



Stock Code: 5289

Innodisk Corporation

2021 Annual Shareholders' General Meeting

Meeting Manual

Meeting Date: May 31, 2021

Place: T1 Building (RF1 meeting room), No. 237, Section 1,
Datong Road, Xizhi District, New Taipei City

Innodisk Corporation
Meeting Manual for the 2021 Annual Shareholders'
General Meeting
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Innodisk Corporation
Meeting Agenda for the 2021 Annual Shareholders'
General Meeting

Time: 9:00 am, May 31, 2021 (Monday)

Place: T1 Building (RF1 meeting room), No. 237, Section 1, Datong Road,
Xizhi District, New Taipei City

Agenda:

- I. Call the meeting to order (announce the total number of shares represented by the attending shareholders)
- II. Chairperson's speech
- III. Report items
 - (I) 2020 Business Report
 - (II) Audit committee report.
 - (III) 2020 distribution of employees' bonuses and directors' remuneration
 - (IV). Amendments to the "Board Meeting Rules of Procedures."
- IV. Ratification topics
 - (I) 2020 business report and financial statements.
 - (II) 2020 earnings distribution.
- V. Discussion and Election Matters
 - (I) Amendment to the "Shareholders Meeting Rules of Procedures."
 - (II) Amendment to the Company's "Procedure for Election of Directors."
 - (III) The re-election of directors (including independent directors) of the Company.
 - (IV) The proposal of releasing the newly elected directors (including independent directors) and their representatives from the non-compete clause.
- VII. Extraordinary motions
- VIII. End of meeting

Reports

1 (Proposed by the board of directors)

Summary: Please review the 2020 business report.

Description: Please refer to Attachment I (pages 8 to 14) of the meeting manual for the Company's 2020 business report.

2 (Proposed by the board of directors)

Summary: Please review the audit committee's report.

Description: Please refer to Attachment II, page 15 of the meeting manual, for the audit committee's report.

3 (Proposed by the board of directors)

Summary: Please review the distribution of 2020 employees' bonuses and directors' remuneration.

Description: I. The current year earnings before taxes before subtracting the distribution of employees' and directors' remuneration from the amount is NT\$1,221,771,582. According to the provisions of the Articles of Incorporation, employees' bonuses at NT\$66,270,000 and directors' remuneration at NT\$12,000,000 will be distributed, all of which will be paid in cash.

II. The abovementioned amount is not different from the amount estimated in 2020.

4 (Proposed by the board of directors)

Summary: Please review the amendment to the "Board Meeting Rules of Procedures."

Description: Proposal to amend terms of the Company's "Board Meeting Rules of Procedures" in accordance with an amendment to the law. Please refer to Attachment III, pages 17 to 19 of the meeting manual, for a detailed comparison of terms before and after amendment.

Ratification Topics

1 (Proposed by the board of directors)

Summary: Please ratify the 2020 business report and financial statements.

Description: I. The Company's 2020 business report and standalone and consolidated financial statements have been approved by the board resolution, audited by accountants, Tsui Miao Yeh and Shih-Chun Huang, of Pricewaterhouse Coopers Taiwan and submitted to the Company's audit committee for audit, and the audited reports are now available.

II. Please refer to Attachment I and Attachment IV, page 8 to 14 and 20 to 43, respectively, of the meeting manual for the various reports and statements.

III. The documents submitted require ratification.

Resolution

2 (Proposed by the board of directors)

Summary: Please ratify the 2020 earnings distribution.

Description: I. In accordance with the Company's Articles of Incorporation, the distribution of the Company's 2020 earnings is shown in the table as follows:

Innodisk Corporation
2020 Profit Distribution Table

Unit: NTD

Item	Amount	Remarks
Beginning undistributed earnings	1,473,845,038	
Add: Net income after taxes for the year	931,663,225	
Less: Subscription of new shares of investee company not in proportion to shareholding resulting in offsetting retained earnings	1,579,917	
Less: 10% as legal reserve	93,008,331	
Less: Special reserve	1,357,889	
Earnings available for distribution	2,309,562,126	
Distributions:		
Cash dividends	553,003,472	Distribution of NT\$6.8 per share
Undistributed earnings at the end of the period	1,756,558,654	

Chairman:

Managerial Officer:

Accounting Officer:

- II. Cash dividends at NT\$6.8 per share have been proposed (to be distributed to the nearest ones) and fractional balances less than NT\$1 after the decimal point are recognized by the Company as other income. The resolution of the shareholders' general meeting this year will authorize the chairman to set the ex-dividend and other related matters.
- III. In the event that the number of outstanding shares is affected by changes in laws and regulations, adjustments by competent authorities, or other reasons affecting changes in shares, and the dividend distribution rate for shareholders changes. As a result, the shareholders' meeting shall be requested to authorize the chairman to adjust the dividend distribution rate based on the Company's actual number of outstanding shares as of the base date of the dividend distribution in accordance with the total amount of earnings distribution resolved herein.
- IV. This is submitted for ratification.

Resolution:

Discussion and Election Matters

1 (Proposed by the board of directors)

Summary: Please discuss the amendment to the "Shareholders Meeting Rules of Procedures."

Description: I. Proposal to amend terms of the Company's "Shareholders Meeting Rules of Procedures" in accordance with the amendment to the law. Please refer to Attachment V, pages 44 to 46 of the meeting manual, for a detailed comparison of terms before and after amendment.

II. The proposal is submitted for discussion.

Resolution:

2 (Proposed by the board of directors)

Summary: Please discuss the amendment to the "Procedure for Election of Directors"

Description: I. Proposal to amend terms of the Company's "Procedure for Election of Directors" in accordance with an amendment to the law. Please refer to Attachment VI, pages 47 to 49 of the meeting manual, for a detailed comparison of terms before and after amendment.

II. The proposal is submitted for discussion.

Resolution:

3 (Proposed by the board of directors)

Summary: The re-election of directors (including independent directors) of the Company. Please conduct the election.

Description: I. The term of office of the sixth term directors (including independent directors) of the Company will expire on June 7, 2021. They shall be fully re-elected at the shareholders' general meeting in 2021, and the term of office of all directors shall expire upon the election of new directors.

II. In accordance with the Company's Articles of Incorporation, nine directors shall be elected; four of them shall be independent directors whose terms of office shall commence on May 31, 2021 and end on May 30, 2024.

III. In accordance with the relevant laws and regulations and the Company's Articles of Incorporation, a candidate nomination system is adopted for the election of directors (including independent directors). The list of candidates is examined and approved by the Board of Directors of the Company, and can be found on pages 50 to 52 of this manual, Attachment VII.

IV. Please conduct the election.

Resolution:

4 (Proposed by the board of directors)

Summary: The proposal of releasing the newly elected directors (including independent directors) and their representatives from the non-compete clause is submitted for discussion.

Description: I. In accordance with Article 209 of the Company Act, a director who acts for himself or on behalf of another

person within the Company's scope of business shall explain to shareholders the essential content of the act and obtain their permission.

- II. It is proposed to request for shareholder ratification on lifting restrictions on the non-compete clause of directors (including independent directors) who may have invested or operated other companies with the same or similar scopes of business as the Company and taken the positions of directors or managers.
- III. Circumstances under which the newly elected directors (including independent directors) and their representatives are released from the non-compete clause. Please refer to page 53 in Attachment VIII.
- IV. The proposal is submitted for discussion.

Resolution:

Extraordinary motions

End of Meeting

Innodisk Corporation
Business Report

After the COVID-19 outbreak began in late January 2020, the pandemic gradually spread around the world. The restrictions on people's transportation and movement initially led to labor shortages and material disruptions, causing manufacturing shutdowns and supply chain disruptions. In turn, people are changing their work and life patterns and generally adopting the work from home model, which in turn has stimulated the demand for PCs/NBs and workstations, and significantly increased their reliance on telecommunications and networks, which in turn has accelerated the progress of the popularization of 5G and AI applications. With years of experience in the industrial control field, Innodisk responded quickly and demonstrated the Company's resilience. Despite the impact on revenues and profitability, Innodisk continues to invest in product and technology research and development and abides by its strategy of integrating software and hardware. In 2021, the Company will continue to move forward to become a world-class enterprise.

The Company's results for 2020 and outlook for 2021 are described as follows:

- I. Implementation results, budgeting, financial results, and achievements of research and development in the business plan for the previous year:

After three years of integration of software and hardware, which has laid the foundation for AIoT development, Last year, Innodisk's operating policy was "Creating service value; promote smart operations." The continuing emergence of AI and 5G will facilitate the vigorous development of AIoT. Innodisk uses its current advantages

in technology and channel to plan for various industrial computer peripheral modules. Covering data generation, collection, transmission, storage, computation and application, the Company provides products and technologies from the cloud to the edge for industrial applications and complete solutions which can meet the demand of edge computing. The Company also has cultivated the smart surveillance, factories, medical and in-vehicle fields. In terms of sales channels, we have increased the density of our channels, hired sales representatives in Vietnam and India last year to penetrate the ASEAN market, and provided better services to the operations of world-class manufacturers. In terms of marketing, last year, in response to the epidemic, we shifted our marketing activities from offline to online. We launched "InnoTV" to continue our communication with the market and customers. At the same time, we continue to operate our brand "innodisk," which remained in the Top 35 of the best international brands in Taiwan last year.

Last year, the Company's operating revenues were NT\$7,152,015 thousand, a decrease of 3% from the previous year, and the net profits attributable to shareholders of the parent company was NT\$931,663 thousand, with earnings per share of NT\$11.46, maintaining solid profitability. Last year, net accounts receivable decreased by NT\$84,256 thousand, while inventory increased slightly by NT\$18,607 thousand compared to the previous year. Last year, due to the increase in the lease of land in Yilan Science Park, total liabilities increased by NT\$200,380 thousand compared to the previous year, resulting in a debt ratio of 22%, an increase of 2% compared with the previous year. However, the financial structure was still sound and the financial receipts and expenditures were

normal. Overall, although revenue and profitability were lower than expected due to the impact of the epidemic and the overall budget execution was not fully in line with the Company's original objectives, the Company was able to respond to the changes in the epidemic, adjust its operating model in a timely manner, and take care of the safety and health of all employees to pass through the critical year smoothly.

As a leading brand in the field of industrial embedded storage, the Company's biggest focus last year in terms of product and technology was undoubtedly the InnoAGE series of SSD products designed for AIoT architecture. InnoAGE SSD provides computation and programmable execution and reinforce data protection mechanisms. It can perform smart data analysis and update, improve data security, achieve remote control and offer a variety of functions through cloud computing. It defines the standards for smart edge equipment and promote data security and out-of-band management to become the industry standards and greatly reduce doubts about the operation and maintenance of AIoT systems. In response to the development of 5G, Innodisk has introduced its large-capacity 32GB memory module series, which incorporates high-speed 2666MHz/s specifications and is available in UDIMM, SODIMM, ECC-SODIMM and other form factors. The series supports industrial-grade wide temperature range, coating, side fill, heat sink and anti-sulfuration technologies to achieve the best performance even under the most demanding environment. AI acceleration modules introduced as industrial computer peripheral products use Intel Movidius VPU artificial neural network computing to greatly enhance image computing programs. The performance of applications such as facial

recognition, license plate recognition and machine vision can be enhanced by up to 30 times.

