</u>	<u>(9,809)</u>	<u>1,476</u>
	<u>80,995</u>	<u>24,135</u>	<u>185,384</u>	<u>78,414</u>
Deferred tax				
In respect of the current period	<u>(18,028)</u>	<u>(3,638)</u>	<u>(46,828)</u>	<u>(53,721)</u>
Income tax expense recognized in profit or loss	<u>\$ 62,967</u>	<u>\$ 20,497</u>	<u>\$ 138,556</u>	<u>\$ 24,693</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Deferred tax in respect of the current period				
Translation of foreign operations	<u>\$ (15,974)</u>	<u>\$ (2,240)</u>	<u>\$ (37,759)</u>	<u>\$ 2,471</u>

c. Income tax assessments

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

## 24. EARNINGS (LOSS) PER SHARE

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

### Net Profit (Loss) for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share	<u>\$ 231,511</u>	<u>\$ (51,491)</u>	<u>\$ 720,612</u>	<u>\$ 17,485</u>

### Shares

(In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	217,497	<u>217,497</u>	217,497	217,497
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>266</u>		<u>866</u>	<u>292</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>217,763</u>		<u>218,363</u>	<u>217,789</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.

Due to net loss for the three months ended September 30, 2021, the potentially dilutive shares have been excluded from the computation of diluted earnings per share.

## 25. 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.

## 26. 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 nine months ended September 30, 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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at FVTPL	\$ -	\$ 19	\$ -
Financial assets at amortized cost (1)	4,111,332	3,797,302	3,140,679
Financial assets at FVTOCI	57,924	56,234	62,638
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	\$ 8,242,222	\$ 8,275,031	\$ 7,858,677

- 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 30.

Sensitivity analysis

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

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



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

	<b>For the Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
USD impact	\$ 9,769	\$ (2,644)
RMB impact	5,271	3,267
EUR impact	3,337	1,979

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

b) Interest rate risk

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

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 167,593	\$ 2,262	\$ 2,262
Financial liabilities	1,081,605	1,796,134	2,057,057
Cash flow interest rate risk			
Financial assets	1,244,711	1,131,791	950,559
Financial liabilities	4,261,400	3,744,000	2,568,665

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 nine months ended September 30, 2022 and 2021 would have decreased/increased by \$11,313 thousand and \$6,068 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. The proportion of trade receivables from those mentioned above to total trade receivables were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Mainland China	28%	39%	41%
U.S.A.	35%	29%	17%
Europe	18%	14%	17%

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. 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.

#### September 30, 2022

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,974,923	\$ -	\$ -
Variable interest rate liabilities	914,570	1,006,610	2,546,316
Fixed interest rate liabilities	1,028,405	-	-
Lease liabilities	24,682	34,820	20,712
	<u>\$ 4,942,580</u>	<u>\$ 1,041,430</u>	<u>\$ 2,567,028</u>

December 31, 2021

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

September 30, 2021

	<b>Less than 1 Year</b>	<b>1-3 Year</b>	<b>3+ Years</b>
Non-interest bearing liabilities	\$ 3,306,232	\$ -	\$ -
Variable interest rate liabilities	453,545	746,129	1,487,070
Fixed interest rate liabilities	1,527,504	-	-
Lease liabilities	<u>31,799</u>	<u>29,149</u>	<u>15,762</u>
	<u>\$ 5,319,080</u>	<u>\$ 775,278</u>	<u>\$ 1,502,832</u>

b) Financing facilities

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Unsecured bank facilities:			
Amount used	\$ 3,735,899	\$ 3,918,392	\$ 3,002,445
Amount unused	<u>5,947,468</u>	<u>3,151,019</u>	<u>2,080,958</u>
	<u>\$ 9,683,367</u>	<u>\$ 7,069,411</u>	<u>\$ 5,083,403</u>
Secured bank facilities:			
Amount used	\$ 1,531,400	\$ 1,550,000	\$ 1,550,000
Amount unused	<u>18,600</u>	<u>294,000</u>	<u>294,000</u>
	<u>\$ 1,550,000</u>	<u>\$ 1,844,000</u>	<u>\$ 1,844,000</u>

