

Adlink Technology Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Adlink Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Adlink Technology Inc. and its subsidiaries (collectively, the Group) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including 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 the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,041,408 thousand and NT\$599,352 thousand, respectively, representing 7% and 5%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$285,069 thousand and NT\$250,747 thousand, respectively, both representing 3% of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the amounts of unreviewed comprehensive income of these subsidiaries were NT\$(3,313) thousand and NT\$20,237 thousand, respectively, representing (5%) and 18%, 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\$128,339 thousand and NT\$194,088 thousand, respectively; the related shares of comprehensive loss of associates for the three months ended March 31, 2023 and 2022 were NT\$19,880 thousand and NT\$5,452 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 32 to the consolidated financial statements, other information on the Company's non-significant subsidiaries and other investees accounted for using the equity method was disclosed on the basis of the unreviewed financial statements as of and for the same reporting periods as those of the Company.

Qualified Conclusion

Based on our reviews, 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2023

Notice to Readers

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

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

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,235,502	16	\$ 1,992,378	15	\$ 1,069,730	8
Financial assets at amortized cost	24,446	-	24,429	-	1,444	-
Notes receivable (Note 9)	29,138	-	41,064	-	18,394	-
Trade receivables (Note 9)	1,903,717	13	2,104,092	16	2,129,872	16
Trade receivables from related parties (Note 28)	43,812	-	31,590	-	58,575	1
Other receivables (Note 28)	67,993	1	55,998	-	55,990	-
Current tax assets	12,544	-	13,829	-	19,094	-
Inventories (Note 10)	4,219,150	30	3,747,032	28	4,163,681	31
Prepayments	98,023	1	64,247	-	125,066	1
Other current assets	4,344	-	12,079	-	2,883	-
Total current assets	<u>8,638,669</u>	<u>61</u>	<u>8,086,738</u>	<u>59</u>	<u>7,644,729</u>	<u>57</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 8)	58,086	-	57,800	1	58,405	1
Financial assets at fair value at amortized cost	-	-	8,607	-	4,995	-
Investments accounted for using the equity method (Note 12)	128,339	1	151,316	1	194,088	2
Property, plant and equipment (Notes 13 and 29)	4,238,694	30	4,224,047	31	4,223,943	32
Right-of-use assets (Note 14)	135,496	1	140,065	1	110,717	1
Investment properties (Notes 15 and 29)	237,673	2	238,911	2	440,837	3
Intangible assets (Notes 16 and 28)	342,309	3	336,189	3	323,335	2
Deferred tax assets	311,660	2	322,782	2	276,475	2
Prepayments for equipment	12,392	-	3,089	-	7,066	-
Refundable deposits	24,860	-	22,871	-	29,228	-
Other non-current assets	3,055	-	3,466	-	2,305	-
Total non-current assets	<u>5,492,564</u>	<u>39</u>	<u>5,509,143</u>	<u>41</u>	<u>5,671,394</u>	<u>43</u>
TOTAL	<u>\$ 14,131,233</u>	<u>100</u>	<u>\$ 13,595,881</u>	<u>100</u>	<u>\$ 13,316,123</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 1,164,855	8	\$ 930,631	7	\$ 1,818,926	14
Financial liabilities at fair value through profit or loss (Note 7)	970	-	-	-	-	-
Contract liabilities (Note 21)	274,597	2	278,613	2	165,009	1
Trade payables (Note 18)	2,047,167	14	1,550,374	11	2,038,140	15
Trade payables to related parties (Note 28)	26,857	-	12,693	-	22,664	-
Other payables (Notes 19 and 28)	1,302,798	9	899,434	7	701,082	5
Current tax liabilities	263,599	2	236,112	2	88,710	1
Provisions	71,078	1	68,170	1	54,782	1
Lease liabilities (Note 14)	28,354	-	29,525	-	27,408	-
Current portion of long-term borrowings (Note 17)	358,775	3	335,442	2	517,654	4
Other current liabilities	24,985	-	32,015	-	19,475	-
Total current liabilities	<u>5,564,035</u>	<u>39</u>	<u>4,373,009</u>	<u>32</u>	<u>5,453,850</u>	<u>41</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	3,219,830	23	3,396,264	25	3,192,346	24
Provisions	47,725	-	45,520	-	40,754	-
Deferred tax liabilities	12,234	-	14,669	-	13,557	-
Lease liabilities (Note 14)	60,066	1	63,469	1	32,719	-
Net defined benefit liabilities	30,745	-	30,794	-	50,634	1
Total non-current liabilities	<u>3,370,600</u>	<u>24</u>	<u>3,550,716</u>	<u>26</u>	<u>3,330,010</u>	<u>25</u>
Total liabilities	<u>8,934,635</u>	<u>63</u>	<u>7,923,725</u>	<u>58</u>	<u>8,783,860</u>	<u>66</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	2,174,973	15	2,174,973	16	2,174,973	16
Capital surplus	1,264,450	9	1,264,450	9	956,432	7
Retained earnings						
Legal reserve	666,540	5	666,540	5	654,165	5
Special reserve	241,076	2	241,076	2	233,001	2
Unappropriated earnings	917,030	6	1,378,919	10	693,633	5
Total retained earnings	<u>1,824,646</u>	<u>13</u>	<u>2,286,535</u>	<u>17</u>	<u>1,580,799</u>	<u>12</u>
Other equity	(154,000)	(1)	(147,309)	(1)	(179,941)	(1)
Total equity attributable to owners of the Company	<u>5,110,069</u>	<u>36</u>	<u>5,578,649</u>	<u>41</u>	<u>4,532,263</u>	<u>34</u>
Total equity	<u>5,110,069</u>	<u>36</u>	<u>5,578,649</u>	<u>41</u>	<u>4,532,263</u>	<u>34</u>
NON-CONTROLLING INTERESTS	<u>86,529</u>	<u>1</u>	<u>93,507</u>	<u>1</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 14,131,233</u>	<u>100</u>	<u>\$ 13,595,881</u>	<u>100</u>	<u>\$ 13,316,123</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 4, 2023)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 2,879,443	100	\$ 2,581,384	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>1,798,260</u>	<u>63</u>	<u>1,724,404</u>	<u>67</u>
GROSS PROFIT	1,081,183	37	856,980	33
UNREALIZED (GAIN) LOSS ON TRANSACTIONS WITH ASSOCIATES	<u>(3,310)</u>	<u>-</u>	<u>163</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,077,873</u>	<u>37</u>	<u>857,143</u>	<u>33</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing	256,596	9	234,991	9
General and administrative	277,057	9	214,139	8
Research and development	404,296	14	404,879	16
Expected credit (gain) loss	<u>(1,252)</u>	<u>-</u>	<u>1,664</u>	<u>-</u>
Total operating expenses	<u>936,697</u>	<u>32</u>	<u>855,673</u>	<u>33</u>
PROFIT FROM OPERATIONS	<u>141,176</u>	<u>5</u>	<u>1,470</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)				
Interest income	3,813	-	422	-
Other income	31,752	1	37,052	2
Other gains and losses	(4,131)	-	58,058	2
Finance costs	(19,898)	(1)	(14,871)	(1)
Share of loss of associates (Note 12)	<u>(19,880)</u>	<u>(1)</u>	<u>(5,452)</u>	<u>-</u>
Total non-operating income and expenses	<u>(8,344)</u>	<u>(1)</u>	<u>75,209</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	132,832	4	76,679	3
INCOME TAX EXPENSE (Note 23)	<u>59,275</u>	<u>2</u>	<u>25,992</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>73,557</u>	<u>2</u>	<u>50,687</u>	<u>2</u>