- II. This year's business operation strategies, expected sales quantities and key production and sales policies:

Innodisk's business strategy is to promote the integration of software and hardware and to develop AIoT applications. This year's operation policy is "software and hardware integration, full implementation." In the post-epidemic era, the application and popularization of AI and 5G are expected to accelerate. Innodisk, with its existing technology and channel advantages, provides a variety of industrial computers and their peripheral storage devices, modules and software to meet the demand for complete solutions for edge computing in various vertical markets. This year, Innodisk will focus particularly on 5G and O-RAN, smart medical and charging facilities, and will work with system vendors and strategic partners to build ecosystems and launch products that meet each vertical market's needs. In terms of marketing strategy, Innodisk is continuing its digital transformation, adopting digital marketing, and enhancing the value of the innodisk brand to become an internationally recognized brand; in addition, Innodisk will increase its overseas operations to France and Southern California this year. In response to the business opportunities arising from the AIoT era, Innodisk continues to promote the integration of software and hardware, build AIoT products and technologies, and actively deploy AIoT ecosystems around industrial computer peripherals to provide customers with more complete integrated solutions to assist and accelerate the full implementation of AIoT applications for customers and create value together.

In terms of product and technology development this year, the Company will continue to introduce SSD products designed for the AIoT architecture. The InnoAGE/InnoOSR SSD series adds the exclusive patented "unmanned automatic redundancy" technology and will develop SSDs with encryption function and higher data protection security. In response to the demand for high-speed environments derived from 5G and WiFi 6, Innodisk has introduced high-speed, low-latency Flash, DRAM, and various product line modules for industrial control peripherals. In response to the maturity of 3D Flash technology, we have launched a variety of storage devices built for 3D Flash technology, offering a wide range of industrial-grade Flash modules with different interfaces and Form Factors, with the advantages of power management and protection, and meeting customers' stringent requirements of speed and reliability for different applications. In addition, to meet the needs of the automobile market, Innodisk's CAN Bus module and its accompanying iCAP application software will be the best solution for the future network communication environment.

In response to the demand for accelerated digital transformation in the post-epidemic era, the Company has been actively improving its operational efficiency and promoting intelligence, from delivery estimation, order taking process, production scheduling to technical services, to enhance the intelligence of the management system, strengthen efficiency and speed up response time. At the same time, we have continued to improve the technological and production capacity of our R&D and production center in Yilan Science Park and have expanded the leasing area of land to prepare for long-term growth. In terms of sales

channels, we will continue to increase our overseas sales and service presence to expand our services to customers in different regions. We will also reinforce our engagement with world-class manufacturers and collaborate with key accounts in terms of the depth and breadth to become their best strategic partner. With the industry's continuous development and introduction of new applications, it is expected that the Company's sales volume will continue to grow steadily this year.

III. Company's future development strategy and the impact from competitive environment, regulatory environment and overall operating environment:

Although the global economic situation has been affected by the COVID-19 outbreak, Innodisk Corporation will continue to focus on industrial application and cloud services industries. The Company will adopt strategies to innovate to maintain its technological leadership and improve customer satisfaction with services to create more value. The Company not only pursues performance and profit growth but also places emphasis on sustainable management, ESG implementation, corporate governance, environmental issues, and compliance with green supply chain standards. In addition, we are concerned with employees' occupational safety and health and equal opportunity and have obtained the ISO 45001 certification notarized by third-party. We are actively committed to social participation and have established the Innodisk Education Foundation in 2016, which focuses on the education of underprivileged students and encourages and helps them to complete their education and set up learning goals. In addition, information security has become an important issue in business operations in recent years. The Company continues to invest in maintaining corporate information security and

has implemented ISO27001. The Company will continue to pay attention to dynamic competitive environment and comply with various regulatory changes. We are always on high alert for potential changes in the future and ready to formulate countermeasures to grow and maintain the Company's long-term competitive advantages. We will adhere to our business philosophy of "Innovation. Discipline. Sharing." and continue to make progress toward our long-term goal of becoming a world-class company.

Chairman:

Managerial Officer:

Accounting Officer:

Innodisk Corporation Audit Committee Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposals to allocate profits. The Financial Statements have been audited by the CPAs of PricewaterhouseCoopers Taiwan, and issued Auditors' Reports.

The Audit Committee is responsible for the supervision of the Company's financial reporting process. The certified public accountants have verified the 2020 Financial Statements and communicated with the Audit Committee on the following matters:

1. The certified public accountants have not found any significant deficiencies within the planned scope and timing of the audit.
2. The certified public accountants have provided the Audit Committee with a statement regarding the independence of personnel who are in compliance with the Codes of Ethics for Professional Accountants, and we have not found relationships and other matters that may be considered to affect the independence of the accountants.
3. The certified public accountants have communicated with the Audit Committee on key audit matters before deciding matters to be communicated and disclosed on the audit report.

The Business Report, Financial Statements, and proposals for allocation of profits have been reviewed and determined to be

correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please kindly find the attached report for your reference.

Yours,

Innodisk Corporation 2021 Annual Shareholders' General Meeting

Convener of the Audit Committee: Jow, En-Min

Audit Committee Member: Lin, Tsung-Te

Audit Committee Member: Li, Kuang-Pin

February 25, 2021

Innodisk Corporation

Comparison of Amendments to Board Meeting Rules of Procedures

Articles after amendments	Original articles	Description
<p>Article 11: The Company's board of directors shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 5 of Article 8 shall apply.</p>	<p>Article 11: The Company's board of directors shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>At any time during a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 3 of Article 8 shall apply.</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1090338980 dated May 29, 2020.</p>
<p>Article 12: The following matters shall be discussed in the Company's board meetings:</p> <p>I. The Company's business plan.</p> <p>II. Annual financial statements <u>and second quarterly financial statements subject to auditing by certified public accountants.</u></p> <p>III. The internal control system established or amended in accordance with Article 14-1 of the Securities and Exchange Act and the evaluation of the effectiveness of the internal control system.</p> <p>IV. The procedures established or amended in accordance with Article 36-1 of the Securities and Exchange Act for material financial or business transactions such as acquisition or disposal of assets, derivatives trading, lending of funds to others, endorsements or guarantees.</p> <p>V. The offering, issuance, or private placement of equity-type securities.</p>	<p>Article 12: The following matters shall be discussed in the Company's board meetings:</p> <p>I. The Company's business plan.</p> <p>II. Annual financial reports.</p> <p>III. The internal control system established or amended in accordance with Article 14-1 of the Securities and Exchange Act and the evaluation of the effectiveness of the internal control system.</p> <p>IV. The procedures established or amended in accordance with Article 36-1 of the Securities and Exchange Act for material financial or business transactions such as acquisition or disposal of assets, derivatives trading, lending of funds to others, endorsements or guarantees.</p> <p>V. The offering, issuance, or private placement of equity-type securities.</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi No. 1090338980 dated May 29, 2020.</p>

<p>VI. The appointment or dismissal of financial, accounting, or internal audit officers.</p> <p>VII. A donation to a related party, or a major donation to a non-related party. However, public interest donations for the emergency relief of major natural disasters may be ratified in the next board meeting.</p> <p>VIII. Matters to be resolved by shareholders' meetings or board meetings or material matters specified by the authority in accordance with Article 14-3 of the Securities and Exchange Act, other laws and regulations or the Articles of Incorporation.</p> <p>The term "related party" in Sub-paragraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The "one-year" timeframe mentioned in the preceding paragraph dates back one year from the date of the board meeting. Transactions that have already been passed by the board resolution can be excluded.</p> <p>In the event where shares of foreign companies have no par value or a par value other than NT\$10, the calculation of transaction amounts of 5% of paid-in capital will be substituted by 2.5% of shareholders' equity.</p> <p>At least one independent director shall attend the meeting in person. With respect to the matters which must be approved by the board resolution as provided in the first paragraph, all independent directors</p>	<p>VI. The appointment or dismissal of financial, accounting, or internal audit officers.</p> <p>VII. A donation to a related party, or a major donation to a non-related party. However, public interest donations for the emergency relief of major natural disasters may be ratified in the next board meeting.</p> <p>VIII. Matters to be resolved by shareholders' meetings or board meetings or material matters specified by the authority in accordance with Article 14-3 of the Securities and Exchange Act, other laws and regulations or the Articles of Incorporation.</p> <p>The term "related party" in Sub-paragraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>The "one-year" timeframe mentioned in the preceding paragraph dates back one year from the date of the board meeting. Transactions that have already been passed by the board resolution can be excluded.</p> <p>In the event where shares of foreign companies have no par value or a par value other than NT\$10, the calculation of transaction amounts of 5% of paid-in capital will be substituted by 2.5% of shareholders' equity.</p> <p>At least one independent director shall attend the meeting in person. With respect to the matters which must be approved by the board resolution as provided in the first paragraph, all independent directors</p>	
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<p>shall attend the meeting. If an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. An independent director who cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there are some legitimate reasons to do otherwise. The opinion shall be specified in the minutes of the board of directors meeting.</p>	<p>shall attend the meeting. If an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. An independent director who cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there are some legitimate reasons to do otherwise. The opinion shall be specified in the minutes of the board of directors meeting.</p>	
<p>Article 20: These Rules were established on April 15, 2011. 1st revision was made on April 14, 2012. 2nd revision was made on October 29, 2012. 3rd revision was made on March 27, 2013. 4th revision was made on January 30, 2018. 5th revision was made on February 21, 2020. <u>6th revision was made on February 25, 2021.</u></p>	<p>Article 20: These Rules were established on April 15, 2011. 1st revision was made on April 14, 2012. 2nd revision was made on October 29, 2012. 3rd revision was made on March 27, 2013. 4th revision was made on January 30, 2018. 5th revision was made on February 21, 2020.</p>	<p>Add revision dates and make text revisions as appropriate.</p>

[Attachment IV]

Independent Auditor's Report Translated from Chinese

To the Board of Directors and Stockholders of Innodisk Corporation:

Opinion

We have audited the accompanying standalone balance sheets of Innodisk Corporation (the "Company") as at December 31, 2020 and 2019, and the related standalone statements of comprehensive income, of changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as at December 31, 2020 and 2019, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission."

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing" and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the standalone 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 2020 standalone financial statements of the current period in our professional judgment. These matters were addressed in the context of our audit of the standalone 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 Innodisk Corporation's 2020 standalone financial statements are stated as follows:

Key audit matter –Inventory Evaluation

Description

With respect to the accounting policy for inventory valuation, please refer to Note 4 (11) of the standalone financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6 (4).

Innodisk Corporate mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to standalone financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained the Company's policy applied to the assessment of allowance for valuation of inventory loss. Assessed whether the allowance recognition policy is applied in a manner consistent between comparative and current periods of the financial statements.
2. Obtained net realisable value report for inventory items and verified that a consistent systematic logic was applied to the calculation. First, tested the assumptions such as: sources of sales data and relevant supporting estimation documents. Second, recalculated net realisable value item by item, then applied the lower of cost or net realizable value

method for valuation and whether reasonable allowance was recognised.

3. Obtain an inventory aging report to conduct inventory aging test. Random sampling of inventory and compare inventory transaction records to confirm the classification of aging intervals.
4. Compared current and previous year's allowance for valuation of inventory loss and reviewed the reasonableness of allowance recognised.

Key audit matter –Existence of Sales Revenue

Description

For the accounting policy of revenue recognition, please refer to Note 4 (28) of the standalone financial statements. For the description of accounting entries of sales revenue, please refer to Note 6 (18).

Innodisk Corporation is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Due to that product diversification and innovation affect changes to top ten customers sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained an understanding of the process and basis of sales revenue recognition and cash collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control with shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Selected samples of details of sales for the top ten customers to verify the related vouchers and status of subsequent payment collection.
5. Obtain details of sales returns in the subsequent period of the top ten customers and

examine the status of sales returns.

Responsibilities of management and those charged with governance for the standalone financial statements

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

In preparing the standalone 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 standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 generally accepted auditing standards in 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 standalone financial statements.

As part of an audit in accordance with the generally accepted auditing standards in 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit for the standalone entity. 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 Company's standalone financial statements of the current period 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.