## 27. 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
AU Optronics Corp.	Investor with significant influence over the Group
Chroma New Material Corp.	Subsidiary of investor with significant influence over the Group
Testar Electronics Corporation.	Subsidiary of investor with significant influence over the Group
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	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
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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Group	\$ 2,938	\$ 7,252	\$ 38,250	\$ 28,031
Subsidiaries of investors with significant influence over the Group	7,592	-	11,480	305
Others	-	-	189	-
Associates	<u>45,941</u>	<u>30,041</u>	<u>90,267</u>	<u>75,320</u>
	<u>\$ 56,471</u>	<u>\$ 37,293</u>	<u>\$140,186</u>	<u>\$103,656</u>

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

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Group	\$ -	\$ -	\$ 276	\$ 288
Subsidiaries of investors with significant influence over the Group	5,530	57	12,276	17,969
Others	4,509	5,270	17,930	12,026
Associates	<u>-</u>	<u>-</u>	<u>8,800</u>	<u>-</u>
	<u>\$ 10,039</u>	<u>\$ 5,327</u>	<u>\$ 39,282</u>	<u>\$ 30,283</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	September 30, 2022	December 31, 2021	September 30, 2021
Trade receivables	Investors with significant influence over the Group	\$ 2,575	\$ 24,811	\$ 8,331
	Subsidiaries of investors with significant influence over the Group	4,535	-	-
	Associates	43,011	57,084	47,433
	Less: Share of loss of associates	<u>(1,148)</u>	<u>(3,939)</u>	<u>(3,239)</u>
		<u>\$ 48,973</u>	<u>\$ 77,956</u>	<u>\$ 52,525</u>
Other receivables	Investors with significant influence over the Group	\$ 2,499	\$ 2,405	\$ 1,953
	Subsidiaries of investors with significant influence over the Group	2,304	2,803	2,264
	Associates	<u>87</u>	<u>1</u>	<u>39</u>
		<u>\$ 4,890</u>	<u>\$ 5,209</u>	<u>\$ 4,256</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 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	September 30, 2022	December 31, 2021	September 30, 2021
Trade payables	Investors with significant influence over the Group	\$ 6	\$ 145	\$ 8
	Subsidiaries of investors with significant influence over the Group	4,546	1,026	216
	Others	13,940	9,761	6,453
	Associates	<u>8,800</u>	<u>-</u>	<u>-</u>
		<u>\$ 27,292</u>	<u>\$ 10,932</u>	<u>\$ 6,677</u>

((Continued))

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Other payables	Investors with significant influence over the Group	\$ 181	\$ 531	\$ 1,286
	Subsidiaries of investors with significant influence over the Group	145	-	-
	Others	-	-	19
	Associates	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 326</u>	<u>\$ 531</u>	<u>\$ 1,305</u>
				((Concluded))

The outstanding trade payables to related parties are unsecured.

f. Property, plant and equipment acquired

Related Party Category/Name	Price			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Company				
Chroma ATE Inc.	<u>\$ -</u>	<u>\$ -</u>	<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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Group				
Chroma ATE Inc.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ -</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Rental expenses	Others	<u>\$ 1,984</u>	<u>\$ 1,841</u>	<u>\$ 5,933</u>	<u>\$ 5,566</u>
Rental income	Investors with significant influence over the Group	\$ 8,775	\$ 8,758	\$ 26,274	\$ 17,516
	Subsidiaries of investors with significant influence over the Group	<u>2,753</u>	<u>2,759</u>	<u>8,247</u>	<u>5,518</u>
		<u>\$ 11,528</u>	<u>\$ 11,517</u>	<u>\$ 34,521</u>	<u>\$ 23,034</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:

	September 30, 2022	December 31, 2021	September 30, 2021
Adlink Technology GmbH	\$ 798,000	\$ 549,920	\$ 549,920
Zettascale Technology Limited	\$ 545,490	\$ 629,600	\$ 629,600
Ampro Adlink Technology Inc.	\$ 190,500	\$ 169,005	\$ 85,605
Adlink Technology (China) Co., Ltd.	\$ 337,950	\$ -	\$ -
Adlink Technology Korea Ltd.	\$ -	\$ 28,535	\$ 28,535

j. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 9,244	\$ 11,590	\$ 24,686	\$ 30,161
Post-employment benefits	<u>97</u>	<u>97</u>	<u>296</u>	<u>290</u>
	<u>\$ 9,341</u>	<u>\$ 11,687</u>	<u>\$ 24,982</u>	<u>\$ 30,451</u>

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

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 2,202,002	\$ 2,202,002	\$ 2,202,002
Buildings	1,030,597	1,053,660	1,042,903
Investment properties	240,149	348,496	350,147
Property under construction	<u>1,710</u>	<u>300</u>	<u>629</u>
	<u>\$ 3,474,458</u>	<u>\$ 3,604,458</u>	<u>\$ 3,595,681</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

### Contingent Liabilities

For the facilities that the Group provided endorsements or guarantees for its subsidiaries refer to Note 27 for information.

