

**Accton Technology Corporation**  
**2023 Annual Shareholders' Meeting Agenda**



Convening method : Video-conferencing assisted shareholders meeting

(physical shareholders meeting supported by video conferencing)

Meeting time : Jun. 15, 2023 (Thursday) 9:00 a.m.

Meeting venue : No. 1, Creation 3rd Road, Hsinchu Science Park  
(Company's conference room)

E-Meeting Platform : Shareholders' meeting video conferencing platform of Taiwan Depository & Clearing Corporation Limited (TDCC) - Electronic voting platform for shareholders' meetings  
(website: <https://www.stockvote.com.tw>)

Quorum : 518,630,177 shares were represented by shareholders in person and by proxy, which are mounted to 92.95% of the Company's 557,949,030 issued and outstanding shares (deducting 2,209,867 shares held by the subsidiary, Accton Investment Corp. (BVI) from the Company's total issued shares of 560,158,897).

Directors present : Lin, Meen-Ron(Chairman) 、Huang, Kuo-Hsiu(Director) 、Huang, Shu-Chieh(Independent director and Chairman of Audit Committee) 、Lee, Fa-Yauh(Independent director) 、Edgar Masri (President) 、Chen, Fang-I (CFO) 。  
Hung, Yao-Chin, Attorney-at-law of Hong Young Law Office  
Lin, Cheng-Chih, CPAs of Deloitte & Touche

Chairman : Kuan Xin Investment Corp.

Recorder : Hsu, Pei-Chun

Representative: Lin, Meen-Ron

**I. Call the Meeting to Order :** The Chairman announced that the aggregate shareholding of the shareholders present in person or proxy constituted a quorum. The Chairman called the meeting to order.

**II. Chairman Remarks:** (Omitted)

**III. Report items:**

- (1) Report on the Company's 2022 business. (see Attachment I)
- (2) Report on the Company's 2022 Audit Committee's Review Report. (see Attachment II)
- (3) Report on the Company's 2022 employees compensation and directors remuneration distribution.

**Explanation:**

1. This proposal has been discussed and approved by the Remuneration Committee on

2023.02.24, according to the Articles of Incorporation to decided to the distribution of directors' remuneration and employees' profit sharing bonus.

2.The Company is expected to allocate NT \$1,269,567,896 to employees profit sharing bonus, and NT \$40,000,000 to directors remuneration.

3.All aforementioned bonus for employees and remuneration for directors shall be paid in cash; the receivers of bonus for employees shall include the employees of the subordinated companies of the Company who meet certain conditions.

4.The distribution of employees' compensation and directors' remuneration were submitted to the shareholders' meeting after the adoption of the Board resolution on Mar. 9, 2023.

## IV. Proposals

### Case 1 【Proposed by the Board of Directors】

**Proposal:** The Company's 2022 Business Report. Please examine the report.

**Explanation:**

- 1.The Company's 2022 Business Report and Financial Statements were audited by Cheng-Chih Lin and Ming-Yuan Chung, CPAs of Deloitte & Touche, and reviewed by the Audit Committee and approved by the Board of Directors on Mar. 9, 2023.
- 2.For the 2022 Business Report, Independent Auditors' Report, and Financial Statements were attached hereto as Attachments I and III.
- 3.Please adopt the proposal

**Resolution** : that the above proposal be and hereby was approved as proposed, with a total number of 518,630,177 voting rights.

Voting Results	Total represented share (including electronic voting and video)
Votes in favor :	473,541,811 votes (91.30 % of the total voting rights)
Votes against :	52,005 votes
Votes invalid :	0 votes
Votes abstained :	45,036,361 votes

## **Case 2 【Proposed by the Board of Directors】**

**Proposal:** Adoption of the proposal for distribution of 2022 earnings of the Company.

**Explanation:** According to the Articles of Association, the distribution of earnings for 2022 is set out below:

1. The Undistributed earnings of Previous Years was NT\$2,983,225,679, the net profit after-tax of the Company for 2022 was NT\$8,165,812,627, the re-measurement of defined benefit plan recognized in the retained earnings was NT\$ 20,266,558.
2. In accordance with the law, 10% was appropriated for statutory surplus reserve of NT\$ (818,607,919) and special surplus reserve of NT\$32,524,293. The distributable earnings of this period was NT\$10,383,221,238 (detailed in the following surplus distribution table.
3. Considering the capital requirement of expanding production capacity by building Zhubei AI Industrial Park, it is proposed to issue a cash dividend of NT\$4,201,116,728, with a cash dividend of NT\$7.5 per share, and the undistributed surplus will be NT\$6,182,104,510 after the distribution at the end of the period.
4. The shareholders' dividend calculated in the earnings distribution table shall be authorized by the shareholders' meeting to the board of directors to pay the total shareholders bonus in accordance with the resolution on this earnings distribution if the Company purchases its shares or transfers its treasury shares or issues new shares due to the exercise of employee stock option before the date of the distribution of shareholders' bonus, where there is a change in the number of shares circulated in the market on the basis day of dividend distribution to shareholders, the dividend rate of shareholders shall be adjusted according to the actual number of shares circulated in the market on the basis day of bonus distribution.
5. Once the shareholders' cash dividend is approved by the shareholders' meeting, the Board of Directors will set another base date for the dividend distribution, and the chairman is authorized to distribute the part of the cash dividend which is less than NT\$1 shall be transferred to the employee welfare committee of the Company.
6. The proposal has been discussed and approved by the Audit Committee and approved by the Board of Directors in accordance with the law and will be submitted to the Shareholders' Meeting for adoption.
7. Please adopt this proposal.

# Accton Technology Corporation

## 2022 Earning Distribution Proposal

Unit:NT\$

<b>Undistributed earnings of Previous Years</b>		<b>2,983,225,679</b>
Add:		
Remeasurement of defined benefit Obligation	20,266,558	
Disposal of Investments in Equity Instruments at Fair Value through other Comprehensive Income	0	
Net Income of 2022	8,165,812,627	
<b>Undistributed earnings for the Current Period</b>		<b>11,169,304,864</b>
Less:		
10% Legal reserve	(818,607,919)	
Add:		
Special reserve	32,524,293	
<b>Distributable earnings for the current period</b>		<b>10,383,221,238</b>
Distribution item:		
Shareholders' dividends—Cash (NT\$7.5 per share)	4,201,116,728	
<b>Unappropriated retained earnings at the end of period</b>		<b>6,182,104,510</b>

**Resolution** : that the above proposal be and hereby was approved as proposed, with a total number of 518,630,177 voting rights.

Voting Results	Total represented share (including electronic voting and video)
Votes in favor :	473,820,759 votes (91.36 % of the total voting rights)
Votes against :	3,003 votes
Votes invalid :	0 votes
Votes abstained :	44,806,415 votes

## V. Discussions

### Case 1 【Proposed by the Board of Directors】

**Proposal:** Amendments to the Articles of Association of the Company.

**Explanation:**

I. Pursuant to the official letter of the Ministry of Economic Affairs, Jing Shang Zi No.10902419890 dated 12 August 2020, and in order to coordinate with the adjustment of List of Codes of Business Activities of Companies, Firms and Limited Partnerships, the Company amends part of the articles in its “Articles of Incorporation”.