Yeh, Tsui Miao

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2021

Innodisk Corporation
Standalone Balance Sheet
December 31, 2020 and 2019

Unit: Thousand NTD

Asset	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,992,270	33	\$ 1,677,093	31
1136	Current financial assets at amortised cost	6 (2)	400,000	6	150,000	3
1150	Notes receivable, net	6 (3)	258	-	1,366	-
1170	Accounts receivable, net	6 (3)	582,340	10	621,789	11
1180	Accounts receivable -- related parties	6 (3) and 7 (2)	282,216	5	364,141	6
1200	Other receivables		2,627	-	1,361	-
1210	Other receivables -- related parties	7 (2)	828	-	1,016	-
1220	Current income tax assets	6 (25)	606	-	420	-
130X	Inventories, net	6 (4)	737,236	12	698,367	13
1410	Prepayments	7 (2)	44,566	1	62,624	1
11XX	Current Assets		<u>4,042,947</u>	<u>67</u>	<u>3,578,177</u>	<u>65</u>
Non-current assets						
1550	Investments accounted for using equity method	6 (5)	345,306	6	302,086	5
1600	Property, plant and equipment	6 (6)	1,234,132	21	1,253,975	23
1755	Right-of-use assets	6 (7)	186,848	3	106,892	2
1760	Investment property -- net	6 (9)	138,466	2	140,494	3
1780	Intangible assets		16,760	-	11,427	-
1840	Deferred income tax assets	6 (25)	34,728	1	36,749	1
1900	Other non-current assets	6 (10) and 8	23,819	-	38,977	1
15XX	Non-current assets		<u>1,980,059</u>	<u>33</u>	<u>1,890,600</u>	<u>35</u>
1XXX	Total Assets		<u>\$ 6,023,006</u>	<u>100</u>	<u>\$ 5,468,777</u>	<u>100</u>

(Continued)

Innodisk Corporation
Standalone Balance Sheet
December 31, 2020 and 2019

Unit: Thousand NTD

Liabilities and Equity	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current liabilities						
2130	Current contract liabilities	6 (18)	\$ 27,005	-	\$ 6,068	-
2170	Accounts payable		537,013	9	402,887	7
2180	Accounts payable -- related parties	7 (2)	2,053	-	1,145	-
2200	Other payables	6 (21)	275,618	5	276,921	5
2220	Other payables -- related parties	7 (2)	4,226	-	6,024	-
2230	Current income tax liabilities	6 (25)	108,317	2	143,407	3
2250	Provisions for liabilities-current	6 (14)	61,193	1	58,770	1
2280	Current lease liabilities		7,005	-	4,157	-
2300	Other current liabilities		2,073	-	3,415	-
21XX	Current Liabilities		<u>1,024,503</u>	<u>17</u>	<u>902,794</u>	<u>16</u>
Non-current liabilities						
2580	Non-current lease liabilities		181,157	3	103,305	2
2600	Other non-current liabilities	7 (2)	1,100	-	1,207	-
25XX	Non-current Liabilities		<u>182,257</u>	<u>3</u>	<u>104,512</u>	<u>2</u>
2XXX	Total liabilities		<u>1,206,760</u>	<u>20</u>	<u>1,007,306</u>	<u>18</u>
Equity attributable to owners of parent						
	Shares capital	6 (15)				
3110	Share capital - common stock		813,240	13	797,294	15
	Capital surplus	6 (16)				
3200	Capital surplus		1,082,702	18	1,058,681	19
	Retained earnings	6 (17)				
3310	Legal reserve		517,734	9	416,308	8
3320	Special reserve		4,080	-	-	-
3350	Unappropriated retained earnings		2,403,928	40	2,193,268	40
Other equity interests						
3400	Other equity interests		(5,438)	-	(4,080)	-
3XXX	Total equity		<u>4,816,246</u>	<u>80</u>	<u>4,461,471</u>	<u>82</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total Liabilities and Equity		<u>\$ 6,023,006</u>	<u>100</u>	<u>\$ 5,468,777</u>	<u>100</u>

The notes attached are part of the standalone financial report for your reference.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Standalone Statement of Comprehensive Income
December 31, 2020 and 2019

Unit: Thousand NTD
(Except for earnings per share)

Item	Note	2020		2019		
		Amount	%	Amount	%	
4000	Operating revenue	6 (18) and 7 (2)	\$ 6,626,157	100	\$ 6,696,506	100
5000	Operating costs	6 (4) and 7 (2)	(4,794,650)	(72)	(4,756,393)	(71)
5900	Gross profit before unrealized gross profit on sales to subsidiaries		1,831,507	28	1,940,113	29
5910	Unrealized gross profit on sales to subsidiaries		(12,625)	-	(13,602)	-
5920	Realized gross profit on sales to subsidiaries		13,602	-	17,156	-
5950	Gross profit before unrealized gross profit on sales to subsidiaries		1,832,484	28	1,943,667	29
	Operating expenses	6 (23) (24) and 7 (2)				
6100	Selling expenses		(284,312)	(5)	(299,534)	(4)
6200	General and administrative expenses		(265,509)	(4)	(246,847)	(4)
6300	Research and development expenses		(142,330)	(2)	(136,565)	(2)
6450	Expected gain (loss) on credit impairment	12 (2)	(6,226)	-	992	-
6000	Total operating expenses		(698,377)	(11)	(681,954)	(10)
6900	Operating profit		1,134,107	17	1,261,713	19
	Non-operating income and expenses					
7100	Interest income	6 (19)	5,667	-	6,321	-
7010	Other income	6 (20) and 7 (2)	29,871	1	20,256	-
7020	Other gains and losses	6 (21)	(51,452)	(1)	(31,299)	-
7050	Finance cost	6 (22)	(1,715)	-	(1,624)	-
7070	Share of profit/(loss) of associates and joint ventures accounted for using equity method	6 (5)	27,023	-	17,425	-
7000	Total non-operating income and expenses		9,394	-	11,079	-
7900	Profit before income tax		1,143,501	17	1,272,792	19
7950	Income tax expense	6 (25)	(211,838)	(3)	(258,538)	(4)
8200	Profit for the year		\$ 931,663	14	\$ 1,014,254	15
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(\$ 1,358)	-	(\$ 4,957)	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		-	-	380	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		(1,358)	-	(4,577)	-
8500	Total comprehensive income for the year		\$ 930,305	14	\$ 1,009,677	15
	Basic earnings per share					
9750	Basic earnings per share	6 (26)	\$ 11.46		\$ 12.47	
	Diluted earnings per share					
9850	Diluted earnings per share	6 (26)	\$ 11.21		\$ 12.29	

The notes attached are part of the standalone financial report for your reference.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Standalone Statement of Changes in Equity
December 31, 2020 and 2019

Unit: Thousand NTD

	Note	Share capital - common stock	Capital surplus	Retained earnings			Other equity interests	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences arising on translation of foreign operations	
<u>2019</u>								
Balance-at January 1, 2019		\$ 781,661	\$ 1,037,330	\$ 332,000	\$ 6,193	\$ 1,741,759	\$ 497	\$ 3,899,440
Net income for 2019		-	-	-	-	1,014,254	-	1,014,254
Other comprehensive profit and loss for the year		-	-	-	-	-	(4,577)	(4,577)
Total comprehensive profit and loss for the year		-	-	-	-	1,014,254	(4,577)	1,009,677
Appropriation of 2018 earnings	6 (17)							
Legal reserve		-	-	84,308	-	(84,308)	-	-
Special reserve		-	-	-	(6,193)	6,193	-	-
Stock dividends		15,633	-	-	-	(15,633)	-	-
Cash dividends		-	-	-	-	(468,997)	-	(468,997)
Share-based payment	6 (13)	-	21,081	-	-	-	-	21,081
Share-based remuneration for employees of subsidiaries		-	270	-	-	-	-	270
Balance at December 31, 2019		\$ 797,294	\$ 1,058,681	\$ 416,308	\$ -	\$ 2,193,268	(\$ 4,080)	\$ 4,461,471
<u>2020</u>								
Balance at January 1, 2020		\$ 797,294	\$ 1,058,681	\$ 416,308	\$ -	\$ 2,193,268	(\$ 4,080)	\$ 4,461,471
Net income for 2020		-	-	-	-	931,663	-	931,663
Other comprehensive profit and loss for the year		-	-	-	-	-	(1,358)	(1,358)
Total comprehensive profit and loss for the year		-	-	-	-	931,663	(1,358)	930,305
Appropriations and of 2019 earnings	6 (17)							
Legal reserve		-	-	101,426	-	(101,426)	-	-
Special reserve		-	-	-	4,080	(4,080)	-	-
Stock dividends		15,946	-	-	-	(15,946)	-	-
Cash dividends		-	-	-	-	(597,971)	-	(597,971)
Share-based payment	6 (13)	-	22,864	-	-	-	-	22,864
Changes in net assets of the associates and joint ventures accounted for using equity method		-	-	-	-	(1,580)	-	(1,580)
Share-based remuneration for employees of subsidiaries		-	1,157	-	-	-	-	1,157
Balance at December 31, 2020		\$ 813,240	\$ 1,082,702	\$ 517,734	\$ 4,080	\$ 2,403,928	(\$ 5,438)	\$ 4,816,246

The notes attached are part of the standalone financial report for your reference.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Standalone Cash Flow Statement
December 31, 2020 and 2019

Unit: Thousand NTD

	<u>Note</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash flow from operating activities</u>			
Profit before income tax for the year		\$ 1,143,501	\$ 1,272,792
Adjustments:			
Adjustments to reconcile profit)loss)			
Depreciation charges on property, plant and equipment	6 (23)	63,405	47,443
Depreciation charges on right-of-use assets	6 (23)	6,784	4,275
Amortization charges on the intangible assets and deferred assets.	6 (23)	18,748	26,484
Depreciation charges on investment property	6 (21)	2,028	2,027
Expected credit (profit) loss	12 (2)	6,226	(992)
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6 (4)	3,624	(65,759)
Loss on scrapping inventory	6 (4)	9,193	10,127
Share of (profit)/loss of associates accounted for using equity method	6 (5)	(27,023)	(17,425)
Loss on disposal of property, plant and equipment	6 (22)	3	-
Gains on disposal of intangible assets		(2,842)	-
Gain on lease modifications		-	(4)
Interest expenses	6 (22)	1,715	1,624
Interest income	6 (19)	(5,667)	(6,321)
Compensation cost of employee stock options	6 (15)	22,864	21,081
Unrealized profit from sales		12,625	13,602
Realized profit on from sales		(13,602)	(17,156)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,108	1,002
Accounts receivable, net		33,223	24,281
Accounts receivable -- related parties		81,925	122,306
Other receivables		(1,266)	109
Other receivables - related parties		188	141
Inventories		(51,686)	6,215
Prepayments		(5,752)	(27,502)
Changes in operating liabilities			
Current contract liabilities		20,937	2,038
Accounts payable		134,126	(149,518)
Accounts payable -- related parties		908	(9,289)
Other payables		10,202	13,906
Other payables -- related parties		(1,798)	3,443
Current provisions for liabilities		2,423	13,760
Other current liabilities		(1,342)	1,680
Cash inflow generated from operations		1,464,778	1,294,370
Interest received		5,667	6,175
Income tax paid		(245,093)	(265,355)
Net cash flows from operating activities		<u>1,225,352</u>	<u>1,035,190</u>

(Continued)