(Continued)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ (7,046)	-	\$ 76,419	3
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	<u>1,673</u>	<u>-</u>	<u>(15,284)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>(5,373)</u>	<u>-</u>	<u>61,135</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 68,184</u>	<u>2</u>	<u>\$ 111,822</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	81,853	3	50,687	2
Non-controlling interests	<u>(8,296)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 73,557</u>	<u>3</u>	<u>\$ 50,687</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	75,162	2	111,822	4
Non-controlling interests	<u>(6,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 68,184</u>	<u>2</u>	<u>\$ 111,822</u>	<u>4</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.38</u>		<u>\$ 0.23</u>	
Diluted	<u>\$ 0.37</u>		<u>\$ 0.23</u>	

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

(With Deloitte & Touche review report dated May 4, 2023)

(Concluded)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company												
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Other Equity	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2022	\$ 2,174,973	\$ 956,432	\$ 654,165	\$ 233,001	\$ 642,946	\$ 1,530,112	\$ (226,025)	\$ (15,051)	\$ (241,076)	\$ 4,420,441	\$ -	\$ 4,420,441	
Net profit for the three months ended March 31, 2022	-	-	-	-	50,687	50,687	-	-	-	50,687	-	50,687	
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	61,135	-	61,135	61,135	-	61,135	
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	50,687	50,687	61,135	-	61,135	111,822	-	111,822	
BALANCE AT MARCH 31, 2022	<u>\$ 2,174,973</u>	<u>\$ 956,432</u>	<u>\$ 654,165</u>	<u>\$ 233,001</u>	<u>\$ 693,633</u>	<u>\$ 1,580,799</u>	<u>\$ (164,890)</u>	<u>\$ (15,051)</u>	<u>\$ (179,941)</u>	<u>\$ 4,532,263</u>	<u>\$ -</u>	<u>\$ 4,532,263</u>	
BALANCE AT JANUARY 1, 2023	2,174,973	1,264,450	666,540	241,076	1,378,919	2,286,535	(132,948)	(14,361)	(147,309)	5,578,649	93,507	5,672,156	
Cash dividend - NT\$2.5 per share	-	-	-	-	(543,742)	(543,742)	-	-	-	(543,742)	-	(543,742)	
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	81,853	81,853	-	-	-	81,853	(8,296)	73,557	
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	(6,691)	-	(6,691)	(6,691)	1,318	(5,373)	
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	81,853	81,853	(6,691)	-	(6,691)	75,162	(6,978)	68,184	
BALANCE AT MARCH 31, 2023	<u>\$ 2,174,973</u>	<u>\$ 1,264,450</u>	<u>\$ 666,540</u>	<u>\$ 241,076</u>	<u>\$ 917,030</u>	<u>\$ 1,824,646</u>	<u>\$ (139,639)</u>	<u>\$ (14,361)</u>	<u>\$ (154,000)</u>	<u>\$ 5,110,069</u>	<u>\$ 86,529</u>	<u>\$ 5,196,598</u>	

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

(With Deloitte & Touche review report dated May 4, 2023)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 132,832	\$ 76,679
Adjustments for:		
Depreciation expense	60,448	58,498
Amortization expense	23,178	20,173
Expected credit (gain) loss recognized on trade receivables	(1,252)	1,664
Net loss of financial assets and liabilities at fair value through profit or loss	970	19
Finance costs	19,898	14,871
Interest income	(3,813)	(422)
Share of loss of associates accounted for using the equity method	19,880	5,452
Loss on disposal of property, plant and equipment	53	2,785
Write-downs of inventories	38,239	31,477
Unrealized gain (loss) gain on the transactions with associates	3,310	(163)
Net loss on foreign currency exchange	3,960	14,641
Gain on lease modifications	(1)	(434)
Changes in operating assets and liabilities		
Notes receivable	11,926	34,480
Trade receivables	201,587	205,823
Trade receivables from related parties	(12,172)	22,306
Other receivables	(12,002)	5,857
Inventories	(511,186)	(486,946)
Prepayments	(33,866)	(28,063)
Other current assets	7,735	207
Other non-current assets	411	1,364
Contract liabilities	(4,016)	6,573
Trade payables	498,775	5,323
Trade payables to related parties	14,215	11,760
Other payables	(136,855)	(45,399)
Provisions	5,113	4,578
Other current liabilities	(7,030)	(2,431)
Net defined benefit liabilities	(49)	7
Cash generated from (used in) operations	320,288	(39,321)
Interest received	3,813	422
Interest paid	(20,756)	(15,402)
Income tax paid	(20,143)	(33,879)
Net cash generated from (used in) operating activities	<u>283,202</u>	<u>(88,180)</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 Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	\$ 8,621	\$ -
Acquisition of investments accounted for using the equity method	-	(99,849)
Payments for property, plant and equipment	(68,878)	(63,219)
Proceeds from disposal of property, plant and equipment	7	58
Increase in refundable deposits	(1,989)	(5,901)
Payments for computer software	(30,897)	(17,735)
Increase in prepayments for equipment	<u>(11,301)</u>	<u>(2,840)</u>
Net cash used in investing activities	<u>(104,437)</u>	<u>(189,486)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	523,036	2,122,407
Repayments of short-term borrowings	(295,680)	(2,697,327)
Proceeds from long-term borrowings	18,260	603,000
Repayments of long-term borrowings	(171,361)	-
Repayment of the principal portion of lease liabilities	<u>(8,650)</u>	<u>(7,108)</u>
Net cash generated from financing activities	<u>65,605</u>	<u>20,972</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(1,246)</u>	<u>30,093</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	243,124	(226,601)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,992,378</u>	<u>1,296,331</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,235,502</u>	<u>\$ 1,069,730</u>

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

(With Deloitte & Touche review report dated May 4, 2023)

(Concluded)

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 May 4, 2023.