II. The comparison of the Articles of Association before and after the amendment is as follows :

### Accton Technology Corporation

#### Comparison Table of Amended Provisions of Articles of Association

Article No.	Amended Provision	Current Provision	Explanatory Notes
2	<p>The Company undertakes the following businesses:</p> <p>(1) CC01060 Wired Communication Equipment and Apparatus Manufacturing</p> <p>(2) CC01070 Telecommunication Equipment and Apparatus Manufacturing</p> <p>(3) F401010 International Trade</p> <p>(4) CC01100 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing</p> <p>(i) Radio transmitter</p> <p>(ii) Radio transceiver</p> <p>(iii) Radio receiver</p> <p>(iv) Radiation-emitting industrial, scientific, medical electronic device</p> <p>(v) Other electronic device that generates wireless radiant energy</p> <p>(5) CC01080 Electronic Parts and Components Manufacturing</p> <p>(6) Research, develop, produce, manufacture, and sales on the following products:</p> <p>(i) Computer network system</p>	<p>The Company undertakes the following businesses:</p> <p>(1) CC01060 Wired Communication Equipment and Apparatus Manufacturing</p> <p>(2) CC01070 Telecommunication Equipment and Apparatus Manufacturing</p> <p>(3) F401010 International Trade</p> <p>(4) <del>F401021 Restrained Telecom Radio Frequency Equipment and Materials Import</del></p> <p>(i) Radio transmitter</p> <p>(ii) Radio transeeiver</p> <p>(iii) Radio receiver</p> <p>(iv) <del>Radiation-emitting industrial, scientific, medical electronic device</del></p> <p>(v) <del>Other electronic device that generates wireless radiant energy</del></p> <p>(5) CC01104-Restrained Telecom Radio Frequency Equipment and Materials Manufacturing</p> <p>(i) Radio transmitter</p> <p>(ii) Radio transeeiver</p> <p>(iii) Radio receiver</p> <p>(iv) <del>Radiation-emitting industrial, scientific, medical electronic device</del></p> <p>(v) <del>Other electronic device that generates wireless radiant energy</del></p> <p>(6) CC01080 Electronic Parts and Components Manufacturing</p> <p>(7) Research, develop, produce, manufacture, and sales on the following products:</p>	In response to amendment of related regulations

	<p>including hardware, system software, web application software, and network workstation.</p> <p>(ii) Customer premises equipment including hardware, system software and application software.</p> <p>(iii) Optoelectronic communication subsystem including optical network, optoelectronic communication module, fiber optic repeater.</p> <p>(iv) Application-specific integrated circuit (ASIC) related to the aforementioned products.</p> <p>(v) Uninterruptible power supply, power supply unit, and components relating to the aforementioned products.</p> <p>(vi) Integrated services digital network point-of-sale system</p> <p>(vii) Integrated services digital network demultiplexer</p> <p>(viii) Cellular mobile telephone network packet data system</p> <p>(ix) Wireless local area network</p> <p>(x) Wireless subscriber loop system</p> <p>(xi) Satellite phone and related communication equipment, product related technology consulting, installation, maintenance, engineering design service, consultancy service and network service, and technology transfer.</p> <p>(xii) Internet phone and related communication equipment, and product-related technology consulting, installation, maintenance, engineering design service, consultancy and network service, and technology transfer.</p> <p>(xiii) Import and export business related to the Company's business.</p>	<p>(i) Computer network system including hardware, system software, web application software, and network workstation.</p> <p>(ii) Customer premises equipment including hardware, system software and application software.</p> <p>(iii) Optoelectronic communication subsystem including optical network, optoelectronic communication module, fiber optic repeater.</p> <p>(iv) Application-specific integrated circuit (ASIC) related to the aforementioned products.</p> <p>(v) Uninterruptible power supply, power supply unit, and components relating to the aforementioned products.</p> <p>(vi) Integrated services digital network point-of-sale system</p> <p>(vii) Integrated services digital network demultiplexer</p> <p>(viii) Cellular mobile telephone network packet data system</p> <p>(ix) Wireless local area network</p> <p>(x) Wireless subscriber loop system</p> <p>(xi) Satellite phone and related communication equipment, product related technology consulting, installation, maintenance, engineering design service, consultancy service and network service, and technology transfer.</p> <p>(xii) Internet phone and related communication equipment, and product-related technology consulting, installation, maintenance, engineering design service, consultancy and network service, and technology transfer.</p> <p>(xiii) Import and export business related to the Company's business.</p>	
3	<p>The Company set up its headquarters at Hsinchu Science Park and may establish subsidiaries at home or abroad where necessary, upon resolution of the Board of Directors and approval of the competent authority.</p>	<p>The Company set up its headquarters at <del>No. 1, Yanxin 3rd Rd., Hsinchu Science Park, Hsinchu City,</del> Hsinchu Science Park, and may establish subsidiaries at home or abroad where necessary, upon resolution of the Board of Directors and approval of the competent</p>	<p>Adjust the written of company's address</p>

		authority.	
6	The shares issued by the Company shall be registered shares. They shall be affixed with the signatures or personal seals <u>by the chairman</u> , assigned serial numbers, and shall be duly certified or authenticated by the institution which is competent to certify shares under the laws before issuance thereof.	The shares issued by the Company shall be registered shares. They shall be affixed with the signatures or personal seals <del>of more than three directors</del> , assigned serial numbers, and shall be duly certified or authenticated by the institution which is competent to certify shares under the laws before issuance thereof.	In response to amendment of related regulations
21	Act or other laws and regulations shall govern. ..... The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018. The 36th amendment was on June 16, 2022. <u>The 37th amendment was on June 15, 2023.</u>	Act or other laws and regulations shall govern. ..... The 34th amendment was on June 17, 2016. The 35th amendment was on June 13, 2018. The 36th amendment was on June 16, 2022.	Added the date of the latest amendment

**Resolution :** that the above proposal be and hereby was approved as proposed, with a total number of 518,630,177 voting rights.

Voting Results	Total represented share (including electronic voting and video)
Votes in favor :	473,796,418 votes (91.35 % of the total voting rights)
Votes against :	21,426 votes
Votes invalid :	0 votes
Votes abstained :	44,812,333 votes

## Case 2 【Proposed by the Board of Directors】

**Proposal:** Amendments to the Procedures for Acquisition and Disposal of Assets of the Company.

### Explanation:

- I. To support the growth of company operation and flexibility of working capital management, propose to modify the “Procedures for Acquisition and Disposal of Assets” for two items: (1) Authorize hierarchy of acquisition and disposal of property, equipment, intangible assets or right-of-use assets and securities and (2) Increase two securities categories for short-term working capital management.
- II. The Procedures for Acquisition and Disposal of Assets Before and After Revision Comparison Tables is as follows :