### 30. 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:

September 30, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 78,829	31.75 (USD:NTD)	\$ 2,502,812
USD	12,280	7.10 (USD:RMB)	389,892
USD	2,947	144.25 (USD:JPY)	93,574
USD	7,662	1.02 (USD:EUR)	243,263
USD	252	0.89 (USD:GBP)	8,015
USD	1,462	1,417.41 (USD:KRW)	46,431
RMB	119,774	4.47 (RMB:NTD)	535,624
EUR	9,881	31.26 (EUR:NTD)	308,876
EUR	1,191	0.88 (EUR:GBP)	<u>37,226</u>
			<u>\$ 4,165,713</u>

Financial liabilities

Monetary items			
USD	32,944	31.75 (USD:NTD)	\$ 1,045,970
USD	24,612	7.10 (USD:RMB)	781,428
USD	2,115	144.25 (USD:JPY)	67,154
USD	11,166	1.02 (USD:EUR)	354,506
USD	31	0.89 (USD:GBP)	973
USD	1,797	1,417.41 (USD:KRW)	57,053
RMB	1,912	4.47 (RMB:NTD)	8,551
EUR	290	31.26 (EUR:NTD)	9,081
EUR	105	0.88 (EUR:GBP)	<u>3,272</u>
			<u>\$ 2,327,988</u>

December 31, 2021

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



	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
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>
			((Concluded))

September 30, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,013	27.85 (USD:NTD)	\$ 1,392,858
USD	15,341	6.49 (USD:RMB)	427,258
USD	4,156	111.85 (USD:JPY)	115,745
USD	4,731	0.86 (USD:EUR)	131,746
USD	787	0.74 (USD:GBP)	21,917
USD	1,274	1,173.62 (USD:KRW)	35,478
RMB	78,430	4.29 (RMB:NTD)	336,797
EUR	6,113	32.32 (EUR:NTD)	197,581
EUR	849	0.86 (EUR:GBP)	<u>27,428</u>
			<u>\$ 2,686,808</u>
			((Continued))

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 40,531	27.85 (USD:NTD)	\$ 1,128,778
USD	32,023	6.49 (USD:RMB)	891,838
USD	3,659	111.85 (USD:JPY)	101,896
USD	7,529	0.86 (USD:EUR)	209,673
USD	58	0.74 (USD:GBP)	1,625
USD	1,995	1,173.62 (USD:KRW)	55,566
RMB	2,345	4.29 (RMB:NTD)	10,071
EUR	809	32.32 (EUR:NTD)	26,146
EUR	28	0.86 (EUR:GBP)	916
			<u>\$ 2,426,509</u>
			((Concluded))

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.

### 31. 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 26
- 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).

## 32. 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.

## Segment Revenue and Results

For the Nine Months Ended September 30, 2022

	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 3,049,066	\$ 1,441,904	\$ 2,120,703	\$ 1,818,830	\$ -	\$ 8,430,503
Inter-segment revenue	<u>3,499,247</u>	<u>1,691,112</u>	<u>-</u>	<u>33,543</u>	<u>(5,223,902)</u>	<u>-</u>
Segment revenue	<u>\$ 6,548,313</u>	<u>\$ 3,133,016</u>	<u>\$ 2,120,703</u>	<u>\$ 1,852,373</u>	<u>\$ (5,223,902)</u>	<u>\$ 8,430,503</u>
Interest income	\$ 945	\$ 774	\$ 176	\$ -	\$ -	\$ 1,895
Finance costs	32,170	12,364	32	4,706	-	49,272
Depreciation expense	114,122	39,224	11,574	11,243	-	176,163
Amortization expense	58,469	4,012	223	454	-	63,158
Segment income (loss)	<u>\$ 2,162,536</u>	<u>\$ (14,539)</u>	<u>\$ 44,076</u>	<u>\$ (115,717)</u>	<u>\$ -</u>	<u>2,076,356</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors						<u>1,217,188</u>
Profit before income tax						<u>\$ 859,168</u>