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

The Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The basis of preparing the interim consolidated financial statements is consistent with the consolidated financial statements for the year ended December 31, 2022.

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

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

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) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 315	\$ 202	\$ 195
Checking accounts and demand deposits	2,079,059	1,988,915	1,068,798
Cash equivalents			
Time deposits with original maturities of 3 months or less	152,250	-	-
Third-party paying accounts	<u>3,878</u>	<u>3,261</u>	<u>737</u>
	<u>\$ 2,235,502</u>	<u>\$ 1,992,378</u>	<u>\$ 1,069,730</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities held for trading - current			
Foreign exchange forward contracts not under hedge accounting	<u>\$ 970</u>	<u>\$ -</u>	<u>\$ -</u>

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

March 31, 2023

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

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

Refer to Table 3 for information relating to the equity instruments held by the Group were classified as financial assets at FVTPL as of March 31, 2023.

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Investments in foreign equity instruments</u>			
Unlisted ordinary shares	<u>\$ 58,086</u>	<u>\$ 57,800</u>	<u>\$ 58,405</u>

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

Refer to Table 3 for information relating to the foreign equity instruments held by the Group were classified as financial assets at FVTOCI on March 31, 2023.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	\$ 29,138	\$ 41,064	\$ 18,394
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,138</u>	<u>\$ 41,064</u>	<u>\$ 18,394</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Trade receivables</u>			
Gross carrying amount at amortized cost	\$ 1,920,488	\$ 2,122,465	\$ 2,139,278
Less: Allowance for impairment loss	<u>(16,771)</u>	<u>(18,373)</u>	<u>(9,406)</u>
	<u>\$ 1,903,717</u>	<u>\$ 2,104,092</u>	<u>\$ 2,129,872</u> (Concluded)

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

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

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

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

March 31, 2023

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

December 31, 2022

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

March 31, 2022

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,612,266	\$ 173,372	\$ 62,686	\$ 290,954	\$ 2,139,278
Loss allowance	<u>-</u>	<u>-</u>	<u>(4,178)</u>	<u>(5,228)</u>	<u>(9,406)</u>
Amortized cost	<u>\$ 1,612,266</u>	<u>\$ 173,372</u>	<u>\$ 58,508</u>	<u>\$ 285,726</u>	<u>\$ 2,129,872</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 18,373	\$ 7,349
Add: Amounts recovered	-	179
Add: Net remeasurement of loss allowance	-	1,664
Less: Net reversal of loss allowance	(1,252)	-
Less: Amounts written off	(382)	-
Foreign exchange gains and losses	<u>32</u>	<u>214</u>
Balance at March 31	<u>\$ 16,771</u>	<u>\$ 9,406</u>

10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials and supplies	\$ 2,642,041	\$ 2,175,674	\$ 2,864,058
Work in progress	440,812	385,387	375,593
Finished goods	819,876	920,782	606,859
Merchandise	<u>316,421</u>	<u>265,189</u>	<u>317,171</u>
	<u>\$ 4,219,150</u>	<u>\$ 3,747,032</u>	<u>\$ 4,163,681</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-downs of \$38,239 thousand and \$31,477 thousand, respectively, and unallocated manufacturing expenses of \$33,534 thousand and \$25,824 thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
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	Note 1
The Company	Adlink Edge Computing Limited	Software development, authorization and service	100	100	100	Note 1
The Company	Autonomous Mobility Ltd	Investment activities	100	100	100	Notes 1 and 3
Adlink International Co., Ltd.	Ampro Adlink Technology Inc	Manufacturing and selling of industrial computers	100	100	100	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
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	Software development, authorization and service	69.5	69.5	100	Notes 1 and 2
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	Notes 1 and 4
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Software authorization and service	100	100	100	Note 1
Zettascale Technology Limited	Zettascale Technology S.A.R.L.	Software development, authorization and service	100	100	100	Note 1
Zettascale Technology Limited	Zettascale Technology BV	Software development	100	100	100	Note 1
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

(Concluded)

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

Note 2: Refer to Note 25 for the related information.

Note 3: In order to effectively utilize the Group's resources and leverage the Group's management effectiveness, the Company established Autonomous Mobility Ltd. in January 2022.

Note 4: The liquidation of Adlink Technology Canada Inc. was 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

Associates That Are Not Individually Material	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
JY Technology (Shanghai)	\$ 32,816	38.38	\$ 38,004	38.38	\$ 40,761	38.38
Shanghai Tuibu Enterprise Management Co., Ltd.	14,999	27.97	15,393	27.97	15,912	27.97
JY Technology (Korea)	-	28.16	-	28.16	-	28.16
Farobot Inc.	-	-	-	-	37,566	49.00
Farobot Technology Ltd.	<u>80,524</u>	49.00	<u>97,919</u>	49.00	<u>99,849</u>	49.00
	<u>\$ 128,339</u>		<u>\$ 151,316</u>		<u>\$ 194,088</u>	

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

The Group and Hyield Venture Capital Co., Ltd. a subsidiary of Hon Hai Precision Industry Co., Ltd. jointly set up Farobot Technology Ltd. in March 2022. The Group acquired a 49% interest in Farobot Technology Ltd. with the amount of payment of NT\$99,849 thousand but did not have control over this investee.

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

Aggregate Information of Associates That Are Not Individually Material

	For the Three Months Ended March 31	
	2023	2022
The Group's share of loss from continuing operations	<u>\$ (19,880)</u>	<u>\$ (5,452)</u>

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

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2023	December 31, 2022	March 31, 2022
Freehold land	\$ 2,408,801	\$ 2,410,567	\$ 2,396,407
Buildings	1,435,628	1,454,997	1,486,536
Machinery equipment	41,642	45,419	59,943
Leasehold improvements	181,671	184,814	172,409
Other equipment	132,768	127,431	104,625
Property under construction	<u>38,184</u>	<u>819</u>	<u>4,023</u>
	<u>\$ 4,238,694</u>	<u>\$ 4,224,047</u>	<u>\$ 4,223,943</u>

Except for depreciation expenses recognized, the Group did not recognize significant additions, disposal or impairment loss of investment properties for the three months ended March 31, 2023 and 2022. Depreciation expenses are depreciated on the straight-line basis over the useful lives as follows:

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

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

14. LEASE ARRANGEMENTS

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

Other significant lease related information are as follows:

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,355</u>	<u>\$ 15,807</u>
Depreciation charge for right-of-use assets	<u>\$ 9,419</u>	<u>\$ 9,701</u>
Expenses relating to short-term and low-value asset leases	<u>\$ 6,047</u>	<u>\$ 2,802</u>
Total cash outflow for leases	<u>\$ 15,919</u>	<u>\$ 10,621</u>