# Accton Technology Corporation

## Procedures for Acquisition and Disposal of Assets Before and After Revision

### Comparison Tables

Article	Amended Clauses	Existing Clauses
Article 7(I)	<p>Procedures for Handling Acquisition and Disposal of Real Property and Equipment</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of fixed assets: Acquiring real property and equipment shall be handled in accordance with the procurement process (shall refer to the announced current value, assessed value, actual transaction price of neighboring real property, etc.); for amount of NT\$50 million or lower, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board; for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p> <p>(II) Procedures for disposal of fixed assets: For disposing or selling real property and equipment, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price; for book value or appraised value of NT\$50 million or below, approval from the President shall be obtained; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p>	<p>Procedures for Handling Acquisition and Disposal of Real Property and Equipment</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of fixed assets: Acquiring real property and equipment shall be handled in accordance with the procurement process (shall refer to the announced current value, assessed value, actual transaction price of neighboring real property, etc.); for amount of NT\$50 million or lower, approval shall be obtained from the President; <del>for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</del></p> <p>(II) Procedures for disposal of fixed assets: For disposing or selling real property and equipment, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price; for book value or appraised value of NT\$50 million or below, approval from the President shall be obtained; <del>for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</del></p>
Article 8(I)	<p>Procedures for Handling Acquisition and Disposal of Securities Investment</p> <p>I. Appraisal, operating procedures, and level of authorization</p> <p>(I) Procedures for acquisition and disposal of long-term equity investment: For acquiring and disposing long-term equity investment, the implementing unit shall assess and recommend in accordance with investment regulations, as well as prepare an unrealized profit and loss analysis report for long-term and short-term securities; for amount of NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall</u></p>	<p>Procedures for Handling Acquisition and Disposal of Securities Investment</p> <p>I. Appraisal, operating procedures, and level of authorization</p> <p>(I) Procedures for acquisition and disposal of long-term equity investment: For acquiring and disposing long-term equity investment, the implementing unit shall assess and recommend in accordance with investment regulations, as well as prepare an unrealized profit and loss analysis report for long-term and short-term securities; for amount of NT\$50 million or below, approval shall be obtained from the President; <del>for amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</del></p>



	<p><u>be submitted to the Board of Directors for approval.</u></p> <p>(II) Procedures for acquisition and disposal of short-term equity investment: For investing and disposing of short-term equity investment, the implementing unit shall fully evaluate the relevant information and prepare a long-term and short-term securities unrealized profit and loss analysis report before execution. However, financial operations belonging to short-term capital movement (securities with guaranteed principal and interest such as buying and selling of <u>money market fund, quasi money market fund, bond, bill (bond) with repurchase (reverse repurchase) agreement, certificate of deposit, etc.</u>) require approval from the highest management of the finance management; for acquiring and disposing other short-term securities of amount of NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the board of directors for approval.</u></p>	<p>(II) Procedures for acquisition and disposal of short-term equity investment: For investing and disposing of short-term equity investment, the implementing unit shall fully evaluate the relevant information and prepare a long-term and short-term securities unrealized profit and loss analysis report before execution. However, financial operations belonging to short-term capital movement (securities with guaranteed principal and interest such as buying and selling of bond, bill (bond) with repurchase (reverse repurchase) agreement, certificate of deposit, etc.) require approval from the highest management of the finance management; for acquiring and disposing other short-term securities of amount of NT\$50 million or below, approval shall be obtained from the President; <del>for amount exceeding NT\$50 million, it shall be submitted to the board of directors for approval.</del></p>
Article 10(I)	<p>Procedures for Handling Acquisition and Disposal of Intangible Assets or Right-of-Use Assets or Membership.</p> <p>In principle, the Company does not engage in any acquisition or disposal of membership. If the Company intends to acquire or dispose of membership in the future, it shall be submitted to the Board of Directors for approval before the establishment of corresponding appraisal and operating procedures.</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of intangible assets or right-of-use assets: Acquiring intangible assets or right-of-use assets shall be handled in accordance with the procurement process; for the amount of NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p> <p>(II) Procedures for disposal of intangible assets or right-of-use assets: For disposal or sale of intangible assets or right-of-use assets, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price. For book value or appraised value of</p>	<p>Procedures for Handling Acquisition and Disposal of Intangible Assets or Right-of-Use Assets or Membership.</p> <p>In principle, the Company does not engage in any acquisition or disposal of membership. If the Company intends to acquire or dispose of membership in the future, it shall be submitted to the Board of Directors for approval before the establishment of corresponding appraisal and operating procedures.</p> <p>I. Appraisal and operating procedures</p> <p>(I) Procedures for acquisition of intangible assets or right-of-use assets: Acquiring intangible assets or right-of-use assets shall be handled in accordance with the procurement process; for the amount of NT\$50 million or below, approval shall be obtained from the President; <del>for the amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</del></p> <p>(II) Procedures for disposal of intangible assets or right-of-use assets: For disposal or sale of intangible assets or right-of-use assets, the original user unit shall submit a request stating the reason, for the asset administrative unit to inquire, compare and negotiate the price. For book value or appraised value of</p>

	<p>NT\$50 million or below, approval shall be obtained from the President; <u>for amount of NT\$50million to NT\$100 million, it shall be obtained from the chairman of the board;for amount exceeding NT\$100 million, it shall be submitted to the Board of Directors for approval.</u></p>	<p>NT\$50 million or below, approval shall be obtained from the President; <del>for the amount exceeding NT\$50 million, it shall be submitted to the Board of Directors for approval.</del></p>
Article 18	<p><b>Implementation and Amendment</b></p> <p>I. The Company's "Procedures for Acquisition and Disposal of Assets" and any amendments thereto, shall be submitted to the supervisors after passage by the Board of Directors, and reported at the shareholders' meeting for approval prior to its implementation.</p> <p>If any director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created by the Company, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>After the Company established an Audit Committee, items that must be approved by supervisors according to Paragraph 1 shall first be approved by at least half of the Audit Committee members, and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</p> <p>All members of the Audit Committee referred to in Paragraph 3 and all directors referred to in the preceding paragraph shall be calculated by the actual incumbents.</p> <p>II. The 1st amendment of the Procedures was on May 5, 2003; the 2nd amendment was on June 15, 2007. The 3rd amendment was on June 4, 2010. The 4th amendment was on June 19, 2012. The 5th amendment was on June 18, 2013. The 6th amendment was on June 13, 2014. The 7th amendment was on June 15, 2017. The 8th amendment was on June 13, 2019. The 9th amendment was on June 16, 2022. <u>The 10th amendment was on June 15, 2023.</u></p>	<p><b>Implementation and Amendment</b></p> <p>I. The Company's "Procedures for Acquisition and Disposal of Assets" and any amendments thereto, shall be submitted to the supervisors after passage by the Board of Directors, and reported at the shareholders' meeting for approval prior to its implementation.</p> <p>If any director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.</p> <p>Where the position of independent director has been created by the Company, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>After the Company established an Audit Committee, items that must be approved by supervisors according to Paragraph 1 shall first be approved by at least half of the Audit Committee members, and then submitted to the Board of Directors for approval. If approval of more than half of all Audit Committee members is not obtained, it may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the meeting minutes of the Board of Directors.</p> <p>All members of the Audit Committee referred to in Paragraph 3 and all directors referred to in the preceding paragraph shall be calculated by the actual incumbents.</p> <p>II. The 1st amendment of the Procedures was on May 5, 2003; the 2nd amendment was on June 15, 2007. The 3rd amendment was on June 4, 2010. The 4th amendment was on June 19, 2012. The 5th amendment was on June 18, 2013. The 6th amendment was on June 13, 2014. The 7th amendment was on June 15, 2017. The 8th amendment was on June 13, 2019. The 9th amendment was on June 16, 2022.</p>

**Resolution** : that the above proposal be and hereby was approved as proposed, with a total number of 518,630,177 voting rights.