For the Nine Months Ended September 30, 2021

	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 2,683,147	\$ 1,474,169	\$ 1,167,945	\$ 1,323,369	\$ -	\$ 6,648,630
Inter-segment revenue	<u>2,442,944</u>	<u>1,423,618</u>	<u>-</u>	<u>71,638</u>	<u>(3,938,200)</u>	<u>-</u>
Segment revenue	<u>\$ 5,126,091</u>	<u>\$ 2,897,787</u>	<u>\$ 1,167,945</u>	<u>\$ 1,395,007</u>	<u>\$ (3,938,200)</u>	<u>\$ 6,648,630</u>
Interest income	\$ 255	\$ 780	\$ -	\$ -	\$ -	\$ 1,035
Finance costs	12,035	3,692	(10)	7,735	-	23,452
Depreciation expense	76,651	41,922	13,400	17,516	-	149,489
Amortization expense	54,706	667	1,673	15,952	-	72,998
Other significant non-cash items						
Impairment losses	-	-	-	81,476	-	81,476
Segment income (loss)	<u>\$ 926,822</u>	<u>\$ 107,725</u>	<u>\$ 37,345</u>	<u>\$ (117,068)</u>	<u>\$ -</u>	<u>954,824</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors						<u>912,646</u>
Profit before income tax						<u>\$ 42,178</u>

## ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 95,250	\$ 95,250 (US\$ 3,000)	\$ 95,250	2	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 3,658,789	\$ 3,658,789	Note 4
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	95,250	95,250 (US\$ 3,000)	31,750	2	b	-	Operation requirement	-	-	-	1,439,922	1,439,922	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.

## ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guaranteee		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	Zettascale Technology Limited Ampro Adlink Technology Inc. Adlink Technology GmbH Adlink Technology (China) Co., Ltd.	a. and b. a. and b. a. and b. a. and b.	\$ 2,613,421 2,613,421 2,613,421 2,613,421	\$ 545,490 190,500 798,000 337,950	\$ - (US\$ 6,000) 718,980 (EUR 23,000) 333,475 (RMB75,000)	\$ - - 397,002 75,468	\$ - - - -	- 3.64 13.76 6.42	\$ 2,613,421 2,613,421 2,613,421 2,613,421	Y Y Y 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.

## ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES AND ASSOCIATES)

SEPTEMBER 30, 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	September 30, 2022			Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)
The Company	Shares - ordinary shares	The Company is its director	Financial assets at fair value through profit or loss	385	\$	15.00	\$
	Netio Technologies Co., Ltd.			0.9	-	19.99	-
	eeWare SAS			143	-	3.33	-
Adlink Technology (China) Co., Ltd.	Applied Green Light Taiwan, Inc.	-	Financial assets at fair value through other comprehensive income	Note 3	57,924	4.13	57,924
	Shares - ordinary shares						
Ampro Adlink Technology Inc.	AutoCore Technology (Nanjing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	750	-	14.14	-
	Shares - convertible preference shares						
	Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income				

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.

## 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 NINE MONTHS ENDED SEPTEMBER 30, 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)	\$ (354,055)	(5.97)	Net 120 days	-	-	\$ 77,074	2.95	Note
Adlink Technology Japan Corporation	The Company	Parent company	Purchase	354,055	95.32	Net 120 days	-	-	(77,074)	(99.60)	Note
The Company	Adlink Technology Singapore Pre Ltd	Subsidiary	(Sale)	(222,320)	(3.75)	Net 60 days	-	-	74,154	2.83	Note
Adlink Technology Singapore Pte Ltd.	The Company	Parent company	Purchase	222,320	59.82	Net 60 days	-	-	(74,154)	(80.14)	Note
The Company	Adlink Technology Korea Ltd	Subsidiary	(Sale)	(188,578)	(3.18)	Net 60 days	-	-	56,904	2.17	Note
Adlink Technology Korea Ltd.	The Company	Parent company	Purchase	188,578	92.73	Net 60 days	-	-	(56,904)	(99.81)	Note
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(1,495,257)	(25.23)	Net 60 days	-	-	773,678	29.56	Note
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	1,495,257	84.58	Net 60 days	-	-	(773,678)	(98.77)	Note
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(1,047,580)	(17.68)	Net 150 days	-	-	665,432	25.43	Note
Adlink Technology GmbH	The Company	Parent company	Purchase	1,047,580	87.65	Net 150 days	-	-	(665,432)	(100.00)	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	(Sale)	(188,693)	(3.18)	Net 150 days	-	-	403,777	15.43	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Purchase	188,693	5.07	Net 150 days	-	-	(403,777)	(29.19)	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(1,551,854)	(51.57)	Net 60 days	-	-	325,770	32.61	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	1,551,854	32.77	Net 60 days	-	-	(325,770)	(21.64)	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  
SEPTEMBER 30, 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	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	Trade receivables \$ 773,678 Other receivables <u>\$ 773,678</u>	2.99	\$ -	-	\$ 434,961	\$ -	Note 2
	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables \$ 665,432 Other receivables <u>\$ 666,241</u>	2.61	\$ -	-	\$ 122,903	\$ -	Note 2
	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables \$ 403,777 Other receivables <u>\$ 499,334</u>	0.71	\$ -	-	\$ -	\$ -	Note 2
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables \$ 325,770 Other receivables <u>\$ 332,134</u>	5.11	\$ -	-	\$ 299,773	\$ -	Note 2