The right-of-use assets pledged by the Group as collateral for bank borrowing facilities are set out in Note 29.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2023	<u>\$ -</u>	<u>\$ 247,577</u>	<u>\$ 247,577</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 8,666	\$ 8,666
Depreciation expense	<u>-</u>	<u>1,238</u>	<u>1,238</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 9,904</u>	<u>\$ 9,904</u>
Carrying amounts at March 31, 2023	<u>\$ -</u>	<u>\$ 237,673</u>	<u>\$ 237,673</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ -</u>	<u>\$ 238,911</u>	<u>\$ 238,911</u>
<u>Cost</u>			
Balance at January 1 and March 31, 2022	<u>\$ 131,362</u>	<u>\$ 365,177</u>	<u>\$ 496,539</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 53,818	\$ 53,818
Depreciation expense	<u>-</u>	<u>1,884</u>	<u>1,884</u>
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 55,702</u>	<u>\$ 55,702</u>
Carrying amounts at March 31, 2022	<u>\$ 131,362</u>	<u>\$ 309,475</u>	<u>\$ 440,837</u>

The Group sold the investment properties in April 2022 to June 2022 to Team Group Inc., Peng Mingguang Investment Co., Ltd. and Power Logic Tech. Inc., respectively. The total sale price was \$547,946 thousand; thus, disposal gain of \$356,210 thousand was recognized for the year ended December 31, 2022. The fair value of investment properties as of March 31, 2023, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Lease commitments of investment properties	<u>\$ 133,762</u>	<u>\$ 144,909</u>	<u>\$ 210,737</u>

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

16. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Computer software	\$ 79,175	\$ 76,541	\$ 81,316
Goodwill	168,194	169,630	158,113
Trademarks	89,255	90,018	83,906
Golf license	<u>5,685</u>	<u>-</u>	<u>-</u>
	<u>\$ 342,309</u>	<u>\$ 336,189</u>	<u>\$ 323,335</u>

Except for amortization recognized and impairment loss, the Group did not have significant addition or disposal of other intangible assets during the three months ended March 31, 2023 and 2022. Computer software is amortized on a straight-line basis over their following estimated useful lives which is 1-10 years.

17. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	<u>\$ 1,164,855</u>	<u>\$ 930,631</u>	<u>\$ 1,818,926</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the interest rates on the short-term borrowings were 1.57%-4.10%, 1.56%-3.70% and 0.51%-4.00% per annum, respectively. The expected repayment period of short-term borrowings were April 2023 to December 2023, January 2023 to December 2023 and April 2022 to March 2023, respectively.

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

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	\$ 2,047,205	\$ 2,200,306	\$ 2,160,000
Secured bank loans (Note 28)	1,531,400	1,531,400	1,550,000
Less: Current portions	<u>(358,775)</u>	<u>(335,442)</u>	<u>(517,654)</u>
Long-term borrowings	<u>\$ 3,219,830</u>	<u>\$ 3,396,264</u>	<u>\$ 3,192,346</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the interest rates on the long-term borrowings were 1.13%-1.70%, 1.13%-1.78% and 0.75%-1.23% per annum. The expected repayment period of long-term borrowings was the same in October 2024 to March 2033.

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

18. TRADE PAYABLES

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

19. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Cash dividend	\$ 543,742	\$ -	\$ -
Salaries and bonuses	275,123	439,506	300,017
Annual leave	95,979	58,587	85,703
Compensation to employees	82,273	67,662	27,240
Insurance	37,976	41,712	36,953
Others	<u>267,705</u>	<u>291,967</u>	<u>251,169</u>
	<u>\$ 1,302,798</u>	<u>\$ 899,434</u>	<u>\$ 701,082</u>

20. EQUITY

a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
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 March 31, 2023, the number of ordinary shares issued through private placements, has not yet been applied to be listed, was 14,708 thousand shares.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of ordinary shares	\$ 566,881	\$ 566,881	\$ 566,881
Conversion of bonds	207,034	207,034	207,034
Arising from employee restricted shares vested	97,689	97,689	97,689
Arising from employee share options exercised	43,453	43,453	43,453
Treasury share transactions	17,579	17,579	17,579
Arising from employee share options expired	12,073	12,073	12,073
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>319,741</u>	<u>319,741</u>	<u>11,723</u>
	<u>\$ 1,264,450</u>	<u>\$ 1,264,450</u>	<u>\$ 956,432</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting in 2022 and in that meeting resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made post-tax profit for the period and other profit or loss items adjusted to the current year's undistributed earnings other than post-tax profit for the period in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital. When a special reserve is appropriated from the prior unappropriated earnings for cumulative net debit balance reserves from prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period shall be used if the prior unappropriated earnings is not sufficient, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. The distributable dividends and bonuses, capital surplus or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted

to the shareholders' meeting, and then resolutions adopted by the shareholders' meeting of the above dividends policy are not required. Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year when a special reserve is appropriated from the prior unappropriated earnings for cumulative net debit balance reserves from prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period shall not be used if the prior unappropriated earnings is not sufficient, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the Company's policies on distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 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. 1090150022, issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 that were proposed by the board of directors on March 16, 2023 were resolved by the shareholders in their meeting on June 22, 2022, respectively, were as follows:

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

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

d. Other equity items

	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
<u>For the three months ended March 31, 2023</u>		
Balance at January 1	\$ (132,948)	\$ (14,361)
Exchange differences on translation of the financial statements of foreign operations	(8,364)	-
Related income tax	<u>1,673</u>	<u>-</u>
Balance at March 31	<u>\$ (139,639)</u>	<u>\$ (14,361)</u>
<u>For the three months ended March 31, 2022</u>		
Balance at January 1	\$ (226,025)	\$ (15,051)
Exchange differences on translation of the financial statements of foreign operations	76,419	-
Related income tax	<u>(15,284)</u>	<u>-</u>
Balance at March 31	<u>\$ (164,890)</u>	<u>\$ (15,051)</u>

21. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from the sale of goods	\$ 2,853,575	\$ 2,551,462
Software authorization and service revenue	<u>25,868</u>	<u>29,922</u>
	<u>\$ 2,879,443</u>	<u>\$ 2,581,384</u>

a. Contract balances

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

b. Disaggregation of revenue

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

22. NET PROFIT FOR THE YEAR

a. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income (Note 28)	\$ 18,142	\$ 15,120
Grant revenue	846	3,265
Others	<u>12,764</u>	<u>18,667</u>
	<u>\$ 31,752</u>	<u>\$ 37,052</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Net foreign exchange gains	\$ 3,481	\$ 60,723
Loss on disposal of property, plant and equipment	(53)	(2,785)
Net loss of financial assets and liabilities at fair value through profit or loss	(970)	(19)
Others	<u>(6,589)</u>	<u>139</u>
	<u>\$ (4,131)</u>	<u>\$ 58,058</u>

c. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 19,312	\$ 14,160
Interest on lease liabilities	<u>586</u>	<u>711</u>
	<u>\$ 19,898</u>	<u>\$ 14,871</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function		
Cost of goods sold	\$ 19,982	\$ 18,442
Operating expenses	<u>40,466</u>	<u>40,056</u>
	<u>\$ 60,448</u>	<u>\$ 58,498</u>
An analysis of amortization by function		
Cost of goods sold	\$ 527	\$ 522
Operating expenses	<u>22,651</u>	<u>19,651</u>
	<u>\$ 23,178</u>	<u>\$ 20,173</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 28,653	\$ 25,647
Defined benefit plans	<u>360</u>	<u>447</u>
	29,013	26,094
Other employee benefits	<u>784,851</u>	<u>695,620</u>
	<u>\$ 813,864</u>	<u>\$ 721,714</u>
An analysis of employee benefits expense by function		
Cost of goods sold	\$ 148,518	\$ 125,542
Operating expenses	<u>665,346</u>	<u>596,172</u>
	<u>\$ 813,864</u>	<u>\$ 721,714</u>

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates from 3% to 20% and no higher than 3%, respectively, of net profit before income tax (the parent company only financial statements), employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended March 31, 2023 and 2022, respectively, which have been approved by the Company's board of directors respectively, were as follows:

	For the Three Months Ended March 31			
	2023		2022	
	Cash	Accrual Rate (%)	Cash	Accrual Rate (%)
Employees' compensation	\$ 14,611	12.40	\$ 2,240	3.00
Remuneration of directors	942	0.80	-	-

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 are as shown below:

	For the Year Ended December 31	
	2022	2021
Employees' compensation - cash	<u>\$ 67,662</u>	<u>\$ 25,000</u>
Remuneration of directors - cash	<u>\$ 8,000</u>	<u>\$ 2,000</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

23. INCOME TAXES

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

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 48,569	\$ 28,730
Adjustments for prior years	<u>48</u>	<u>(85)</u>
	48,617	28,645
Deferred tax		
In respect of the current year	<u>10,658</u>	<u>(2,653)</u>
Income tax expense recognized in profit or loss	<u>\$ 59,275</u>	<u>\$ 25,992</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
<u>Deferred tax in respect of the current year</u>		
Translation of foreign operations	<u>\$ 1,673</u>	<u>\$ (15,284)</u>

- c. Income tax assessments

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

24. EARNINGS PER SHARE

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 81,853</u>	<u>\$ 50,687</u>

Shares

(In Thousands of Shares)

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	217,497	217,497
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>1,172</u>	<u>413</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>218,669</u>	<u>217,910</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.

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

26. CAPITAL MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

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

There was no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

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

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

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

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

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 4,329,468	\$ 4,281,029	\$ 3,368,228
Financial assets at FVTOCI	58,086	57,800	58,405
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	970	-	-
Financial liabilities at amortized cost (2)	8,129,019	7,133,322	8,301,150

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

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

	For the Three Months Ended March 31	
	2023	2022
USD impact	\$ 7,091	\$ 1,665
RMB impact	4,720	3,190
EUR impact	7,658	1,808

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 176,696	\$ 25,309	\$ 2,344
Financial liabilities	696,193	723,625	1,679,053
Cash flow interest rate risk			
Financial assets	1,504,496	1,368,916	894,065
Financial liabilities	4,135,687	4,031,706	3,910,000

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have decreased/increased by \$3,289 thousand and \$3,770 thousand, respectively.

2) Credit risk

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

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

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

The Group's concentration of credit risk by geographical locations was mainly in the U.S.A., mainland China and Europe. As of March 31, 2023, December 31, 2022 and March 31, 2022, the proportion of trade receivables from those mentioned above to total trade receivables were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Mainland China	28%	34%	30%
U.S.A.	29%	25%	30%
Europe	21%	17%	16%

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized bank facilities as set out in (b) below.

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

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

March 31, 2023

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

December 31, 2022

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

March 31, 2022

	Less than 1 Year	1-3 Year	3+ Years
Non-interest bearing liabilities	\$ 2,772,224	\$ -	\$ -
Variable interest rate liabilities	750,464	842,128	2,499,673
Fixed interest rate liabilities	1,689,068	-	-
Lease liabilities	<u>26,768</u>	<u>31,888</u>	<u>3,737</u>
	<u>\$ 5,238,524</u>	<u>\$ 874,016</u>	<u>\$ 2,503,410</u>

b) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank facilities:			
Amount used	\$ 3,212,060	\$ 3,130,937	\$ 3,978,926
Amount unused	<u>5,189,295</u>	<u>4,913,297</u>	<u>5,379,962</u>
	<u>\$ 8,401,355</u>	<u>\$ 8,044,234</u>	<u>\$ 9,358,888</u>
Secured bank facilities:			
Amount used	\$ 1,531,400	\$ 1,531,400	\$ 1,550,000
Amount unused	<u>-</u>	<u>-</u>	<u>294,000</u>
	<u>\$ 1,531,400</u>	<u>\$ 1,531,400</u>	<u>\$ 1,844,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and relationship

<u>Related Party Name</u>	<u>Related Party Category</u>
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
Adivic Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
Darwin Precisions Corp.	Subsidiary of investor with significant influence over the Group
Edgetech Data Technologies (Suzhou) Corp., Ltd.	Subsidiary of investor with significant influence over the Group

(Continued)

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

(Concluded)

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Investors with significant influence over the Group	\$ 9,353	\$ 25,408
Subsidiaries of investors with significant influence over the Group	3,979	1,343
Others	-	189
Associates	<u>20,123</u>	<u>23,311</u>
	<u>\$ 33,455</u>	<u>\$ 50,251</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

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Investors with significant influence over the Group	\$ 91	\$ 276
Subsidiaries of investors with significant influence over the Group	18,132	5,307
Others	7,212	3,951
Associates	<u>-</u>	<u>8,800</u>
	<u>\$ 25,435</u>	<u>\$ 18,334</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	Investors with significant influence over the Group	\$ 7,225	\$ 5,703	\$ 24,929
	Subsidiaries of investors with significant influence over the Group	4,178	2,803	331
	Associates	35,671	26,563	35,249
	Less: Share of loss of associates	<u>(3,262)</u>	<u>(3,479)</u>	<u>(1,934)</u>
		<u>\$ 43,812</u>	<u>\$ 31,590</u>	<u>\$ 58,575</u>
Other receivables	Investors with significant influence over the Group	\$ 1,422	\$ 2,858	\$ 1,278
	Subsidiaries of investors with significant influence over the Group	1,434	2,785	1,389
	Associates	<u>80</u>	<u>82</u>	<u>82</u>
		<u>\$ 2,936</u>	<u>\$ 5,725</u>	<u>\$ 2,749</u>