Voting Results	Total represented share (including electronic voting and video)
Votes in favor :	309,871,257 votes (59.74 % of the total voting rights)
Votes against :	148,480,562 votes
Votes invalid :	0 votes
Votes abstained :	60,278,358 votes

## VI.Extemporary Motions

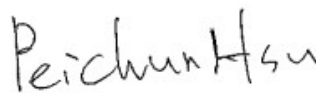
**VII.Adjournment:** Meeting adjourned: 9:24 am.

**There was no question raised by shareholders at this shareholders meeting.**

**\*\*In case of any discrepancy between the English and Chinese version of those minutes of 2023 Annual General Shareholders' Meeting of Accton Technology Corporation, the Chinese version shall prevail.**



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Chairman : Kuan Xin Investment Corp.  
Representative: Lin, Meen-Ron



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Recorder : Hsu, Pei-Chun

## **Attachments**

## **【 Attachment 1 】**

### **Accton Technology Corporation 2022 Business Report**

#### **I. 2022 Business Results**

##### **(1) Implementation and Results of the 2022 Business Plan**

In 2022, the Company's consolidated revenue was NT\$77.205 billion, a increase of about 29.5% compared with the previous year, and the consolidated net profit after tax was NT\$8.166 billion, a increase of about 73.6% over the previous year. In terms of revenue distribution in various product lines, the network switch accounted for 59% of the total revenue, the network application equipment accounted for 27% of revenue, the network access equipment accounted for 9% of revenue, and the wireless network equipment accounted for 2% of revenue.

Looking forward to the future, with the Company mastering core technologies that are fundamental to the new era of network communication, we are striving to ensure the overall revenue will continue to grow with the increasing demand for information application and network infrastructure.

##### **(2) Budget Execution Status**

In 2022, both revenue and profitability exceed internal objectives.

##### **(3) Research and Development Status**

The Company will continue to invest in innovative, cutting-edge technologies for both hardware and software of network communication, and the key R&D focuses for 2022 are to lead in the industry with the following initiatives and activities:

1. Mass production of high-density 100G/400G switches for hyperscaler and generic Data Centers.
2. Development of Next Generation 800G Data Center switch systems architecture, including interconnect Solutions fiber optic transmission products that provide connections between data centers, fulfilling the transmission demand between Data Centers.
3. Development of Deep Learning Smart Network Interface Cards.
4. Continued innovation in the development of Artificial Intelligence and Machine Learning Systems. Mass production of artificial intelligence (AI) inference acceleration cards, required by data centers to support massive AI data calculations.
5. Development of other Internet and Telecommunications technologies, including: 5G Cell Site and Convergence Routers, millimeter wave wireless transmission devices, and network access solutions.
6. Development of hardware cooling technologies to increase computing performance and decrease power consumption.

#### **II. Summary of Business Plan for the Current Year**

##### **(1) Business Policy**

1. Master core technologies, strengthen product innovation, expand technical frontiers, and strengthen brand access.

2. Enhance R&D and business innovative energy to establish global and domestic competitiveness.
3. Continue to enhance the operational efficiency of our supply chain, improve production capacity in accordance with the circumstances, enhance overall operational efficiency, and establish operation capacity for the global structure.
4. Establish strategic partnerships, foster cooperation within industry players and development of systems to provide diversified integration solutions and professional after sales services for customers.
5. Continue efforts to provide professional OEM/ODM services and brand sales in parallel, and to provide high-quality products in response to market demand.
6. Focus on IT infrastructure industry; develop highly-integrated and high-value product solutions.

## (2) Production and Sales Policy

We have taken measures to expand, protect and diversify our supply chain, and to meet the stringent cyber security requirements of our customers and partners in the process. We have also found growth opportunities in emerging markets which attracted the interest of customers.

Current production and marketing policies are as follows:

1. Strengthen supply chain and improve production capacity, dynamically adjust production capacity in response to customer demand.
2. In response to business opportunities, participate in relevant international social media network communication organizations.
3. Cultivate large international customers and establish a multi-point international production, sales and after-sales service system.
4. Prospective investment in new technologies and development of new high-value customers.

## III. Future Development Strategies of the Company

To enhance revenue and profitability, the main development strategies of the Company are as follows: develop new solutions for current and new partners, invest in talent recruitment and process improvements, etc. Recognize the importance of setting up labs, improving test cycles to increase our partners' confidence in doing business with us.

### (1) Design New Solutions for Current and New Partners

1. Provide high-efficiency, high-quality products and services; maintain leadership in Ethernet and networking technology
2. Strengthen cooperation and partnership to jointly develop new markets, continuously improve operation and strive for the best profits.
3. Provide network equipment that fulfills the future network requirements in conjunction with chip manufacturers, software developers, solution providers, service integrators, and network service operators.

### (2) Invest in Talent Recruitment and Process Improvements

1. Expansion of Research and Development engineering talent.
2. Collaborating with educational institutions.

(3) Research and Develop New Technology and Testing Capabilities

1. Investment in new test labs and equipment.
2. Investment in Automation Solutions to improve Test Cycle, thereby increasing customer confidence and shortening sales cycle.

(4) Continuously improve quality, increase productivity, strengthen production flexibility, fast delivery

1. Increase overall production capacity and local production allocation in response to market and customer demand.
2. Implement customer-oriented supply chains, optimize product production process, and implement production line intelligence.
3. Implement quality management system (QMS) feedback management. Improve product planning quality, shorten product development cycle, improve customer satisfaction with high efficiency.
4. Cultivate quality strategic suppliers, produce standard parts and materials, ensure diversified supply and stable delivery.

IV. Impact of External Competition, Legal Environment and Overall Business Environment

2022 was a polarizing year for the world economy. On one hand, we saw inflation rise around the world. Price spikes were driven by monetary easing and supply chain constraints from Covid and Russia's invasion of Ukraine. Geopolitical tensions between US and China persisted further. Towards the end of 2022, Covid began to ease, suggesting the light at the end of the pandemic tunnel. On a positive note, related to Accton's industry, we witnessed groundbreaking advancements in Artificial Intelligence. Artificial Intelligence based applications are proliferating at an increasing speed, confirmed by Microsoft's recent investment in and deployment of OpenAI's ChatGPT and Google's Bard AI. As the public is now able to physically experience AI in a Virtual Assistant application, we expect that Computation and Communication demands will increase. Accton has recognized this trend and developed Smart NIC Cards for deep learning and Training/Inference for AI/Machine Learning systems. Higher performance, Cooling, and Systems are 3 enablers required for adoption of AI/ML technologies and applications. At Accton, we are excited and continually motivated by the advancements in our collective high-tech community to pursue in the excellence of hardware design, architecture, and innovations. We appreciate our customers and technology partners for their contributions to exciting ideas and initiatives. We thank our shareholders for their long-term support of our vision and recognize the efforts of our hardworking management and staff teams.

We wish all our families good health, increasing fortune and wisdom, best of luck and happiness.