Innodisk Corporation
Standalone Balance Sheet
December 31, 2020 and 2019

Unit: Thousand NTD

Cash Flow from Investing Activities

Increase in financial assets at amortized cost	6 (2)	(\$ 250,000)	(\$ 150,000)
Acquisition of investments accounted for using equity method	6 (5)	(20,494)	(12,900)
Proceeds from disposal of investments accounted for using equity method	6 (5)	3,493	-
Acquisition of property, plant and equipment	6 (27)	(32,158)	(75,359)
Acquisition of intangible assets		(13,242)	(4,768)
Disposal of intangible assets		26,653	-
Increase in prepayments for equipment		(2,656)	(2,919)
Increase in refundable deposits		(355)	(305)
Decrease in refundable deposits		945	106
Increase in the other non-current assets		(<u>16,528</u>)	(<u>11,383</u>)
Net cash used in investing activities		(<u>304,342</u>)	(<u>257,528</u>)

Cash Flow from Financing Activities

Repayment of long-term debt		-	(100,000)
Increase in guarantee deposits received	6 (28)	601	-
Decrease in guarantee deposits received	6 (28)	(708)	(124)
Cash dividends paid	6 (28)	(597,971)	(468,997)
Interest paid		(1,715)	(1,640)
Payment of lease liabilities	6 (28)	(<u>6,040</u>)	(<u>3,701</u>)
Net cash used in financing activities		(<u>605,833</u>)	(<u>574,462</u>)
Increase in cash and cash equivalents		315,177	203,200
Cash and cash equivalents at beginning of year		<u>1,677,093</u>	<u>1,473,893</u>
Cash and cash equivalents at end of year		<u>\$ 1,992,270</u>	<u>\$ 1,677,093</u>

The notes attached are part of the standalone financial report for your reference.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Independent Auditor's Report Translated from Chinese

To the Board of Directors and Stockholders of Innodisk Corporation:

Opinion

We have audited the accompanying consolidated balance sheets of Innodisk Corporation and subsidiaries (the "Group") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinions

We conducted our audits in accordance with the "Regulations Governing Auditing" and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in 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 in 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 that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. 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 2020 consolidated financial statements are stated as follows:

Key audit matter –Inventory Evaluation

Description

With respect to the accounting policy for inventory valuation, please refer to Note 4 (12) of the consolidated financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6 (4).

Innodisk Group mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to consolidated financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained the Group's policy applied to the assessment of allowance for valuation of inventory loss. Assessed whether the allowance recognition policy is applied in a manner consistent between comparative and current periods of the financial statements.
2. Obtained net realisable value report for inventory items and verified that a consistent systematic logic was applied to the calculation. First, tested the assumptions such as: sources of sales data and relevant supporting estimation documents. Second, recalculated net realisable value item by item, then applied the lower of cost or net realizable value method for valuation and whether reasonable allowance was recognised.
3. Obtain an inventory aging report to conduct inventory aging test. Random sampling of inventory and compare inventory transaction records to confirm the classification of aging intervals.
4. Compared current and previous year's allowance for valuation of inventory loss and reviewed the reasonableness of allowance recognised.

Key audit matter – Existence of Sales Revenue

Description

For the accounting policy of income recognition, please refer to Note 4 (29) of the consolidated financial statements. For the description of accounting entries of sales revenue, please refer to Note 6 (19).

Innodisk Group is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Because product diversification and innovation affect changes to the top ten customers' sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtained an understanding of the process and basis of sales revenue recognition and cash collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control with shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Selected samples of details of for the top ten customers to verify the related vouchers and status of subsequent payment collection.
5. Obtain details of sales returns in the subsequent period of the top ten customers and examine the status of sales returns.

Other Matters -- Standalone Financial Report

We have audited and expressed a modified opinion on the standalone financial statements of the Innodisk Corporation for the years ended December 31, 2020 and 2019.

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 International Financial Reporting standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 generally accepted auditing standards in 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 generally accepted auditing standards in 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 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 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 of the current period 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.

Yeh, Tsui Miao

Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2021

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: Thousand NTD

Asset	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 2,260,204	36	\$ 1,904,628	34
1136	Current financial assets at amortised cost	6 (2)	400,000	7	150,000	3
1150	Notes receivable, net	6 (3)	258	-	1,366	-
1170	Accounts receivable, net	6 (3)	879,782	14	964,038	17
1180	Accounts receivable -- related parties	6 (3) and 7 (2)	72	-	76	-
1200	Other receivables		3,736	-	4,595	-
1210	Other receivables -- related parties	7 (2)	273	-	162	-
1220	Current income tax assets	6 (26)	777	-	419	-
130X	Inventories, net	6 (4)	791,673	13	773,066	14
1410	Prepayments	7 (2)	56,228	1	75,371	1
11XX	Current Assets		<u>4,393,003</u>	<u>71</u>	<u>3,873,721</u>	<u>69</u>
Non-current assets						
1550	Investments accounted for using equity method	6 (5)	33,123	1	28,956	1
1600	Property, plant and equipment	6 (6)	1,374,994	22	1,373,991	24
1755	Right-of-use assets	6 (7)	213,356	3	132,783	2
1760	Investment property, net	6 (9)	102,216	2	115,926	2
1780	Intangible assets	6 (10)	28,927	-	24,367	-
1840	Deferred income tax assets	6 (26)	43,707	1	40,787	1
1900	Other non-current assets	8	28,544	-	56,918	1
15XX	Non-current assets		<u>1,824,867</u>	<u>29</u>	<u>1,773,728</u>	<u>31</u>
1XXX	Total Assets		<u>\$ 6,217,870</u>	<u>100</u>	<u>\$ 5,647,449</u>	<u>100</u>

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019

Unit: Thousand NTD

Liabilities and Equity	Note	December 31, 2020		December 31, 2019		
		Amount	%	Amount	%	
Current liabilities						
2130	Current contract liabilities	6 (19)	\$ 41,011	1	\$ 17,986	-
2170	Accounts payable		565,168	9	429,449	8
2200	Other payables	6 (21)	319,597	5	323,116	6
2230	Current income tax liabilities	6 (26)	114,838	2	161,319	3
2250	Provisions for liabilities-current	6 (15)	61,444	1	59,094	1
2280	Current lease liabilities		22,098	-	17,793	-
2320	Long-term liabilities -- current portion	6 (12)	2,451	-	2,351	-
2399	Other current liabilities, others		14,318	-	4,768	-
21XX	Current Liabilities		<u>1,140,925</u>	<u>18</u>	<u>1,015,876</u>	<u>18</u>
Non-current liabilities						
2540	Long-term loans	6 (12)	17,860	1	19,482	-
2580	Non-current lease liabilities		192,781	3	115,732	2
2600	Other non-current liabilities	7 (2)	1,243	-	1,339	-
25XX	Non-current Liabilities		<u>211,884</u>	<u>4</u>	<u>136,553</u>	<u>2</u>
2XXX	Total liabilities		<u>1,352,809</u>	<u>22</u>	<u>1,152,429</u>	<u>20</u>
Equity attributable to owners of parent						
Shares capital						
3110	Share capital - common stock	6 (16)	813,240	13	797,294	14
Capital surplus						
3200	Capital surplus	6 (17)	1,082,702	17	1,058,681	19
Retained earnings						
3310	Legal reserve	6 (18)	517,734	8	416,308	7
3320	Special reserve		4,080	-	-	-
3350	Unappropriated retained earnings		2,403,928	39	2,193,268	39
Other equity interests						
3400	Other equity interests		(5,438)	-	(4,080)	-
31XX	Equity attributable to owners of the parent		<u>4,816,246</u>	<u>77</u>	<u>4,461,471</u>	<u>79</u>
36XX	Non-controlling interests		<u>48,815</u>	<u>1</u>	<u>33,549</u>	<u>1</u>
3XXX	Total equity		<u>4,865,061</u>	<u>78</u>	<u>4,495,020</u>	<u>80</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total Liabilities and Equity		<u>\$ 6,217,870</u>	<u>100</u>	<u>\$ 5,647,449</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
December 31, 2020 and 2019

Unit: Thousand NTD
(Except for earnings per share)

Item	Note	2020		2019	
		Amount	%	Amount	%
4000 Operating revenue	6 (19) and 7 (2)	\$ 7,152,015	100	\$ 7,361,665	100
5000 Operating costs	6 (4) and 7 (2)	(5,018,288)	(70)	(5,043,889)	(68)
5950 Gross profit before unrealized gross profit on sales to subsidiaries		<u>2,133,727</u>	<u>30</u>	<u>2,317,776</u>	<u>32</u>
Operating expenses	6 (24) and 7 (2)				
6100 Selling expenses		(399,802)	(6)	(412,484)	(6)
6200 General and administrative expenses		(364,070)	(5)	(370,868)	(5)
6300 Research and development expenses		(155,922)	(2)	(148,031)	(2)
6450 Expected gain (loss) on credit impairment	12 (2)	(6,640)	-	2,494	-
6000 Total operating expenses		<u>(926,434)</u>	<u>(13)</u>	<u>(928,889)</u>	<u>(13)</u>
6900 Operating profit		<u>1,207,293</u>	<u>17</u>	<u>1,388,887</u>	<u>19</u>
Non-operating income and expenses					
7100 Interest income	6 (20)	6,539	-	7,615	-
7010 Other income	6 (21) and 7 (2)	22,031	-	13,785	-
7020 Other gains and losses	6 (22)	(52,721)	(1)	(35,497)	-
7050 Finance cost	6 (23)	(2,293)	-	(2,282)	-
7060 Shares of losses of associates and joint ventures accounted for using equity method	6 (5)	(13,253)	-	(57,873)	(1)
7000 Total non-operating income and expenses		<u>(39,697)</u>	<u>(1)</u>	<u>(74,252)</u>	<u>(1)</u>
7900 Profit before income tax		<u>1,167,596</u>	<u>16</u>	<u>1,314,635</u>	<u>18</u>
7950 Income tax expense	6 (26)	(227,063)	(3)	(285,436)	(4)
8200 Profit for the year		<u>\$ 940,533</u>	<u>13</u>	<u>\$ 1,029,199</u>	<u>14</u>
Other comprehensive income					
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(\$ 1,358)	-	(\$ 4,957)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method		-	-	380	-
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(1,358)	-	(4,577)	-
8300 Other comprehensive loss for the period, net tax		<u>(\$ 1,358)</u>	<u>-</u>	<u>(\$ 4,577)</u>	<u>-</u>
8500 Total comprehensive income for the year		<u>\$ 939,175</u>	<u>13</u>	<u>\$ 1,024,622</u>	<u>14</u>
Profit attributable to:					
8610 Owners of the parent		\$ 931,663	13	\$ 1,014,254	14
8620 Non-controlling interest		8,870	-	14,945	-
Profit		<u>\$ 940,533</u>	<u>13</u>	<u>\$ 1,029,199</u>	<u>14</u>
Comprehensive income attributable to					
8710 Owners of the parent		\$ 930,305	13	\$ 1,009,677	14
8720 Non-controlling interest		8,870	-	14,945	-
Total comprehensive income for the year		<u>\$ 939,175</u>	<u>13</u>	<u>\$ 1,024,622</u>	<u>14</u>
Basic earnings per share					
9750 Basic earnings per share	6 (27)	<u>\$ 11.46</u>		<u>\$ 12.47</u>	
Diluted earnings per share					
9850 Diluted earnings per share	6 (27)	<u>\$ 11.21</u>		<u>\$ 12.29</u>	