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

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade payables	Investors with significant influence over the Group	\$ 95	\$ 101	\$ 290
	Subsidiaries of investors with significant influence over the Group	15,995	6,742	5,435
	Associates	-	-	8,800
	Others	<u>10,767</u>	<u>5,850</u>	<u>8,139</u>
		<u>\$ 26,857</u>	<u>\$ 12,693</u>	<u>\$ 22,664</u>
Other payables	Investors with significant influence over the Group	\$ 420	\$ 713	\$ 416
	Subsidiaries of investors with significant influence over the Group	825	823	292
	Associates	888	566	-
	Others	<u>8</u>	<u>1</u>	<u>12</u>
		<u>\$ 2,141</u>	<u>\$ 2,103</u>	<u>\$ 720</u>

The outstanding trade payables to related parties are unsecured.

f. Intangible assets acquired

Related Party Category/Name	Price	
	For the Three Months Ended March 31	
	2023	2022
Investors with significant influence over the Group Chroma ATE Inc.	<u>\$ -</u>	<u>\$ 263</u>

g. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2023	2022
Rental expenses	Others	\$ 1,980	\$ 1,964
Rental income	Investors with significant influence over the Group	\$ 8,758	\$ 8,758
	Subsidiaries of investors with significant influence over the Group	<u>2,578</u>	<u>2,770</u>
		<u>\$ 11,336</u>	<u>\$ 11,528</u>

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

h. Endorsements and guarantees

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

	March 31, 2023	December 31, 2022	March 31, 2022
Adlink Technology GmbH	\$ 928,200	\$ 916,160	\$ 510,720
Adlink Technology (China) Co., Ltd.	\$ 333,375	\$ 337,950	\$ -
Ampro Adlink Technology Inc.	\$ 182,880	\$ 193,290	\$ 171,750
Adlink Technology Korea Ltd.	\$ 30,480	\$ 32,215	\$ -
Zettascale Technology Limited	\$ -	\$ 545,490	\$ 545,490

i. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 9,098	\$ 7,112
Post-employment benefits	<u>102</u>	<u>102</u>
	<u>\$ 9,200</u>	<u>\$ 7,214</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 2,202,003	\$ 2,202,003	\$ 2,202,003
Investment properties	237,673	238,911	346,844
Buildings	1,007,844	1,021,265	1,040,741
Property under construction	<u>38,184</u>	<u>819</u>	<u>4,023</u>
	<u>\$ 3,485,704</u>	<u>\$ 3,462,998</u>	<u>\$ 3,593,611</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Contingent Liabilities

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

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2023

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

\$ 4,177,304

(Continued)

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

December 31, 2022

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

Financial liabilities

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

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 67,902	28.63 (USD:NTD)	\$ 1,944,033
USD	11,124	6.35 (USD:RMB)	318,492
USD	2,622	121.65 (USD:JPY)	75,077
USD	5,623	0.90 (USD:EUR)	160,986
USD	555	0.76 (USD:GBP)	15,877
USD	1,292	1,200.71 (USD:KRW)	36,986
RMB	74,972	4.51 (RMB:NTD)	338,062
EUR	5,627	31.92 (EUR:NTD)	179,610
EUR	588	0.85 (EUR:GBP)	<u>18,756</u>
			<u>\$ 3,087,879</u>

Financial liabilities

Monetary items			
USD	35,219	28.63 (USD:NTD)	\$ 1,008,323
USD	35,061	6.35 (USD:RMB)	1,003,791
USD	1,897	121.65 (USD:JPY)	54,313
USD	9,231	0.90 (USD:EUR)	264,285
USD	50	0.76 (USD:GBP)	1,445
USD	1,843	1,200.71 (USD:KRW)	52,769
RMB	4,234	4.51 (RMB:NTD)	19,094
EUR	540	31.92 (EUR:NTD)	17,244
EUR	11	0.85 (EUR:GBP)	<u>361</u>
			<u>\$ 2,421,625</u>

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

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
 - 9) Trading in derivative instruments: Notes 7 and 27
 - 10) Others: Intercompany relationships and significant intercompany transactions: Table 6 (attached)
- b. Information on investees: Table 7 (attached)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8 (attached)
 - 2) Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4 (attached)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4 (attached)
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: Table 6 (attached)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached).

33. SEGMENT INFORMATION

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

Asia Pacific - Adlink Technology Inc., Adlink Technology Japan Corporation, Adlink Technology Singapore Pte Ltd., Adlink Technology Korea Ltd.

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, Zettascale Technology Limited, Zettascale Technology SARL and Zettascale Technology OpenSplice B.V.

Segment Revenue and Results

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

	For the Three Months Ended March 31, 2022					
	Asia Pacific	Mainland China	America	Europe	Elimination	Total
Sales						
Revenue from external customers	\$ 1,096,773	\$ 393,365	\$ 543,768	\$ 547,478	\$ -	\$ 2,581,384
Inter-segment revenue	<u>923,243</u>	<u>497,545</u>	<u>-</u>	<u>10,818</u>	<u>(1,431,606)</u>	<u>-</u>
Segment revenue	<u>\$ 2,020,016</u>	<u>\$ 890,910</u>	<u>\$ 543,768</u>	<u>\$ 558,296</u>	<u>\$ (1,431,606)</u>	<u>\$ 2,581,384</u>
Interest income	\$ 147	\$ 275	\$ -	\$ -	\$ -	\$ 422
Finance costs	8,333	4,694	28	1,816	-	14,871
Depreciation expense	37,016	13,074	3,749	4,659	-	58,498
Amortization expense	18,584	1,327	74	188	-	20,173
Segment income (loss)	<u>\$ 555,267</u>	<u>\$ (12,206)</u>	<u>\$ (1,853)</u>	<u>\$ (38,056)</u>	<u>\$ -</u>	<u>503,152</u>
Unallocated amounts:						
Headquarters' administration costs and remuneration of directors and supervisors						<u>426,473</u>
Profit before income tax						<u>\$ 76,679</u>

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Requirement Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Company	Adlink Technology (China) Co., Ltd.	Other receivables	Y	\$ 182,880	\$ 182,700 (US\$ 6,000)	\$ 91,350	2	b	\$ -	Operation requirement	\$ -	-	\$ -	\$ 3,577,048	\$ 3,577,048	Note 4
1	Adlink International Co., Ltd.	Adlink Technology (China) Co., Ltd.	Other receivables	Y	91,440	91,350 (US\$ 3,000)	91,350	2	b	-	Operation requirement	-	-	-	1,478,635	1,478,635	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 THREE MONTHS ENDED MARCH 31, 2023