Chairman: Kuan Xin Investment Corp.  
Representative: Lin, Meen-Ron

Manager:  
Edgar Masri

Accounting Supervisor:  
Chen, Fang- I

**Accton Technology Corporation**  
**2022 Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2022 Business Report, Financial Statements, and Earnings Distribution Table, among which the financial statements were audited and completed by Deloitte & Touche, and an audit report was issued. The aforementioned business reports, financial statements, and earnings distribution table have been examined by the Audit Committee and found to be consistent. Please review them in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2023 Annual Shareholders' Meeting of Accton Technology Corporation

Convener of Audit Committee: Shu-Chieh Huang

A handwritten signature in black ink, reading "Shu-Chieh Huang". The signature is written in a cursive, flowing style.

Mar. 9, 2023



## **【 Attachment 3 】**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Accton Technology Corporation

#### **Opinion**

We have audited the accompanying financial statements of Accton Technology Corporation (the “Company”) which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2022 are stated as follows:

##### Revenue recognition

For the year ended December 31, 2022, the Company's net operating revenue was NT\$69,432,481 thousand. Refer to Notes 4 and 22 to the financial statements for the detailed information on accounting policies on revenue.

We evaluated that the operating revenue of some of the major customers of the Company have grown significantly compared to 2021. Therefore, we considered the occurrence of operating revenue as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.
2. We selected appropriate samples from sales and inspected that purchase orders and delivery orders were consistent with invoices.

3. We selected samples of revenue details and confirmed that actual receipts and certificate of remittances were consistent with the recorded amount; we examined relevant documents and checked the credit period of receivables that had not been received.

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

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

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

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

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

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

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

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

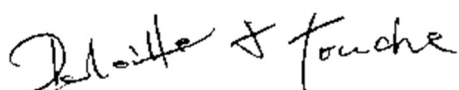
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Ming Yuan Chung.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2023

Notice to Readers

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

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

# ACCTON TECHNOLOGY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 4,745,645	10	\$ 2,437,668	7
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	203,999	1	15,011	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	153,308	-	208,743	1
Financial assets at amortized cost - current (Notes 4, 9 and 30)	5,727,415	12	324,966	1
Trade receivables (Notes 4, 5, 10, 22 and 30)	10,165,896	22	6,443,807	20
Receivables from related parties (Notes 4, 5, 30 and 31)	2,941,831	6	3,036,042	9
Other receivables, net (Notes 4, 10 and 30)	517,587	1	334,954	1
Other receivables from related parties (Notes 4, 30 and 31)	439,197	1	508,864	2
Inventories (Notes 4, 5 and 11)	10,020,343	22	10,202,350	31
Prepayments (Notes 16 and 31)	265,189	1	152,821	-
Other current assets-other (Note 16)	<u>772</u>	<u>-</u>	<u>3,247</u>	<u>-</u>
Total current assets	<u>35,181,182</u>	<u>76</u>	<u>23,668,473</u>	<u>72</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	84,527	-	101,828	-
Investments accounted for using the equity method (Notes 4, 12 and 31)	8,078,275	18	6,632,193	20
Property, plant and equipment (Notes 4, 13 and 31)	1,489,005	3	1,104,885	4
Right-of-use assets (Notes 4 and 14)	1,292,564	3	791,669	3
Intangible assets (Notes 4, 15 and 31)	139,524	-	82,552	-
Deferred income tax assets (Notes 4 and 24)	147,370	-	19,425	-
Prepayments for equipment	9,016	-	21,133	-
Refundable deposits (Note 30)	33,391	-	36,593	-
Other non-current assets-other (Notes 16, 32 and 33)	<u>109,458</u>	<u>-</u>	<u>234,415</u>	<u>1</u>
Total non-current assets	<u>11,383,130</u>	<u>24</u>	<u>9,024,693</u>	<u>28</u>
<b>TOTAL</b>	<u>\$46,564,312</u>	<u>100</u>	<u>\$32,693,166</u>	<u>100</u>

(Continued)

# ACCTON TECHNOLOGY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Notes 4 and 22)	\$ 828,111	2	\$ 798,098	3
Trade payables (Note 30)	9,508,883	20	7,034,961	22
Trade payables to related parties (Notes 30 and 31)	4,917,929	11	3,383,679	10
Accrued compensation of employees and remuneration of directors (Note 23)	1,348,652	3	916,243	3
Payables to contractors and equipment suppliers (Note 30)	55,645	-	72,956	-
Other payables (Notes 18 and 30)	2,152,267	5	1,639,739	5
Other payables to related parties (Notes 30 and 31)	177,347	-	141,982	-
Income tax payable (Notes 4 and 24)	1,931,893	4	1,075,238	3
Provisions - current (Notes 4 and 19)	260,694	1	99,322	-
Lease liabilities - current (Notes 4 and 14)	116,688	-	113,482	-
Deferred revenue - current (Notes 17 and 27)	8,838	-	11,075	-
Long-term borrowings - current portion (Notes 17, 27 and 30)	925,558	2	175,325	1
Refund liabilities - current (Note 22)	70,172	-	37,900	-
Total current liabilities	<u>22,302,677</u>	<u>48</u>	<u>15,500,000</u>	<u>47</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 17, 27 and 30)	2,605,332	6	1,003,418	3
Deferred income tax liabilities (Notes 4 and 24)	268,380	-	-	-
Lease liabilities - non-current (Notes 4 and 14)	935,517	2	569,180	2
Deferred revenue - non-current (Notes 17 and 27)	15,703	-	37,019	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	7,726	-	29,782	-
Guarantee deposits (Note 30)	816	-	816	-
Total non-current liabilities	<u>3,833,474</u>	<u>8</u>	<u>1,640,215</u>	<u>5</u>
Total liabilities	<u>26,136,151</u>	<u>56</u>	<u>17,140,215</u>	<u>52</u>
<b>EQUITY (Notes 4, 21 and 26)</b>				
Share capital				
Ordinary shares	5,601,399	12	5,599,204	17
Capital surplus	857,568	2	843,580	3
Retained earnings				
Legal reserve	2,818,364	6	2,347,651	7
Special reserve	494,541	1	473,221	2
Unappropriated earnings	11,169,304	24	6,834,835	21
Total retained earnings	<u>14,482,209</u>	<u>31</u>	<u>9,655,707</u>	<u>30</u>
Other equity	(462,016)	(1)	(494,541)	(2)
Treasury shares	(50,999)	-	(50,999)	-
Total equity	<u>20,428,161</u>	<u>44</u>	<u>15,552,951</u>	<u>48</u>
<b>TOTAL</b>	<u>\$ 46,564,312</u>	<u>100</u>	<u>\$ 32,693,166</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements

(Concluded)