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
December 31, 2020 and 2019

Unit: Thousand NTD

Note	Equity attributable to shareholders of the parent company							Non-controlling interests	Total equity
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interests Exchange differences arising on translation of foreign operations	Total		
<u>2019</u>									
Balance at January 1, 2019	\$ 781,661	\$ 1,037,330	\$ 332,000	\$ 6,193	\$ 1,741,759	\$ 497	\$ 3,899,440	\$ 17,012	\$ 3,916,452
Net income for 2019	-	-	-	-	1,014,254	-	1,014,254	14,945	1,029,199
Other comprehensive profit and loss for the year	-	-	-	-	-	(4,577)	(4,577)	-	(4,577)
Total comprehensive profit and loss for the year	-	-	-	-	1,014,254	(4,577)	1,009,677	14,945	1,024,622
Appropriations of 2018 earnings	6 (18)								
Legal reserve	-	-	84,308	-	(84,308)	-	-	-	-
Special reserve	-	-	-	(6,193)	6,193	-	-	-	-
Stock dividends	15,633	-	-	-	(15,633)	-	-	-	-
Cash dividends	-	-	-	-	(468,997)	-	(468,997)	-	(468,997)
Share-based payment	6 (14)	21,081	-	-	-	-	21,081	-	21,081
Changes in shareholders' equity in subsidiaries not recognised proportionately to ownership	-	-	-	-	-	-	-	1,592	1,592
Share-based remuneration for employees of subsidiaries	-	270	-	-	-	-	270	-	270
Balance at December 31, 2019	\$ 797,294	\$ 1,058,681	\$ 416,308	\$ -	\$ 2,193,268	(\$ 4,080)	\$ 4,461,471	\$ 33,549	\$ 4,495,020
<u>2020</u>									
Balance at January 1, 2020	\$ 797,294	\$ 1,058,681	\$ 416,308	\$ -	\$ 2,193,268	(\$ 4,080)	\$ 4,461,471	\$ 33,549	\$ 4,495,020
Net income for 2020	-	-	-	-	931,663	-	931,663	8,870	940,533
Other comprehensive profit and loss for the year	-	-	-	-	-	(1,358)	(1,358)	-	(1,358)
Total comprehensive profit and loss for the year	-	-	-	-	931,663	(1,358)	930,305	8,870	939,175
Appropriations of 2019 earnings	6 (18)								
Legal reserve	-	-	101,426	-	(101,426)	-	-	-	-
Special reserve	-	-	-	4,080	(4,080)	-	-	-	-
Stock dividends	15,946	-	-	-	(15,946)	-	-	-	-
Cash dividends	-	-	-	-	(597,971)	-	(597,971)	-	(597,971)
Share-based payment	6 (14)	22,864	-	-	-	-	22,864	-	22,864
Change in net assets of the associates and joint ventures accounted for using equity method	-	-	-	-	(1,580)	-	(1,580)	-	(1,580)
Share-based remuneration for employees of subsidiaries	-	1,157	-	-	-	-	1,157	2,903	4,060
Transactions with non-controlling interests	-	-	-	-	-	-	-	3,493	3,493
Balance at December 31, 2020	\$ 813,240	\$ 1,082,702	\$ 517,734	\$ 4,080	\$ 2,403,928	(\$ 5,438)	\$ 4,816,246	\$ 48,815	\$ 4,865,061

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation and Subsidiaries
Consolidated Cash Flow Statement
December 31, 2020 and 2019

Unit: Thousand NTD
January 1 to
December 31, 2019

Cash flow from operating activities

	Note	January 1 to December 31, 2020		January 1 to December 31, 2019
Profit before income tax for the year		\$ 1,167,596	\$	1,314,635
Adjustments:				
Adjustments to reconcile profit (loss)				
Depreciation charges on property, plant and equipment	6 (24)	69,865		52,730
Depreciation charges on right-of-use assets	6 (24)	24,302		21,857
Amortization charges on the intangible assets and deferred assets.	6 (24)	20,294		28,025
Depreciation charges on investment property	6 (22)	1,449		1,642
Expected credit (profit) loss	12 (2)	6,640	(	2,494)
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	6 (4)	8,999	(	65,892)
Loss on scrapping inventory	6 (4)	10,707		12,441
Gain on lease modification	6 (7)	(3 )	(	4)
Interest expense	6 (23)	2,293		2,282
Interest income	6 (20)	(6,539 )	(	7,615)
Compensation cost of employee stock options	6 (14)	22,864		21,081
Shares of losses of associates accounted for using equity method	6 (5)	13,253		57,873
Loss on disposal of property, plant and equipment	6 (22)	57		300
Gain on disposal of intangible assets	6 (22)	(2,842)		-
Changes in operating assets and liabilities				
Changes in operating assets				
Notes receivable		1,108		1,002
Accounts receivable		77,616		52,355
Accounts receivable -- related parties		4	(	60)
Other receivables		811	(	1,038)
Other receivables -- related parties		(111)		203
Inventories		(38,313)		10,061
Prepayments		(4,667 )	(	19,080)
Changes in operating liabilities				
Current contract liabilities		23,025	(	7,239)
Accounts payable		135,719	(	142,107)
Accounts payable -- related parties		-	(	109)
Other payables		7,962		19,682
Current provisions for liabilities		2,350		14,084
Other current liabilities -- others		9,550		1,095
Cash inflow generated from operations		1,553,989		1,365,710
Interest received		6,587		7,469
Income taxes refund		-		4,610
Income taxes paid		(280,864 )	(	280,935)
Net cash flows from operating activities		1,279,712		1,096,854

(Continued)

Innodisk Corporation and Subsidiaries
Consolidated Cash Flow Statement
December 31, 2020 and 2019

Unit: Thousand NTD

	<u>Note</u>	<u>January 1 to December 31, 2020</u>	<u>January 1 to December 31, 2019</u>
<u>Cash Flow from Investing Activities</u>			
Increase in financial assets at amortized cost		(\$ 250,000)	(\$ 150,000)
Acquisition of investments accounted for using equity method	6 (5)	(19,000)	(12,900)
Proceeds from disposal of investments accounted for using equity method	6 (28)	3,493	-
Acquisition of property, plant and equipment	6 (29)	(33,258)	(77,739)
Disposal of property, plant and equipment		-	105
Increase in refundable deposits		(7,584)	(418)
Decrease in refundable deposits		1,108	886
Acquisition of intangible assets	6 (10)	(13,342)	(5,613)
Disposal of intangible assets		26,652	-
Acquisition of investment property	6 (9)	-	(1,114)
Increase in the other non-current assets		(15,495)	(30,040)
Net cash used in investing activities		(307,426)	(276,833)
<u>Cash Flow from Financing Activities</u>			
Proceeds from long-term debt	6 (30)	-	6,718
Repayment of long-term debt	6 (30)	(2,360)	(101,680)
Increase in guarantee deposits received	6 (30)	601	175
Decrease in guarantee deposits received	6 (30)	(709)	-
Cash dividends paid	6 (30)	(597,971)	(468,997)
Interest paid		(2,269)	(2,325)
Payment of lease liabilities	6 (30)	(23,390)	(22,064)
Net cash used in financing activities		(626,098)	(588,173)
Effects of changes in foreign exchange rates		9,388	230
Increase in cash and cash equivalents		355,576	232,078
Cash and cash equivalents at beginning of year		1,904,628	1,672,550
Cash and cash equivalents at end of year		\$ 2,260,204	\$ 1,904,628

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairman: Chien, Chuan-Sheng

Manager: Chien, Chuan-Sheng

Head of Accounting: Liao, Shu-Nu

Innodisk Corporation
Comparison of Amendments to Shareholders Meeting Rules of
Procedures

Articles after amendments	Original articles	Description
<p>Article 3 Paragraph 1, 2 and 3 are omitted. Election or dismissal of directors, changes in the article of incorporation, <u>capital reduction, application for deregistration of equity shares, director non-competition agreement, capitalization of profits, capitalization of surplus, company dissolution, merger, split</u> or the clauses in Paragraph 1, Article 185 of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers should be listed in the purposes for convening the meeting, not proposed as an extraordinary motion. The content may be posted on websites designated by the securities authority or the Company, and the address should be clearly stated in the notification.</p> <p>The notification for the convening of shareholder meeting has announced the re-election of directors and inauguration date. After the re-election at the shareholder meeting, the inauguration date shall not be changed by extraordinary motion or other means in the same meeting.</p> <p>Shareholders who hold over 1% of the total issued shares may</p>	<p>Article 3 Paragraph 1, 2 and 3 are omitted. Election or dismissal of directors, changes in the article of incorporation, capital reduction, application for deregistration of equity shares, director non-competition agreement, capitalization of profits, capitalization of surplus, company dissolution, merger, split or the clauses in Paragraph 1, Article 185 of the Company Act should be listed in the purposes for convening the meeting, not proposed as an extraordinary motion. The content may be posted on websites designated by the securities authority or the Company, and the address should be clearly stated in the notification.</p> <p>The notification for the convening of shareholder meeting has announced the re-election of directors and inauguration date. After the re-election at the shareholder meeting, the inauguration date shall not be changed by extraordinary motion or other means in the same meeting.</p> <p>Shareholders who hold over 1% of the total issued shares may</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi #1090150567 dated January 21, 2021.</p>

<p>propose issues in the Company's shareholders' general meeting. Each shareholder is limited to one issue, and additional issues will not be included in the proposal discussion. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal. <u>A shareholder may make a proposal to promote the public interest or social responsibility of the Company. Still, the proposal shall be limited to one proposal only in accordance with Article 172-1 of the Company Act, and any proposal exceeding one shall not be included in the motion.</u></p> <p>Before the book closure date for the annual general meeting, the Company shall announce the acceptance of shareholders' proposals, the procedures in accepting proposals either in writing or electronic version and the place and time of acceptance. The period of acceptance shall not be less than 10 days.</p> <p>Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals</p>	<p>propose issues in the Company's shareholders' general meeting. Each shareholder is limited to one issue, and additional issues will not be included in the proposal discussion. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal.</p> <p>Before the book closure date for the annual general meeting, the Company shall announce the acceptance of shareholders' proposals, the procedures in accepting proposals either in writing or electronic version and the place and time of acceptance. The period of acceptance shall not be less than 10 days.</p> <p>Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.</p> <p>Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals</p>	
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<p>that conform to the provisions of this article. During the shareholders meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from the discussion.</p>	<p>that conform to the provisions of this article. During the shareholders meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from the discussion.</p>	
<p>Article 20: These Rules were established on April 15, 2011. 1st revision was made on May 25, 2012. 2nd revision was made on December 17, 2012. 3rd revision was made on June 21, 2013. 4th revision was made on June 9, 2015. 5th revision was made on May 29, 2020. <u>6th revision was made on May 31, 2021.</u></p>	<p>Article 20: These Rules were established on April 15, 2011. 1st revision was made on May 25, 2012. 2nd revision was made on December 17, 2012. 3rd revision was made on June 21, 2013. 4th revision was made on June 9, 2015. 5th revision was made on May 29, 2020.</p>	<p>Added revision dates.</p>

Innodisk Corporation
 Comparison of Amendments to “Procedure for Election of
 Directors”

Articles after amendments	Original articles	Description
<p>Article 5: <u>The election of directors of the Company shall be conducted in accordance with the procedures of the candidate nomination system set forth in Article 192-1 of the Company Act.</u></p> <p>If any director is dismissed for any reason so that the number of directors is less than five, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the vacancies of directors reach one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date of occurrence of the fact.</p> <p>If the number of independent directors is not sufficient to meet</p>	<p>Article 5: The qualifications of the independent directors of the Company shall comply with the provisions of Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." The election of independent directors of the Company shall comply with the provisions of Articles 5, 6, 7, 8 and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". It shall be in accordance with Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>If any director is dismissed for any reason so that the number of directors is less than five, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the vacancies of directors reach one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date of occurrence of the fact.</p> <p>If the number of independent directors is not sufficient to meet</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi #1090338980 dated May 2, 2020.</p>