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

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	ADLINK Technology Korea Ltd.	a. and b.	\$ 2,555,035	\$ 182,880	\$ 182,700 (US\$ 6,000)	\$ -	\$ -	3.58	\$ 2,555,035	Y	-	-
		Ampro Adlink Technology Inc.	a. and b.	2,555,035	928,200	861,900 (EUR 26,000)	466,209	-	16.87	2,555,035	Y	-	-
		Adlink Technology GmbH	a. and b.	2,555,035	333,375	332,325 (RMB 75,000)	217,837	-	6.50	2,555,035	Y	-	-
		Adlink Technology (China) Co., Ltd.	a. and b.	2,555,035	30,480	30,450 (US\$ 1,000)	-	-	0.60	2,555,035	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)

MARCH 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)	
The Company	<u>Shares - ordinary shares</u> Netio Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss	385	\$ -	15.00	\$ -	-
	eeWare SAS	The Company is its director	"	0.9	-	19.99	-	-
	Applied Green Light Taiwan, Inc.	-	"	143	-	3.33	-	-
Adlink Technology (China) Co., Ltd.	<u>Shares - ordinary shares</u> AutoCore Technology (Nanjing) Co., Ltd.	-	Financial assets at fair value through other comprehensive income	Note 3	58,086	4.13	58,086	-
Ampro Adlink Technology Inc.	<u>Shares - convertible preference shares</u> Rover Robotics, Inc.	-	Financial assets at fair value through other comprehensive income	750	-	14.14	-	-

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

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

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

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	ADLINK Tecknology Japan Corporation.	Subsidiary	(Sale)	\$ (147,227)	(7.14)	Net 120 days	\$ -	-	\$ 94,854	4.76	Note
ADLINK Tecknology Japan Corporation.	The Company	Parent company	Purchase	147,227	91.81	Net 120 days	-	-	(94,854)	(99.62)	Note
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	(Sale)	(521,809)	(25.31)	Net 60 days	-	-	308,507	15.49	
Ampro Adlink Technology Inc.	The Company	Parent company	Purchase	521,809	76.78	Net 60 days	-	-	(308,507)	(97.81)	Note
The Company	Adlink Technology GmbH	Indirectly owned subsidiary	(Sale)	(419,869)	(20.37)	Net 150 days	-	-	776,807	39.00	Note
Adlink Technology GmbH	The Company	Parent company	Purchase	419,869	80.26	Net 150 days	-	-	(776,807)	(99.31)	Note
Adlink Technology (China) Co., Ltd.	The Company	Parent company	(Sale)	(542,852)	(60.17)	Net 60 days	-	-	275,103	33.51	Note
The Company	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Purchase	542,852	31.48	Net 60 days	-	-	(275,103)	(20.55)	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
MARCH 31, 2023

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
The Company	Ampro Adlink Technology Inc.	Indirectly owned subsidiary	Trade receivables \$ 308,507 Other receivables - <u>\$ 308,507</u>	5.91	\$ -	-	\$ 155,599	\$ -	Note 2
	Adlink Technology GmbH	Indirectly owned subsidiary	Trade receivables \$ 776,807 Other receivables 662 <u>\$ 777,469</u>	2.27	\$ -	-	\$ 122,097	\$ -	Note 2
	Adlink Technology (China) Co., Ltd.	Indirectly owned subsidiary	Trade receivables \$ 279,690 Other receivables 91,472 <u>\$ 371,162</u>	0.89	\$ -	-	\$ -	\$ -	Note 2
Adlink Technology (China) Co., Ltd.	The Company	Parent company	Trade receivables \$ 275,103 Other receivables 6,946 <u>\$ 282,049</u>	7.95	\$ -	-	\$ 251,035	\$ -	Note 2

Note 1: It was the subsequent amount received as of May 4, 2023.

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

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Account	Amount (Note 4)	Transaction Terms	
0	The Company	Adlink Technology Singapore Pte Ltd.	a	Trade receivables	\$ 20,494	Based on regular terms	-
		Adlink Technology Singapore Pte Ltd.	a	Operating revenue	36,627	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Trade receivables	94,854	Based on regular terms	1
		Adlink Technology Japan Corporation	a	Operating revenue	147,227	Based on regular terms	5
		Adlink Technology Korea Ltd.	a	Trade receivables	41,540	Based on regular terms	-
		Adlink Technology Korea Ltd.	a	Operating revenue	41,620	Based on regular terms	1
		Ampro Adlink Technology Inc.	a	Trade receivables	308,507	Based on regular terms	2
		Ampro Adlink Technology Inc.	a	Operating revenue	521,809	Based on regular terms	18
		Adlink Technology GmbH	a	Trade receivables	776,807	Based on regular terms	5
		Adlink Technology GmbH	a	Operating revenue	419,869	Based on regular terms	15
		Adlink Technology (China) Co., Ltd.	a	Trade receivables	279,690	Based on operating requirements	2
		Adlink Technology (China) Co., Ltd.	a	Operating revenue	69,202	Based on regular terms	2
		Adlink Technology (China) Co., Ltd.	a	Trade payables	275,103	Based on regular terms	2
		Adlink Technology (China) Co., Ltd.	a	Purchase	542,852	Based on regular terms	19
		Adlink Technology (China) Co., Ltd.	a	Other receivables	91,472	Based on operating requirements	1
		Dongguan Lingyao Electronic Technology Co., Ltd.	a	Trade payables	10,096	Based on regular terms	-
		Dongguan Lingyao Electronic Technology Co., Ltd.	a	Purchase	10,128	Based on regular terms	-
		1	ADLINK International Co., Ltd.	Adlink Technology (China) Co., Ltd.	c	Other receivable	91,604
2	Zettascale Technology Limited	ADLINK Technology Corporation	c	Trade receivable	14,449	Based on regular terms	-
		Zettascale Technology SARL	c	Trade receivable	17,794	Based on regular terms	-
3	Adlink Technology (China) Co., Ltd.	Dongguan Lingyao Electronic Technology Co., Ltd.	c	Trade payables	27,847	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: Transactions with related parties are specified as below:

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

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

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

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

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Company	Adlink International Co., Ltd.	Samoa	Investment activities	US\$ 61,872	US\$ 61,872	61,872,494	100.0	\$ 2,038,328	\$ 104,567	\$ 104,567	Subsidiary (Note 5)
	Adlink Technology Singapore Pte Ltd.	Singapore	Selling of industrial automatic control cards, industrial motherboards, etc.	SGD 659	SGD 659	659,200	100.0	197,584	3,483	3,483	Subsidiary (Note 5)
	Adlink Technology Japan Corporation	Japan	Selling of industrial automatic control cards, industrial motherboards, etc.	JPY 98,000	JPY 98,000	1,960	100.0	80,345	10,250	10,250	Subsidiary (Note 5)
	Adlink Technology Korea Ltd.	Korea	Selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 300	US\$ 300	(Note 3)	100.0	25,552	1,938	1,938	Subsidiary (Note 5)
	Zettascale Technology Cayman Limited	Cayman Islands	Investment activities	GBP 9,050	GBP 9,050	61,155,000	100.0	197,174	(18,904)	(18,904)	Subsidiary (Note 5)
	Adlink Edge Computing Limited	United Kingdom	Software development, authorization and service	GBP 500	GBP 500	500,000	100.0	12,678	(3)	(3)	Subsidiary (Note 5)
	Autonomous Mobility Ltd	Cayman Islands	Investment activities	(Note 4)	(Note 4)	1	100.0	-	-	-	Subsidiary (Note 5)
	JY Technology (Korea)	Korea	Selling of industrial automatic control cards, industrial motherboards, computers and peripherals, etc.	US\$ 300	US\$ 300	66,624	28.2	(3,262)	(22)	75	Associate
	Farobot Technology Ltd.	Cayman Islands	Investment activities	US\$ 5,076	US\$ 5,076	5,076,890	49.0	80,524	(35,534)	(17,412)	Associate
Farobot Technology Ltd.	Farobot Inc.	Taiwan	Manufacturing and selling and developing software of autonomous mobile robots	NT\$ 400,000	NT\$ 400,000	40,000,000	100.0	203,187	(35,528)	-	Associate
Adlink International Co., Ltd.	Adlink Technology (HK) Co., Ltd.	Hong Kong	Investment activities	US\$ 24,255	US\$ 24,255	24,255,369	100.0	US\$ 50,296	US\$ 1,861	-	Indirectly owned subsidiary (Note 5)
	Ampro Adlink Technology Inc.	California, USA	Manufacturing and selling of industrial computers	US\$ 20,789	US\$ 20,789	39,743,137	100.0	US\$ 34,277	US\$ 1,898	-	Indirectly owned subsidiary (Note 5)
	Adlink Technology Holding GmbH	Germany	Investment activities	EUR 12,609	EUR 12,609	12,609,356	100.0	US\$ (18,746)	US\$ (339)	-	Indirectly owned subsidiary (Note 5)
Zettascale Technology Cayman Limited	Zettascale Technology Limited	United Kingdom	Software development, authorization and service	GBP 22,029	GBP 22,029	36,584,052	69.5	GBP 5,234	GBP (737)	-	Indirectly owned subsidiary (Note 5)
Adlink Technology Holding GmbH	Adlink Technology GmbH	Germany	Manufacturing and selling of industrial computers	EUR 12,409	EUR 12,409	750,000	100.0	EUR (17,312)	EUR (316)	-	Indirectly owned subsidiary (Note 5)
Ampro Adlink Technology Inc.	Adlink Technology Corporation	Massachusetts, USA	Software authorization and service	US\$ 12,701	US\$ 12,701	1,000	100.0	US\$ (806)	US\$ 5	-	Indirectly owned subsidiary (Note 5)
Zettascale Technology Limited	Zettascale Technology SARL	France	Software development, authorization and service	EUR 221	EUR 221	(Note 2)	100.0	EUR (925)	EUR (635)	-	Indirectly owned subsidiary (Note 5)
	Zettascale Technology OpenSplice B.V.	Netherlands	Software development	EUR 18	EUR 18	180	100.0	EUR (12)	EUR 3	-	Indirectly owned subsidiary (Note 5)

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

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

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

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

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

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023 (Note 2)	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
Adlink Technology (China) Co., Ltd.	Manufacturing and selling of industrial automatic control cards, industrial motherboards, etc.	US\$ 26,656 (NT\$ 811,675)	b. Adlink Technology (HK) Co., Ltd.	HK\$ 7,283 US\$ 22,671 (NT\$ 718,590) (Notes 5 and 7)	\$ -	\$ -	HK\$ 7,283 US\$ 22,671 (NT\$ 718,590) (Notes 5 and 7)	RMB 12,726 (NT\$ 56,631)	100.00	RMB 12,726 (NT\$ 56,631)	RMB 344,223 (NT\$ 1,524,908)	\$ -	Note 9
Dongguan Lingyao Electronic Technology Co., Ltd.	Selling of electronic parts	RMB 2,000 (NT\$ 8,860)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (50) (NT\$ -223)	100.00	RMB (50) (NT\$ -223)	RMB 10,056 (NT\$ 44,548)	-	Note 9
JY Technology (Shanghai)	Selling of industrial automatic control cards, industrial motherboards, etc.	RMB 46,903 (NT\$ 207,780)	c. Adlink Technology (China) Co., Ltd.	(Note 6)	-	-	(Note 6)	RMB (1,491) (NT\$ -6,635)	38.40 (Note 8)	RMB (466) (NT\$ -2,072)	RMB 8,615 (NT\$ 32,816)	-	-
Shanghai Tuibu Enterprise Management Co., Ltd.	Investment activities	RMB 11,925 (NT\$ 52,828)	c. Adlink Technology (China) Co., Ltd.	(Note 8)	-	-	(Note 8)	RMB (379) (NT\$ -1,687)	27.97	RMB (106) (NT\$ -471)	RMB 3,385 (NT\$ 14,999)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$718,590 (HK\$7,283, US\$22,671)	\$723,182 (HK\$7,305, US\$22,819)	\$3,066,041 (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 JY Technology (Shanghai) and Shanghai Tuibu Enterprise Management Co., Ltd., the others are all based on reviewed financial statements.

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

Note 4: Investment gain (loss) was translated into the New Taiwan dollar at the average rate of HK\$1=NT\$3.88, US\$1=NT\$30.40, RMB1=NT\$4.45 for the three months ended March 31, 2022; the others are translated into the New Taiwan dollars at the rates of HK\$1=NT\$3.88, US\$1=NT\$30.45, RMB1=NT\$4.43 prevailing on March 31, 2023.

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

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

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

Note 8: Adlink Technology (China) Co., Ltd., a 100%-owned subsidiary of the Company, invested in Shanghai Tuibu Enterprise Management Co., Ltd. by its partial interest of JY Technology (Shanghai). As a result, the Company directly held 31.3% equity interest in JY Technology (Shanghai) and indirectly held 7.11% equity interest in JY Technology (Shanghai) through Shanghai Tuibu Enterprise Management Co., Ltd. Therefore, the Company directly or indirectly held 38.4% equity interest in JY Technology (Shanghai).

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

ADLINK TECHNOLOGY INC. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023****(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)**

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