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 31)	\$ 69,432,481	100	\$ 49,319,186	100
OPERATING COSTS (Notes 4, 11, 20, 23 and 31)	<u>55,789,511</u>	<u>81</u>	<u>40,679,451</u>	<u>83</u>
GROSS PROFIT	13,642,970	19	8,639,735	17
(UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>(158,201)</u>	<u>-</u>	<u>348,483</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>13,484,769</u>	<u>19</u>	<u>8,988,218</u>	<u>18</u>
OPERATING EXPENSES (Notes 4, 10, 20, 23, 31 and 34)				
Selling and marketing	1,241,976	2	1,015,506	2
General and administrative	1,662,372	2	1,291,755	2
Research and development	2,240,436	3	1,832,719	4
Expected credit loss	<u>174</u>	<u>-</u>	<u>45</u>	<u>-</u>
Total operating expenses	<u>5,144,958</u>	<u>7</u>	<u>4,140,025</u>	<u>8</u>
OPERATING INCOME	<u>8,339,811</u>	<u>12</u>	<u>4,848,193</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Interest income	129,639	-	14,660	-
Other income	68,460	-	120,256	1
Other gains and losses	273,474	-	56,267	-
Finance costs	<u>(55,140)</u>	<u>-</u>	<u>(31,284)</u>	<u>-</u>
Share of profit of subsidiaries and associates	<u>1,219,236</u>	<u>2</u>	<u>583,567</u>	<u>1</u>
Total non-operating income and expenses	<u>1,635,669</u>	<u>2</u>	<u>743,466</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	9,975,480	14	5,591,659	12
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,809,668</u>	<u>2</u>	<u>886,600</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>8,165,812</u>	<u>12</u>	<u>4,705,059</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	20,266	-	(1,527)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	<u>(57,905)</u>	<u>-</u>	<u>32,033</u>	<u>-</u>
Share of the other comprehensive loss of subsidiaries accounted for using the equity method	<u>(31,751)</u>	<u>-</u>	<u>(10,464)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>122,181</u>	<u>-</u>	<u>(39,289)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>52,791</u>	<u>-</u>	<u>(19,247)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,218,603</u>	<u>12</u>	<u>\$ 4,685,812</u>	<u>10</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 14.64</u>		<u>\$ 8.44</u>	
Diluted	<u>\$ 14.45</u>		<u>\$ 8.36</u>	

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

# ACCTON TECHNOLOGY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
						Other Equity			
			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	\$ 5,594,564	\$ 824,883	\$ 1,843,206	\$ 538,244	\$ 6,203,663	\$ (454,339 )	\$ (18,882 )	\$ (50,999)	\$ 14,480,340
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	14,354	-	-	-	-	-	-	14,354
Changes in percentage of ownership interests in subsidiaries	-	2,604	-	-	-	-	-	-	2,604
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	3,600	-	(3,600 )	-	-
Appropriation of 2020 earnings									
Legal reserve	-	-	504,445	-	(504,445)	-	-	-	-
Special reserve	-	-	-	(65,023	65,023	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,636,538)	-	-	-	(3,636,538 )
Net profit for the year ended December 31, 2021	-	-	-	-	4,705,059	-	-	-	4,705,059
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,527)	(39,289 )	21,569	-	(19,247 )
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	4,703,532	(39,289 )	21,569	-	4,685,812
Share-based payment arrangements	4,640	1,739	-	-	-	-	-	-	6,379
BALANCE AT DECEMBER 31, 2021	5,599,204	843,580	2,347,651	473,221	6,834,835	(493,628 )	(913 )	(50,999)	15,552,951
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	13,256	-	-	-	-	-	-	13,256
Appropriation of 2021 earnings									
Legal reserve	-	-	470,713	-	(470,713)	-	-	-	-
Special reserve	-	-	-	21,320	(21,320)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,359,576)	-	-	-	(3,359,576 )
Net profit for the year ended December 31, 2022	-	-	-	-	8,165,812	-	-	-	8,165,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	20,266	122,181	(89,656 )	-	52,791
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,186,078	122,181	(89,656 )	-	8,218,603
Share-based payment arrangements	2,195	732	-	-	-	-	-	-	2,927
BALANCE AT DECEMBER 31, 2022	\$ 5,601,399	\$ 857,568	\$ 2,818,364	\$ 494,541	\$11,169,304	\$ (371,447 )	\$ (90,569 )	\$ (50,999)	\$ 20,428,161

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

# ACCTON TECHNOLOGY CORPORATION

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,975,480	\$ 5,591,659
Adjustments for:		
Depreciation expense	565,628	496,306
Amortization expense	43,689	36,197
Expected credit loss	174	45
Net loss (profit) on fair value charges of financial assets designated as at fair value through profit or loss	16,281	(49,449)
Finance costs	55,140	31,284
Interest income	(129,639)	(14,660)
Dividend income	(10,995)	(9,003)
Dividends received from investments accounted for using the equity method	221,515	163,037
Share of profit of subsidiaries and associates	(1,219,236)	(583,567)
(Gain) loss on disposal of property, plant and equipment, net	(251)	10
Write-downs of inventories	214,070	7,381
Unrealized (realized) gain on the transactions with subsidiaries	158,201	(348,483)
Unrealized loss on foreign currency exchange	160,182	71,032
Amortization of grant revenue	(8,838)	(11,075)
Gain on lease modification	(1)	(212)
Changes in operating assets and liabilities		
Trade receivables, net	(3,846,938)	36,028
Receivables from related parties	(37,578)	1,736,977
Other receivables	(153,199)	(39,248)
Other receivables from related parties	67,429	(48,191)
Inventories	(32,063)	(4,769,360)
Prepayments	(112,368)	(19,184)
Other current assets	2,471	(49,949)
Contract liabilities	30,013	(116,258)
Trade payables	2,591,256	1,189,442
Trade payables to related parties	1,559,102	(1,920,290)
Accrued compensation of employees and remuneration of directors	432,409	63,416
Other payables	487,212	(307,644)
Other payables to related parties	29,126	(11,909)
Provisions	161,372	18,098
Refund liabilities	32,272	21,295
Net defined benefit liabilities	(1,790)	(860)
Cash generated from operations	11,250,126	1,162,865
Interest paid	(41,815)	(16,001)
Income tax paid	(812,578)	(1,051,210)
Net cash generated from operating activities	10,395,733	95,654

(Continued)



# ACCTON TECHNOLOGY CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (2,470)	\$ (46,147)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	6,384
Purchase of financial assets at amortized cost	(5,835,575)	(5,781,620)
Proceeds from sale of financial assets at amortized cost	327,297	8,287,451
Purchase of financial assets at fair value through profit or loss	(763,980)	(460,000)
Proceeds from sale of financial assets at fair value through profit or loss	576,012	2,403,568
Acquisition of subsidiary	(372,775)	-
Increase in prepayments for investment	(30,039)	-
Acquisition of property, plant and equipment	(789,407)	(346,123)
Proceeds from disposal of property, plant and equipment	363	444
Decrease in refundable deposits	3,202	5,233
Acquisition of intangible assets	(100,661)	(47,816)
Acquisition of right-of-use assets	-	(155,000)
Interest received	89,634	7,519
Dividends received	<u>10,995</u>	<u>9,003</u>
Net cash (used in) generated from investing activities	<u>(6,887,404)</u>	<u>3,882,896</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	776,886	600,000
Repayments of short-term borrowings	(776,886)	(600,000)
Proceeds from long-term borrowings	2,500,000	-
Repayments of long-term borrowings	(175,325)	-
Repayment of the principal portion of lease liabilities	(141,850)	(232,523)
Dividends paid to owners of the Company	(3,359,576)	(3,636,538)
Employee share options	<u>2,927</u>	<u>6,379</u>
Net cash used in financing activities	<u>(1,173,824)</u>	<u>(3,862,682)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>(26,528)</u>	<u>18,924</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,307,977	134,792
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>2,437,668</u>	<u>2,302,876</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,745,645</u>	<u>\$ 2,437,668</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Accton Technology Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Accton Technology Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### Revenue recognition

For the year ended December 31, 2022, the Group's net operating revenue was NT\$77,205,223 thousand. Refer to Notes 4, 24 and 38 to the consolidated financial statements for detailed information on accounting policies on revenue.