<p>the requirements of the first proviso of Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the latest shareholders' meeting; if all the independent directors are dismissed, an extraordinary shareholders' meeting shall be held within 60 days from the date of occurrence of the fact.</p>	<p>the requirements of the first proviso to Article 14-2 of the Securities and Exchange Act, the relevant provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or the specific conditions deemed by the TPEX to be unsuitable to have its stocks traded on the TPEX under subparagraph 8 of Article 10, Paragraph 1 of the "Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX," a by-election shall be held at the most recent shareholders' meeting. If all independent directors are dismissed, an extraordinary shareholders' meeting shall be held within 60 days from the date of occurrence for re-election.</p>	
<p>Article 8: <u>Deleted</u></p>	<p>Article 8: Voters must indicate the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the candidate's name and identification number should be indicated. However, when the candidate is a corporate shareholder, the column for the candidate of the ballot should be filled in with the corporation's account name or the name of the corporation and the name of its representative. When there are several representatives, the name of each representative should be indicated respectively.</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi #1090338980 dated May 2, 2020.</p>
<p>Article 9 A ballot is invalid if one of the following is true: I. Do not use ballots as specified by the procedure.</p>	<p>Article 9 A ballot is invalid if one of the following is true: I. Do not use ballots as specified by the procedure.</p>	<p>In accordance with Jin-Guan-Zheng-Fa-Zi #1090338980 dated May 2,</p>

<p>II. Put void ballots into the ballot box.</p> <p>III. The handwriting is blurred and unrecognizable or has been altered.</p> <p>IV. The names of the persons to be elected do not match <u>with the list of director candidates</u> after verification.</p> <p>V. In addition to the number of voting rights allocated, other words are included.</p> <p>VI. Fill in more than two candidates on the same ballot.</p>	<p>II. Put void ballots into the ballot box.</p> <p>III. The handwriting is blurred and unrecognizable or has been altered.</p> <p>IV. If the candidate is a shareholder, the account name and shareholder account number of the candidate does not match with the shareholder roster; if the candidate is not a shareholder, the candidate's name and identity number do not match after verification.</p> <p>V. Other words are written in addition to the account name of the candidate (name) or the shareholder's account number (identification number) and the number of votes won.</p> <p>VI. The candidate's name is the same as that of other shareholders without the shareholder's account number or identification number for verification purposes.</p> <p>VI. Fill in more than two candidates on the same ballot.</p>	<p>2020.</p>
<p>Article 14: The procedure was established on April 15, 2011.</p> <p>1st revision was made on April 14, 2012.</p> <p>2nd revision was made on December 17, 2012.</p> <p>3rd revision was made on June 21, 2013.</p> <p>4th revision was made on June 9, 2015.</p> <p><u>5th revision was made on May 31, 2021.</u></p>	<p>Article 14: The procedure was established on April 15, 2011.</p> <p>1st revision was made on April 14, 2012.</p> <p>2nd revision was made on December 17, 2012.</p> <p>3rd revision was made on June 21, 2013.</p> <p>4th revision was made on June 9, 2015.</p>	<p>Added revision dates.</p>

[Attachment VII]

Innodisk Corporation

List of candidates for directors and independent directors nominated by the Board of Directors

Title	Name	Major Experience (Education)	Current job	Number of Shares Held
Director	Chien, Chuan-Sheng	Department of Mechanical Engineering, Tamkang University Master of Mechanical Engineering, National Central University Entrepreneur Class, National Chengchi University General manager of Innodisk Corporation	Innodisk Corporation - general manager Innodisk Shenzhen Corporation - chairman Innodisk USA Corporation - director Innodisk Japan Corporation - representative director Innodisk Europe B.V.- director Innodisk France SAS - director Mauritius Innodisk Global-M - chairman Aetina Corporation - Representative of a corporate director/Chairman Millitronic Co.,Ltd. - Representative of a corporate director Antzer Tech Co.,Ltd. - Representative of a corporate director Sysinno Technology Inc. - Representative of a corporate director Anpec Electronics Corporation - Independent Director	1,365,746
Director	Lee, Chung-Liang	Department of Management Science, National Chiao Tung University Graduate School of Management Research, Tamkang University General manager of Power Quotient International Co., Ltd.	Rui Ding Invest Co., Ltd. - Chairman I-MEDIA TECH CO., LTD. - Chairman	1,887,701
Director	Hsu, Shan-Ke	Department of Management Science, National Chiao Tung University MBA, National Chengchi University	3R LIFE SCIENCES TAIWAN LTD. - Chairman Nuvoton Technology Corporation - Independent Director	0

		Deputy Chief Executive Officer of the General Management Office of Yulon Group Chairman of Xinyang Management Consulting (Stock) Company	PARPRO CORPORATION - Director ACME Electronics - Representative of a corporate director Winbond Electronics Corp. - Independent Director	
Director	Jhu, Cing-Jhong	Department of Management Science, National Chiao Tung University Master of Management Science, National Chiao Tung University General Manager of Kobayashi Optical Co., Ltd.	I-MEDIA TECH - Supervisor Department of Management Science, National Chiao Tung University - Associate Professor	1,609,827
Director	Rui Ding Invest Co.,Ltd. Representative: Wu, Hsi-Hsi	Department of Information Engineering, Fu Jen University Engineer, Power Quotient International Co., Ltd. Engineer, Jizhi Technology	Innodisk Corporation - deputy general manager of industrial control flash business division	6,107,037
Independent Director	Wang, Yin-Tien	PhD in Mechanical Engineering, University of Pennsylvania, USA Associate Professor, Department of Mechanical and Mechatronic Engineering, Tamkang University	Professor of the Department of Mechanical and Mechatronic Engineering and Director of the Preparatory Office of the Department of Artificial Intelligence, Tamkang University Chant Sincere Co., Ltd. - Independent Director	0
Independent Director	Lin, Wei-Li	PhD, Graduate School of Information Management, National Chiao Tung University Chief Technology Officer of Tailyn Technologies, Inc Deputy General Manager of Good Way Technology Co., Ltd. Chief Technical Officer of R&D General Management Office of New Kinpo Group Deputy General Manager of Business and Chief Assistant to General Manager of Zyxel/MitraStar Technology Corp. Deputy General Manager/Executive Deputy General Manager of Greater Chin of Groundhog Technologies Inc. Senior Manager of Asia-Pacific Telecom Co., Ltd.	Lane 55 Slow Workshop - General Counsel NUWA Robotics Corp. - Chief Counsel	0

Independent Director	Yang, Kai-Chan	<p>Department of Business Administration, National Chengchi University MBA, Kansas State University, USA Entrepreneur Class, National Chengchi University Senior Deputy General Manager and Head of Entrepreneurship and Industrial Investment Department of CDIB Capital Group General Manager of CDIB Capital Management Corporation General Manager of CDIB Venture Capital Corporation Deputy General Manager and Department Head of the Direct Investment Department of China Development Industrial Bank</p>	<p>CDIB & Partners Investment Holding Corporation - Representative of a corporate director Sinopower Semiconductor Inc. - Independent Director</p>	0
Independent Director	Lo, Su-Shun	<p>Department of Medicine, National Yang Ming University Professor of department of Surgery, National Yang-Ming University Attending Physician of General Surgery of Taipei Veterans General Hospital Deputy superintendent of National Yang-Ming University Hospital Superintendent of National Yang-Ming University Hospital</p>	<p>National Yang Ming Chiao Tung University Hospital - Appointment Physician Taiwan Surgical Association - Director Taiwan Society for Metabolic and Bariatric Surgery - Supervisor Taiwan Peritoneal Oncological Association - Director</p>	0

[Attachment VIII]

Innodisk Corporation

Circumstances under which the newly elected directors are released from non-compete clauses.

Title	Name	Situation regarding concurrent employment and business compete
Director	Chien, Chuan-Sheng	Innodisk Corporation - general manager Innodisk Shenzhen Corporation - chairman Innodisk USA Corporation - director Innodisk Japan Corporation - representative director Innodisk Europe B.V.- director Innodisk France SAS - director Mauritius Innodisk Global-M - chairman Aetina Corporation - Representative of a corporate director/Chairman Millitronic Co.,Ltd. - Representative of a corporate director Antzer Tech Co.,Ltd.- Representative of a corporate director Sysinno Technology Inc. - Representative of a corporate director Anpec Electronics Corporation - Independent Director
Director	Lee, Chung-Liang	Rui Ding Invest Co., Ltd. - Chairman I-MEDIA TECH CO., LTD. - Chairman
Director	Hsu, Shan-Ke	3R LIFE SCIENCES TAIWAN LTD. - Chairman Nuvoton Technology Corporation - Independent Director PARPRO Corporation - Director ACME Electronics - Representative of a corporate director Winbond Electronics Corp. - Independent Director
Director	Jhu, Cing-Jhong	I-MEDIA TECH – Supervisor
Director	Rui Ding Invest Co.,Ltd. Representative: Wu, Hsi-Hsi	Innodisk Corporation - deputy general manager of industrial control flash business division
Independent Director	Wang, Yin-Tien	Chant Sincere Co., Ltd. - Independent Director
Independent Director	Lin, Wei-Li	Lane 55 Slow Workshop - General Counsel NUWA Robotics Corp. - Chief Counsel
Independent Director	Yang, Kai-Chan	CDIB & Partners Investment Holding Corporation - Representative of a corporate director Sinopower Semiconductor Inc - Independent Director

【Appendix I】

Innodisk Corporation Board Meeting Rules of Procedures (Before Amendment)

- Article 1: These Rules have been established in accordance with Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies in order to build a strong board governance system and robust supervisory capabilities and reinforce management capabilities for the Company.
- Article 2: With respect to the board of directors' meetings (hereinafter referred to as "board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public notices, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article 3: The Company's board meetings are convened once a quarter. A notice of the reasons for convening a board meeting shall be given to each director at least 7 days before the meeting is convened. In the event of an emergency, however, a board meeting may be called on short notice.
- All matters set forth under Paragraph 1, Article 12 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reasons.
- Directors may be notified of the convening of a board meeting in writing, e-mail or fax based on their prior consent to the method of notification.
- Article 4: Shareholder service departments shall be the designated unit responsible for handling board meetings of the Company. The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.
- A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 5: When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.
- Directors shall attend board meetings in person. A director unable

to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's Articles of Incorporation. Attendance by teleconferencing will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in the abovementioned two paragraphs may be the appointed proxy of only one person.

Article 6: A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7: If the meeting of the board of directors is convened by the chairman, the meeting will be chaired by the chairman. However, in the first meeting of each term of the board of directors, the chairperson shall be the convener who receives the most voting rights in the shareholders' meeting. If there are two or more conveners entitled to convene the meeting, one person shall be elected to chair the meeting.

In accordance with Paragraph 4 of Article 203 or Paragraph 3 of Article 203-1 of the Company Act, if the board meeting is convened by directors who receive a majority votes at the shareholders meeting, the directors shall elect one person to be the chairperson of the board meeting.

The vice-chairman is to chair the meeting on behalf of the chairman if the chairman takes the day off or for any reason cannot exercise the power. The chairman is to appoint a managing director on behalf of the vice-chairman if there is no vice-chairman or if the vice-chairman cannot attend the meeting due to the aforementioned reasons. A director is assigned as the chairperson if there are no managing directors. In the event the chairman does not appoint anyone, the managing directors or the directors are to recommend one person.

Article 8: When a board meeting is held, the management (or the designated unit responsible for the board meetings) shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to

attend the meeting as non-voting participants and to make explanatory statements. However, they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If half of all the directors are not in attendance at the appointed meeting time, the chair may postpone the meeting, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Paragraph 2 of Article 3.

The number of "all directors," as used in the preceding paragraph and in Sub-paragraph 2, Paragraph 2 of Article 16, shall be counted as the number of directors then actually in office.

Article 9: Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form. If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by teleconferencing, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10: Agenda items for regular board meetings of the Company shall include at least the following:

I. Reports:

- (1) Minutes of the last meeting and action taken.
- (2) Important financial and business matters.
- (3) Internal audit activities.
- (4) Other important matters to be reported.

II. Discussion Topics:

- (1) Items for continued discussion from the last meeting.
- (2) Items for discussion at this meeting.