Note 1: It was the subsequent amount received as of October 28, 2022.

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 NINE MONTHS ENDED SEPTEMBER 30, 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. Adlink Technology Singapore Pte Ltd. Adlink Technology Japan Corporation Adlink Technology Korea Ltd. Adlink Technology Korea Ltd. Ampro Adlink Technology Inc. Adlink Technology GmbH Adlink Technology GmbH Adlink Technology GmbH Adlink Technology (China) Co., Ltd. Adlink Technology (China) Co., Ltd. Adlink Technology (China) Co., Ltd. Adlink Technology (China) Co., Ltd. Adlink Technology (China) Co., Ltd. Dongguan Lingyao Electronic Technology Co., Ltd.	a a a a a a a a a a a a a a a	Trade receivables Operating revenue Trade receivables Operating revenue Trade receivables Operating revenue Trade receivables Operating revenue Trade receivables Operating revenue R & D design expense Trade receivables Operating revenue Trade payables Purchase Other receivables Procurement service revenue Purchase	\$ 74,154 222,320 77,074 354,055 56,904 188,578 773,678 1,495,257 665,432 1,047,580 27,999 403,777 188,693 325,770 1,551,854 95,557 43,745 50,234	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on operating requirements Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on operating requirements Based on the agreed rate of procurement amount Based on regular terms
1	ADLINK International Co., Ltd.	Adlink Technology (China) Co., Ltd.	c	Other receivables	32,053	Based on regular terms
2	Zettascale Technology Limited	Zettascale Technology SARL Zettascale Technology SARL Adlink Technology Corporation Adlink Technology Corporation	c c c c	Trade receivables Operating revenue Trade receivables Operating revenue	39,214 30,499 11,880 16,664	Based on regular terms Based on regular terms Based on regular terms Based on regular terms
3	Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd. Dongguan Lingyao Electronic Technology Co., Ltd. Dongguan Lingyao Electronic Technology Co., Ltd.	c c c	Operating revenue Trade payables Purchase	15,253 34,201 73,524	Based on regular terms Based on regular terms Based on regular terms

Note 1: Intercompany relationships should be specified as below:

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

Note 2:

- Parent company to subsidiary.
- Subsidiary to parent company.
- Between subsidiaries.

(Continued)