We evaluated the operating revenue of some of the major customers of the Company and its subsidiaries, which have grown significantly compared to 2021. Therefore, we considered the occurrence of operating revenue as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the internal control design and operating procedures regarding the sales transaction cycle, and we assessed the effectiveness of the internal control operations.

2. We selected appropriate samples from sales and inspected that purchase orders and delivery orders were consistent with invoices.
3. We selected samples of revenue details and confirmed that actual receipts and certificate of remittances were consistent with the recorded amount; we examined relevant documents and checked the credit period of receivables that had not been received.

### **Other Matter**

We have also audited the parent company only financial statements of Accton Technology Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

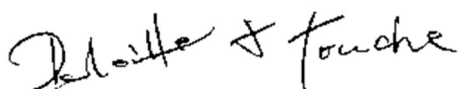
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng Chih Lin and Ming Yuan Chung.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2023

Notice to Readers

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

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

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 8,695,372	19	\$ 6,257,744	18
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	218,035	-	140,012	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	183,224	-	250,405	1
Financial assets at amortized cost - current (Notes 4, 9 and 32)	5,918,726	13	943,630	3
Notes and trade receivables, net (Notes 4, 5, 10, 22 and 32)	13,138,205	29	10,316,266	29
Receivables from related parties (Notes 4, 5, 32 and 33)	1,143	-	39	-
Other receivables (Notes 4, 10, 26 and 32)	581,505	1	405,586	1
Other receivables from related parties (Notes 4, 32 and 33)	9,223	-	9,078	-
Inventories (Notes 4, 5 and 11)	12,788,108	28	13,245,641	38
Prepayments (Notes 18 and 33)	341,067	1	195,793	1
Other current assets-other	8,153	-	18,039	-
Total current assets	<u>41,882,761</u>	<u>91</u>	<u>31,782,233</u>	<u>91</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	108,999	-	195,145	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	22,472	-	-	-
Investments accounted for using the equity method (Notes 4 and 13)	10,387	-	11,526	-
Property, plant and equipment (Notes 4, 14 and 38)	1,804,418	4	1,487,456	4
Right-of-use assets (Notes 4, 15 and 38)	1,641,644	4	1,069,801	3
Goodwill (Notes 4, 16 and 38)	1,930	-	1,930	-
Intangible assets (Notes 4, 17 and 38)	165,985	1	107,351	-
Deferred income tax assets (Notes 4 and 26)	151,492	-	22,531	-
Prepayments for equipment (Note 38)	77,114	-	24,683	-
Refundable deposits (Notes 32 and 38)	80,835	-	84,298	-
Other non-current assets-other (Notes 18, 34, 35 and 38)	<u>112,772</u>	<u>-</u>	<u>234,415</u>	<u>1</u>
Total non-current assets	<u>4,178,048</u>	<u>9</u>	<u>3,239,136</u>	<u>9</u>
<b>TOTAL</b>	<u>\$46,060,809</u>	<u>100</u>	<u>\$35,021,369</u>	<u>100</u>

(Continued)

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Notes 4 and 24)	\$ 876,472	2	\$ 841,636	3
Trade payables (Note 32)	12,477,718	27	11,567,228	33
Accrued compensation of employees and remuneration of directors (Note 25)	1,514,916	3	1,053,040	3
Payables to contractors and equipment suppliers	60,692	-	110,169	-
Other payables (Notes 20 and 32)	2,993,251	7	2,295,178	7
Income tax payable (Notes 4 and 26)	2,071,691	5	1,168,369	3
Provisions - current (Notes 4 and 21)	264,711	1	102,430	-
Lease liabilities - current (Notes 4 and 15)	227,890	-	213,367	1
Deferred revenue - current (Notes 19 and 29)	8,838	-	11,075	-
Long-term borrowings - current portion (Notes 19, 29 and 32)	925,558	2	175,325	1
Refund liabilities - current (Note 24)	<u>145,940</u>	<u>-</u>	<u>105,639</u>	<u>-</u>
Total current liabilities	<u>21,567,677</u>	<u>47</u>	<u>17,643,456</u>	<u>51</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19, 29 and 32)	2,605,332	6	1,003,418	3
Deferred income tax liabilities (Notes 4 and 26)	268,380	1	-	-
Lease liabilities - non-current (Notes 4 and 15)	1,167,014	2	753,927	2
Deferred revenue - non-current (Notes 19 and 29)	15,703	-	37,019	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	7,726	-	29,782	-
Guarantee deposits (Note 32)	<u>816</u>	<u>-</u>	<u>816</u>	<u>-</u>
Total non-current liabilities	<u>4,064,971</u>	<u>9</u>	<u>1,824,962</u>	<u>5</u>
Total liabilities	<u>25,632,648</u>	<u>56</u>	<u>19,468,418</u>	<u>56</u>
<b>EQUITY (Notes 4, 23 and 28)</b>				
Share capital				
Ordinary shares	<u>5,601,399</u>	<u>12</u>	<u>5,599,204</u>	<u>16</u>
Capital surplus	<u>857,568</u>	<u>2</u>	<u>843,580</u>	<u>2</u>
Retained earnings				
Legal reserve	2,818,364	6	2,347,651	7
Special reserve	494,541	1	473,221	1
Unappropriated earnings	<u>11,169,304</u>	<u>24</u>	<u>6,834,835</u>	<u>19</u>
Total retained earnings	<u>14,482,209</u>	<u>31</u>	<u>9,655,707</u>	<u>27</u>
Other equity	<u>(462,016)</u>	<u>(1)</u>	<u>(494,541)</u>	<u>(1)</u>
Treasury shares	<u>(50,999)</u>	<u>-</u>	<u>(50,999)</u>	<u>-</u>
Total equity	<u>20,428,161</u>	<u>44</u>	<u>15,552,951</u>	<u>44</u>
<b>TOTAL</b>	<u>\$46,060,809</u>	<u>100</u>	<u>\$35,021,369</u>	<u>100</u>

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

(Concluded)