III. Extraordinary motions.

Article 11: The Company's board of directors shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval

of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 3 of Article 8 shall apply.

Article 12: The following matters shall be discussed in the Company's board meetings:

- I. The Company's business plan
- II. Annual financial statements
- III. To establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act and to evaluate the effectiveness of the internal control system.
- IV. The procedures established or amended in accordance with Article 36-1 of the Securities and Exchange Act for material financial or business transactions such as acquisition or disposal of assets, derivatives trading, lending of funds to others, endorsements or guarantees.
- V. The offering, issuance, or private placement of equity-type securities.
- VI. The appointment or dismissal of financial, accounting, or internal audit officers.
- VII. A donation to a related party, or a major donation to a non-related party. However, public interest donations for the emergency relief of major natural disasters may be ratified in the next board meeting.
- VIII. Matters to be resolved by shareholders' meetings or board meetings or material matters specified by the authority in accordance with Article 14-3 of the Securities and Exchange Act, other laws and regulations or the Articles of Incorporation.

The term "related party" in Sub-paragraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The "one-year" timeframe mentioned in the preceding paragraph dates back one year from the date of the board meeting.

Transactions that have already been passed by the board resolution can be excluded.

In the event where shares of foreign companies have no par value or a par value other than NT\$10, the calculation of transaction amounts of 5% of paid-in capital will be substituted by 2.5% of shareholders' equity.

At least one independent director shall attend the meeting in person. With respect to the matters which must be approved by the board resolution as provided in the first paragraph, all independent directors shall attend the meeting. If an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. An independent director who cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there are some legitimate reasons to do otherwise. The opinion shall be specified in the minutes of the board of directors meeting.

Article 13: The chair is to stop discussions and announce a vote for the motion that is close to the level to be decided by votes.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved.

If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote. One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

- I. A show of hands or a vote by a voting machine.
- II. A roll call vote.
- III. A vote by ballot.
- IV. A vote by a method selected at the Company's discretion.
- V. Attending directors, as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Paragraph 1 of Article 15.

Article 14: Unless otherwise specified by the Company Act, board meetings shall have the attendance of more than half of directors and the resolutions shall be represented by more than half of the attending directors.

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15: If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may state his/her opinions and answer questions and may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. If the director's spouse or blood relatives within the second-degree or the companies with which the director has a controlling or affiliation relationship are considered interested parties with the issues to be discussed at the board meeting, the director is also considered to be interested.

The resolution of the Company's Board of Directors shall be made in accordance with Paragraph 4 of Article 206 and Paragraph 2 of Article 180 of the Company Act for directors who are prohibited from exercising their voting rights under the preceding two provisions.

Article 16: Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

- I. The meeting session (or year) and the time and place of the meeting.
- II. The name of the chairperson.
- III. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
- IV. The names and titles of those attending the meeting as non-voting participants.
- V. The name of the minutes taker.
- VI. Reports
- VII. Discussion items: Resolution and results of each proposal, a summary of speeches by directors, experts and other personnel, the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important

aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Paragraph 5 of Article 12.

VIII. Extraordinary motions: the name of sponsor, method and result of the resolution of the motion, a summary of the speeches of director, expert, or another person, the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

IX. Other matters required to be recorded.

The occurrence of any of the following circumstances, concerning a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the meeting:

- (1) Any objection or expression of reservations by an independent director expresses a record or written statement.
- (2) A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes shall be deemed important corporate records and

appropriately preserved during the existence of the Company.
The meeting minutes of Paragraph 1 may be produced and distributed electronically.

Article 17: In addition to matters discussed in the Company's board meetings under Paragraph 1 of Article 12, the board authorizes the chairman to exercise the powers of the board in accordance with laws or the Company's regulations, and the powers being authorized to cover the following aspects:

I. Approval of all important contracts.

II. Approval of real estate mortgage loans and other loans.

III. Approval of the Company's purchase and disposal of general property and real estate.

IV. Appointment of directors and supervisors of reinvestment companies.

V. Approval of base dates of capital increase or decrease and ex-dividend date of cash dividends.

Article 18: If the Articles of Incorporation establishes the positions of managing directors in the future, the rules of procedures for managing directors' meetings will comply with the provisions of Article 2, Paragraph 2 of Article 3, Articles 4 to 6, Articles 8 to 11, and Articles 13 to 16. However, when meetings of the board of managing directors are held at regular intervals of 7 days or less, notices of such meetings may be given to each managing director 2 days before the meeting.

Article 19: The establishment and amendment of these Rules of Procedures shall be approved by the Company's board and shall be reported to the shareholders' meeting.

Article 20: These Rules were established on April 15, 2011.

1st revision was made on April 14, 2012.

2nd revision was made on October 29, 2012.

3rd revision was made on March 27, 2013.

4th revision was made on January 30, 2018.

5th revision was made on February 21, 2020.

【Appendix II】

Innodisk Corporation's Articles of Incorporation

Chapter 1 General Principles

- Article 1: The Company is organized under the provisions of the Company Act and is named Innodisk Corporation.
- Article 2: The Company is engaged in the following business activities:
- I. F113050 Wholesale of computing and business machinery equipment
 - II. F113070 Wholesale of telecom instruments
 - III. F119010 Electronic materials wholesale.
 - IV. F213030 Retail sale of computing and business machinery equipment
 - V. F213060 Retail sale of telecom instruments
 - VI. F219010 Retail sale of electronic materials.
 - VII. F401010 International trade
 - VIII. I301010 Software design services.
 - IX. I501010 Product designing.
 - X. CC01080 Electronic parts and components manufacturing.
 - XI. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The head office of the Company is located in New Taipei City. If necessary, branch offices both at home or abroad may be established by the resolution of the board of directors.
- Article 4: The Company may provide guarantees to external parties or engage in re-investment in other businesses as needed. The total amount of the Company's re-investment is not subject to the 40% limit of the paid-in capital.

Chapter 2 Shares

- Article 5: The Company has an authorized capital of One Billion New Taiwan Dollars in one hundred million shares. Each share has a face value of Ten New Taiwan Dollars. The shares include ten million shares of employee stock options for a total of NT\$100 million. The board is authorized to issue shares on an installment basis in accordance with the Company Act and the relevant regulations.
- Article 6: The share certificates of the Company are all name-bearing,

numbered and signed or stamp-sealed by directors representing the Company. They are issued upon the authentication by the bank permitted by law to serve as the registrar for issuance of stocks. Shares of the Company is exempted from actual printing but shall be registered with the Taiwan Depository and Clearing Corporation.

Article 6-1: After the Company is publicly listed and intends to withdraw from the public offering, it shall submit the proposal to the shareholders meeting for resolution and undertake procedures in accordance with Article 156 of the Company Act. This article will not be amended during the Company's existence in the Emerging Stock Board and the TWSE or OTC market.

Article 7: Changes or transfers of the names of shares cannot be made within 60 days prior to shareholders' regular meetings, 30 days prior to extraordinary general meetings or 5 days before the Company's decision on dividend or bonus distribution or other ex-dates.

Article 7-1: Unless otherwise specified by law or securities regulation, all share administration-related affairs shall proceed according to Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter 3 Shareholders' Meeting

Article 8: There are two types of shareholder meetings and they are annual general meetings and extraordinary general meetings. General meetings are held once a year and shall be held within six months after the end of each fiscal year. Extraordinary general meetings, when necessary, are held in accordance with the provisions of the Company Act.

Article 8-1: For meetings that are convened by the board of directors, the chairperson is appointed in accordance with Paragraph 3, Article 208 of the Company Act. For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by the convening authority. One person should be selected to chair the meeting if there are more than two present.

Article 8-2: Shareholder meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. The production and the distribution of the resolution record can be made electronically or by public notice.

Article 9: Shareholders unable to attend the meetings may offer to show a power of attorney issued by the Company, which specifies the scope

of authorization and commission their representatives to attend the meetings. Shareholders who commission their proxy to attend meetings shall comply with the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies promulgated by the securities authority, unless otherwise specified by Article 177 of the Company Act.

Article 10: The standard of one share, one vote shall apply to every shareholder of the Company, but those in the circumstances specified in Article 179 of the Company Act, or directors' shareholding meeting one of the provisions of Article 197 of the Company Act shall have no voting power.

Article 11: Except as otherwise regulated by the Company Act or relevant laws, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 12: (Deleted)

Chapter 4 Director

Article 13: The Company shall have seven to eleven directors, who are elected using the nomination of candidates approach in accordance with Article 192-1 of the Company Act. They are elected during general shareholder meetings from the candidate list to serve a term of three years. The term of service may be renewed if they are re-elected in the next election. In the election of the Company's directors held during the shareholders meeting, every share shall have the same voting power as the elected directors. Votes may be pooled to elect one person or distributed to vote multiple person. Those who obtain more votes are elected as directors. Among the abovementioned directors, there should be at least three independent directors, accounting no less than 1/5 of the board seats. The professional qualifications, shareholding, part-time restrictions, nominations and other rules to be followed shall be handled in accordance with laws and regulations of the securities authority.

The Company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act to be responsible for performing the functions of supervisors specified in the Company Act, the Securities and Exchange Act and other regulations. The audit committee shall consist of all independent directors, and the organizational procedures shall be determined by the board of directors.

Article 14: A chairman representing the Company is elected in the board meeting where more than two-thirds of directors are in attendance and more than half of the attending directors agree to the vote. A vice-chairman is also appointed to assist the chairman.

Every director shall be notified at least seven days before the convening of board meetings. Meetings can be called at any time in case of emergency. The notice of the convening of board meeting can be made in writing, e-mail or fax.

Directors shall attend the board meeting in person. If a director is unable to attend the meeting, he/she may issue a proxy form detailing the scope of delegated authority and appoint another director to attend the meeting. One director may accept only one proxy form.

Article 15: If the chairman asks for leave or fails to exercise rights and responsibilities for any reason, a representative shall be assigned in accordance with the provisions of Article 208 of the Company Act.

Article 16: The remuneration of chairman and directors is authorized at board meetings based on their level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers both at home and abroad.

Article 16-1: The Company may purchase liability insurance for its directors during the term of their services in accordance with the law.

Chapter 5 Managerial Officer:

Article 17: The Company shall establish positions of managers, and the appointment, dismissal and remuneration shall comply with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18: The Company's board of directors is responsible for preparing the following statements and reports at the end of each financial year; these statements and reports must be submitted to the audit committee for review at least 30 days before the annual general meeting and presented during the annual general meeting for ratification.

(I) Business report.

(II) Financial statements.

(III) Proposal for the distribution of surplus or make-up for the loss.

Article 19: The Company shall allocate the following amounts as employee

bonuses and director remunerations if the income before taxes after the deduction to make up for losses still has a balance:

(I) More than 3% as employee bonuses.

(II) Less than 2% as remunerations for directors.

Employee compensation mentioned in the preceding paragraph shall be in the form of stocks or cash and shall be determined by the board resolution and reported to the shareholders meeting. The recipients include the employees of subsidiaries in which the Company holds more than half of the shares with voting power or the total capital of the subsidiaries.

Article 19-1: The surplus income of the Company after the final accounts is distributed to the following accounts in their respective order:

(I) Withholding taxes.

(II) Make up for past losses.

(III) The profits from annual final accounts shall have 10% allocated for legal reserve, but if the legal reserve has reached the total share capital, no further allocations will be conducted. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority.

(IV) With respect to the balance and the accumulated undistributed surplus of the previous year, the board proposes a surplus distribution to the shareholders meeting for resolution.

The Company considers future needs for business operation, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total of cash and stock dividends. The Company's surplus distribution and shareholders' equity shall not be less than 30% of the current year's surplus.

Chapter 7 Supplementary Provisions

Article 20: (Deleted)

Article 21: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and the relevant regulations.