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 NINE MONTHS ENDED SEPTEMBER 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount			Balance as of September 30, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021		Shares	%			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872		61,872,494	100	\$ (50,956)	\$ (50,956)	Subsidiary (Note 5)
	Adlink Technology Singapore Pte Ltd	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659		659,200	100	19,896	19,896	Subsidiary (Note 5)
	Adlink Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	JPY 98,000	JPY 98,000		1,960	100	9,981	9,981	Subsidiary (Note 5)
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300		(Note 3)	100	4,224	4,224	Subsidiary (Note 5)
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	US\$ 9,050	(Note 4)		61,155,000	100	(35,127)	(35,127)	Subsidiary (Note 5)
Farobot Tech Inc.	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	(Note 4)		500,000	100	(15,126)	(15,126)	Subsidiary (Note 5)
	Autonomous Mobility Ltd	Cayman Islands	Investment activities	(Note 4)	(Note 4)		1	100	-	-	Subsidiary (Note 5)
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300		66,624	28.2	5,625	2,711	Associate
	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	-	NT\$ 98,000		-	-	(84,066)	(6,212)	Associate
	Farobot Tech Inc.	Cayman Islands	Investment activities	US\$ 5,076	-		5,076,890	49	(71,897)	(35,229)	Associate
Adlink International Co., Ltd.	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	-	-		40,000,000	100	(84,066)	-	Associate (Note 7)
	Adlink Technology (HK) Co., Ltd.	Hong Kong	Investment activities	US\$ 24,255	US\$ 24,255		24,255,369	100	US\$ (496)	-	Indirectly owned subsidiary (Note 5)
	Ampro Adlink Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789		39,743,137	100	US\$ 1,505	-	Indirectly owned subsidiary (Note 5)
Zettascale Technology Cayman Limited	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609		12,609,356	100	US\$ (2,752)	-	Indirectly owned subsidiary (Note 5)
	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 12,979		36,584,052	100	GBP (955)	-	Indirectly owned subsidiary (Note 5)
	Adlink Technology GmbH	Germany	Manufacturing and selling of industrial computers	EUR 12,409	EUR 12,409		750,000	100	EUR (2,585)	-	Indirectly owned subsidiary (Note 5)
Ampro Adlink Technology Inc.	Adlink Technology Canada Inc.	Canada	Software development	-	CAD 100		-	-	CAD (33)	-	Indirectly owned subsidiary (Notes 5 and 6)
	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701		1,000	100	US\$ (113)	-	Indirectly owned subsidiary (Note 5)
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221		(Note 2)	100	EUR (1,370)	-	Indirectly owned subsidiary (Note 5)
	Zettascale Technology OpenSpice B.V.	Netherlands	Software development	EUR 18	EUR 18		180	100	EUR 6	-	Indirectly owned subsidiary (Note 5)

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

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

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

Note 4: Zettascale Technology Cayman Limited, Adlink Edge Computing Limited and Autonomous Mobility Ltd. were incorporated in June, September 2021 and January 2022, respectively, and no amount of investment was recorded on the license.

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

Note 6: The liquidation of Adlink Technology Canada Inc. had completed in April 2022.

Note 7: The Group restructured the organization and transferred the ownership of Farobot Inc. from the Company to Farobot Tech Inc. Refer to Note 12 for information.

## ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 from Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 26,656 (NT\$ 846,328)	b. Adlink Technology (HK) Co., Ltd.	HK\$ 7,283 US\$ 22,671 (NT\$ 749,228) (Notes 5 and 7)	-	-	HK\$ 7,283 US\$ 22,671 (NT\$ 749,228) (Notes 5 and 7)	RMB (3,269) NT\$ (14,514)	100	RMB (3,269) NT\$ (14,514)	RMB 325,486 (NT\$ 1,454,922)	\$ -	Note 9
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 8,940)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB 1,312 NT\$ 5,825	100	RMB 1,312 NT\$ 5,825	RMB 9,463 (NT\$ 42,300)	-	Note 9
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 46,903 (NT\$ 209,656)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (1,912) NT\$ (8,489)	38.40 (Note 8)	RMB (598) NT\$ (2,654)	RMB 8,493 (NT\$ 37,978)	-	-
Shanghai Tuibu Enterprise Management Co., Ltd.	Investment activities	RMB 11,925 (NT\$ 53,305)	c. Adlink Technology (China) Co., Ltd.	(Note 8)	-	-	(Note 8)	RMB (486) NT\$ (2,158)	27.97	RMB (136) NT\$ (603)	RMB 3,446 (NT\$ 15,411)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$749,228 (HK\$7,283, US\$22,671)	\$754,015 (HK\$7,305, US\$22,819)	\$3,136,105 (Note 3)

Note 1: Methods of investment have the following type:

- Direct investment in mainland China.
- Indirect investment in mainland China through an existing company in a third region.
- Other - direct investment in subsidiaries of mainland China.

Note 2: Except for Adlink Technology (China) Co., Ltd., the others are based on unreviewed financial statements.

Note 3: Calculated based on 60% of the net equity of the latest financial statements of the Company as of September 30, 2022.

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$3.74, US\$1=NT\$29.29, RMB1=NT\$4.44 for the nine months ended September 30, 2022; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$4.04, US\$1=NT\$31.75, RMB1=NT\$4.47 prevailing on September 30, 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), refer to Note 12.

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

**TABLE 9****ADLINK TECHNOLOGY INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****SEPTEMBER 30, 2022****(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
AU Optronics 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.