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24, 33 and 38)	\$ 77,205,223	100	\$ 59,598,681	100
OPERATING COSTS (Notes 4, 11, 22, 25 and 33)	<u>60,686,961</u>	<u>78</u>	<u>48,254,085</u>	<u>81</u>
GROSS PROFIT	<u>16,518,262</u>	<u>22</u>	<u>11,344,596</u>	<u>19</u>
OPERATING EXPENSES (Notes 4, 10, 22, 25 and 33)				
Selling and marketing	1,840,534	2	1,603,114	3
General and administrative	2,073,295	3	1,631,076	3
Research and development	2,972,931	4	2,668,321	4
Expected credit (gain) loss	<u>(1,106)</u>	<u>-</u>	<u>1,359</u>	<u>-</u>
Total operating expenses	<u>6,885,654</u>	<u>9</u>	<u>5,903,870</u>	<u>10</u>
OPERATING INCOME	<u>9,632,608</u>	<u>13</u>	<u>5,440,726</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25 and 33)				
Interest income	179,228	-	32,470	-
Other income	99,428	-	165,543	1
Other gains and losses	433,860	1	136,425	-
Finance costs	(68,062)	-	(42,388)	-
Share of loss of associates	<u>(1,139)</u>	<u>-</u>	<u>(1,625)</u>	<u>-</u>
Total non-operating income and expenses	<u>643,315</u>	<u>1</u>	<u>290,425</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	10,275,923	14	5,731,151	10
INCOME TAX EXPENSE (Notes 4 and 26)	<u>2,110,111</u>	<u>3</u>	<u>1,026,093</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>8,165,812</u>	<u>11</u>	<u>4,705,058</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	20,266	-	(1,527)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	<u>(89,656)</u>	<u>-</u>	<u>21,569</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>122,181</u>	<u>-</u>	<u>(39,289)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>52,791</u>	<u>-</u>	<u>(19,247)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 8,218,603</u>	<u>11</u>	<u>\$ 4,685,811</u>	<u>8</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	8,165,812	11	4,705,059	8
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 8,165,812</u>	<u>11</u>	<u>\$ 4,705,058</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,218,603	11	\$ 4,685,812	8
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 8,218,603</u>	<u>11</u>	<u>\$ 4,685,811</u>	<u>8</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ 14.64		\$ 8.44	
Diluted	\$ 14.45		\$ 8.36	

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

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non- controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$ 5,594,564	\$ 824,883	\$ 1,843,206	\$ 538,244	\$ 6,203,663	\$ (454,339)	\$ (18,882)	\$ (50,999)	\$ 14,480,340	\$ 2,733	\$ 14,483,073
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	14,354	-	-	-	-	-	-	14,354	-	14,354
Changes in percentage of ownership interests in subsidiaries	-	2,604	-	-	-	-	-	-	2,604	(2,732)	(128)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	3,600	-	(3,600)	-	-	-	-
Appropriation of 2020 earnings											
Legal reserve	-	-	504,445	-	(504,445)	-	-	-	-	-	-
Special reserve	-	-	-	(65,023)	65,023	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,636,538)	-	-	-	(3,636,538)	-	(3,636,538)
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	4,705,059	-	-	-	4,705,059	(1)	4,705,058
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,527)	(39,289)	21,569	-	(19,247)	-	(19,247)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	4,703,532	(39,289)	21,569	-	4,685,812	(1)	4,685,811
Share-based payment arrangements	4,640	1,739	-	-	-	-	-	-	6,379	-	6,379
BALANCE AT DECEMBER 31, 2021	5,599,204	843,580	2,347,651	473,221	6,834,835	(493,628)	(913)	(50,999)	15,552,951	-	15,552,951
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	13,256	-	-	-	-	-	-	13,256	-	13,256
Appropriation of 2021 earnings											
Legal reserve	-	-	470,713	-	(470,713)	-	-	-	-	-	-
Special reserve	-	-	-	21,320	(21,320)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,359,576)	-	-	-	(3,359,576)	-	(3,359,576)
Net profit for the year ended December 31, 2022	-	-	-	-	8,165,812	-	-	-	8,165,812	-	8,165,812
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	20,266	122,181	(89,656)	-	52,791	-	52,791
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	8,186,078	122,181	(89,656)	-	8,218,603	-	8,218,603
Share-based payment arrangements	2,195	732	-	-	-	-	-	-	2,927	-	2,927
BALANCE AT DECEMBER 31, 2022	\$ 5,601,399	\$ 857,568	\$ 2,818,364	\$ 494,541	\$ 11,169,304	\$ (371,447)	\$ (90,569)	\$ (50,999)	\$ 20,428,161	\$ -	\$ 20,428,161

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



# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 10,275,923	\$ 5,731,151
Adjustments for:		
Depreciation expense	804,961	722,315
Amortization expense	61,693	44,203
Expected credit (gain) loss	(1,106)	1,359
Net loss (profit) on fair value changes of financial assets designated as at fair value through profit or loss	64,149	(184,106)
Finance costs	68,062	42,388
Interest income	(179,228)	(32,470)
Dividend income	(12,677)	(9,003)
Share of loss of associates	1,139	1,625
Loss (gain) on disposal of property, plant and equipment, net	2,699	(279)
Write-downs (reversal) of inventories	201,622	(40,744)
Unrealized loss (gain) on foreign currency exchange	152,175	(20,911)
Amortization of grant revenue	(8,838)	(11,075)
Gain on lease modification	(1)	(206)
Changes in operating assets and liabilities		
Notes and trade receivables, net	(2,944,220)	(1,417,174)
Receivables from related parties	(1,104)	337
Other receivables	(144,198)	(72,179)
Other receivables from related parties	(145)	737
Inventories	247,108	(5,025,875)
Prepayments	(145,274)	153,784
Other current assets	9,886	(7,066)
Contract liabilities	34,836	(113,682)
Notes and trade payables	1,027,828	2,868,543
Accrued compensation of employees and remuneration of directors	461,876	21,597
Other payables	676,560	(167,612)
Other payables to related parties	-	(1,867)
Provisions	161,939	18,130
Refund liabilities	35,779	45,038
Net defined benefit liabilities	(1,790)	(860)
Cash generated from operations	10,849,654	2,546,098
Interest paid	(54,737)	(27,105)
Income tax paid	(1,071,555)	(1,150,996)
Net cash generated from operating activities	<u>9,723,362</u>	<u>1,367,997</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(30,290)	(46,147)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	6,384
Purchase of financial assets at amortized cost	(6,241,187)	(6,948,290)

(Continued)

# ACCTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2022	2021
Proceeds from sale of financial assets at amortized cost	\$ 1,163,599	\$ 9,209,660
Purchase of financial assets at fair value through profit or loss	(1,169,445)	(1,766,442)
Proceeds from sale of financial assets at fair value through profit or loss	1,118,644	4,162,496
Net cash outflow on disposal of subsidiaries	-	(4,331)
Increase in prepayments for investment	(30,039)	-
Acquisition of property, plant and equipment	(951,531)	(480,256)
Proceeds from disposal of property, plant and equipment	6,106	1,837
Decrease (increase) in refundable deposits	3,447	(18,149)
Acquisition of intangible assets	(120,087)	(77,124)
Acquisition of right-of-use assets	-	(155,000)
Increase in other financial assets	(3,318)	(32,713)
Interest received	136,933	38,829
Dividends received	<u>12,677</u>	<u>9,003</u>
Net cash (used in) generated from investing activities	<u>(6,104,491)</u>	<u>3,899,757</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	776,886	600,000
Repayments of short-term borrowings	(776,886)	(600,000)
Proceeds from long-term borrowings	2,500,000	-
Repayments of long-term borrowings	(175,325)	-
Repayments of the principal portion of lease liabilities	(263,711)	(326,763)
Dividends paid to owners of the Company	(3,346,320)	(3,622,184)
Employee share options	<u>2,927</u>	<u>6,379</u>
Net cash used in financing activities	<u>(1,282,429)</u>	<u>(3,942,568)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>101,186</u>	<u>38,049</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,437,628	1,363,235
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,257,744</u>	<u>4,894,509</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,695,372</u>	<u>\$ 6,257,744</u>

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

(Concluded)