Article 22: The Articles of Incorporation was established on February 16, 2005.

1st revision was made on March 28, 2006.

2nd revision was made on May 29, 2008.

3rd revision was made on June 8, 2010.
4th revision was made on April 19, 2011.
5th revision was made on June 15, 2011.
6th revision was made on May 25, 2012.
7th revision was made on June 21, 2013.
8th revision was made on June 9, 2015.
9th revision was made on June 8, 2016.
10th revision was made on June 7, 2017.
11th revision was made on May 29, 2020.

【Appendix III】

Innodisk Corporation

Shareholders Meeting Rules of Procedures (Before Amendment)

- Article 1 These Rules have been established in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies in order to build a strong board governance system for shareholders' meetings and robust supervisory capabilities and reinforce management capabilities for the Company.
- Article 2 Unless otherwise specified by law or the Articles of Incorporation, shareholders' meetings of the Company shall proceed according to the terms of these Rules.
- Article 3 Unless otherwise specified by law, shareholders' meetings are to be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms and the origins of and explanatory materials related to all proposals, including proposals for ratification, matters for deliberation or the election or dismissal of directors or supervisors and upload them to the Market Observation Post System (MOPS) at least 30 days before the date of an annual general meeting or 15 days before the date of an extraordinary shareholders' meeting. At least 21 days before an annual general meeting or 15 days before an extraordinary shareholders' meeting, an electronic copy of the shareholders' meeting handbook and supplementary information shall be prepared and posted onto the MOPS. Physical copies of the shareholders' meeting handbook and supplementary information shall be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents must also be placed within the Company's premises and at the stock transfer agent, and distributed on-site during the shareholder meeting.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, changes in the article of incorporation, capital reduction, application for deregistration of equity shares, director non-competition agreement, capitalization of profits, capitalization of surplus, company dissolution, merger, split or the clauses in Paragraph 1, Article 185 of the Company Act should be listed in the purposes for convening the meeting, not proposed as an extraordinary motion. The content may be posted on websites designated by the securities authority or the Company, and the address should be clearly stated in the notification.

The notification for the convening of shareholder meeting has announced the re-election of directors and inauguration date. After the re-election at the shareholder meeting, the inauguration date shall not be changed by extraordinary motion or other means in the same meeting.

Shareholders who hold over 1% of the total issued shares may propose issues in the Company's shareholders' general meeting. Each shareholder is limited to one issue, and additional issues will not be included in the proposal discussion. Furthermore, if the issue raised by shareholders involves items in Paragraph 4, Article 172-1 of the Company Act, the board of directors can omit the proposal.

Before the book closure date for the annual general meeting, the Company shall announce the acceptance of shareholders' proposals, the procedures in accepting proposals either in writing or electronic version and the place and time of acceptance. The period of acceptance shall not be less than 10 days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. During the shareholders meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from the discussion.

Article 4 Shareholders attending the meeting should show the power of attorney issued by the company that specifies the scope of authorization and the commissioned representative.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw from the previous proxy arrangement.

Should the shareholder decide to attend a shareholders' meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice must be sent to the Company by no later than 2 days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails

to withdraw proxy arrangement before the due date, the vote of the proxy attendant shall prevail.

Article 5 Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9am or later than 3pm. Independent directors' opinions on the meeting place and time shall also be fully considered.

Article 6 The meeting advice shall specify details such as meeting time, venue, and important notes where relevant.

Admission of meeting participants shall begin at least 30 minutes before the meeting commences. The reception area must be clearly labeled and stationed with competent personnel.

Shareholders shall attend shareholders' meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present additional documentary proof unless specified in advance. Proxy form acquirers are required to bring identity proof for verification.

The Company shall provide an attendance ledger for the attending shareholders to sign in, or have the attending shareholders turn in their attendance cards as to sign in.

Shareholders who attend the meeting shall be given a copy of the meeting manual, annual report, attendance pass, opinion slip, motion ballots and any information relevant to the meeting. Prepare additional ballots if director elections are also being held during the meeting.

Where the shareholder is a government agency or corporate entity, more than one proxy may attend the shareholders meeting. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend a shareholders' meeting.

Article 7 The chairman should chair the meeting convened by the chairman. Vice-chairman is to chair the meeting on behalf of the chairman if the chairman takes the day off or for any reason cannot exercise the power. The chairman is to appoint a managing director on behalf of the vice-chairman if the vice-chairman cannot attend the meeting due to the aforementioned reasons. A director is assigned if there is no managing director. In the event that the chairman does not appoint anyone, the managing director or the directors are to recommend one person.

The chairperson position mentioned above shall be assumed by a managing director or director, who has been on the board for more than six months and possesses adequate understanding of the Company's financial and business performance. The same applies if the chairperson is a representative of a corporate director.

The shareholders' meeting convened by the board of directors shall be personally hosted by the chairman of the board. More than half of the directors and at least one representing member of various functional committees shall attend the meeting, and the attendance shall be recorded in the meeting minutes.

For the meeting that is convened by the ones with the convening authority outside of the board, the meeting should be chaired by convening authority. One person should be selected to chair the meeting if there are more than two present.

The Company may summon its lawyers, certified public accountants or any relevant personnel to be present at shareholder meetings.

Article 8 The Company shall make an uninterrupted audio and video recording of the entire meeting.

These recordings must be retained for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 9 Attendance at a shareholders' meeting shall be calculated based on shares. The number of shares in attendance is counted based on the attendance book or the submitted attendance card, together with the shares with the written or electronic voting rights.

The chair is to call the meeting to order at the designated meeting time, but is to announce a postponement if the attending shareholders represent less than half of the total issued shares. The number of postponement is limited to two times, totaling no more than 1 hour.

The chair is to announce the meeting adjourned if still less than 1/3 of the total issued shares presented at the meeting after the postponement twice.

If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. All shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

If the attending shareholders representing more than half of the total issued shares before the end of the meeting, the chair is to make a tentative resolution and re-submit it for a shareholders vote in accordance with Article 174 of the Company Act.

Article 10 The board should set the agenda for the meetings that it convenes. Relevant motions (including extraordinary motions and amendments to the original motions) shall be decided on a case-by-case basis. The

meeting should be carried out based on the agenda and should not be changed without the resolution of the shareholders.

For the meeting that is convened by the ones with the convening authority outside of the board, the aforementioned rule still applies.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders and then continue the meeting.

The chairman shall give proposals and shareholder proposed revisions or extraordinary motions sufficient time for clarification and discussion. Once the chairman perceives that voting can proceed, the chairman shall stop the discussion and initiate the voting.

Article 11 Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the attendance pass number) or account name and allow the chair to determine the order to give the speech.

The attending shareholders are considered to offer no statement if they only provide speech notes without giving statements. In the event where the content of the statement is inconsistent with the speech note, the content of the statement should prevail.

Each shareholder shall not make more than two statements for the same proposals without the chairman's agreement, and each statement shall not exceed five minutes. If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairman shall halt the statement.

When an attending shareholder is making a statement, other shareholders shall not speak unless given permission by the chairman and the speaking shareholder. Violators shall be halted by the chairman.

The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person giving speech for a motion.

After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

The shares of the shareholders without voting rights are not counted in the total issued shares for the resolution of the meeting.

A shareholder who has a personal interest with the agenda of the meeting which may result in a conflict of interest with the Company shall not participate in the voting, nor shall he/she act on behalf of other shareholders to exercise the voting rights of other shareholders.

The number of shares held by shareholders who are not permitted to vote shall be excluded from total voting rights represented in the meeting.

Other than the trusts or securities agencies approved by the authorities, a person representing more than two shareholders as a proxy cannot have the shares exceeding three percent of the total voting shares. The exceeded voting rights will not be counted.

Article 13 Every share represents one vote unless it is restricted or deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

Shareholders may exercise their voting power by electronic transmission or in correspondence in shareholder meetings, and the exercise method shall be specified in the notice of shareholders' meetings. Shareholders exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, this is also considered to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore recommended that the Company avoids the submission of extraordinary motions and amendments to original proposals.

Shareholders exercising voting rights by correspondence or electronic means shall deliver their declaration of intent to the Company at least two days before the shareholders meeting. If there is a repetition of the declaration of intent, whichever delivered the first will be served, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. If a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by

the proxy in the meeting shall prevail.

Unless otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During the voting process, the chair or the designated personnel announce the total number of the eligible voting rights of the attending shareholders case by case and then carry out the voting. On the same day of the meeting, the number of agree, disagree and abstain are entered into the Market Observation Post System.

For the motion that the chair consults every attending shareholder without any objection, it is considered passed with the same effectiveness as the voting. In case of any objection, voting should be taken in accordance with the paragraph above.

For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the vote order. If one of the proposals has been passed, the other proposals are viewed as denied and no more voting will be conducted.

The monitoring and counting personnel for the voting should be assigned by the chair, and the monitoring personnel should have a shareholder status.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting and made into record.

Article 14 Shareholders' meetings that involve election of directors shall proceed according to the Company's election policy. Results of the elections, including the list of elected directors and the final tally, must be announced on-site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 15 The voted issues should be made into a resolution record signed or stamped by the chair and then distributed to each shareholder within twenty days after the meeting. The production and the distribution of the resolution record can be made electronically.

The distribution of the aforementioned resolutions can be entered into the Market Observation Post System to be publicly announced.

The resolution proceedings should correctly record the year, month, day,

venue, name of the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors, the votes received by each nominee shall also be disclosed. These records are to be kept permanently during the Company's existence.

Article 16 The number of shares owned by the solicitors and the entrusted proxies is compiled into a chart with a prescribed format on the meeting day and is disclosed clearly at the meeting venue.

The Company must disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange).

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.

The chair may direct proctors or security personnel to help maintain order at the meeting venue. The proctors or security personnel help maintaining order at the meeting place shall wear an identification card or armband bearing the word "Proctor."

For venues that are equipped with broadcasting equipment, the chairman shall halt any shareholder that make statements from equipment not allocated to the Company.

Shareholders in violation of the rules and disobeying correction by the chair to disrupt the meeting are asked to leave the venue and will be escorted out by the proctors or the security personnel.

Article 18 The chair may announce a break time during the meeting at his/her discretion. The chair is to rule a meeting suspension due to force majeure and announce another time to resume the meeting as appropriate.

If the agenda scheduled for the meeting (including extraordinary motion) are not finished and the venue cannot be used, the shareholders are to find resolutions in finding a place to finish the meeting.

The shareholders may decide to postpone or continue the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 These Rules are to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

Article 20 These Rules were established on April 15, 2011.

1st revision was made on May 25, 2012.

2nd revision was made on December 17, 2012.

3rd revision was made on June 21, 2013.

4th revision was made on June 9, 2015.

5th revision was made on May 29, 2020.

【Appendix IV】

Innodisk Corporation

Procedure for Election of Directors (Before Amendment)

Article 1 For a fair, impartial and open election of directors, the Company established the Procedure in accordance with Article 21 and Article 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

The election of directors of the Company shall be governed by the Procedure, except as otherwise provided in the Company Act, the Securities and Exchange Act and the Company's Articles of Incorporation.

Article 2 The cumulative voting system shall be used for the election of directors of the Company.

Attendance card numbers printed on the ballots (or shareholder's account number) may be used instead of recording the names of voting shareholders.

For the election of directors of the Company, each share should have the same number of voting rights as the number of directors to be elected, which may be cast collectively for a single candidate or split among several candidates.

Article 3 The number of directors will be as specified in the Company's Article of incorporation, with voting rights separately calculated for independent and non-independent directors. Those receiving the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of directors, they shall draw lots to determine, with the chair drawing lots for those not in attendance.

Article 4 The overall composition of the Board of Directors should be taken into consideration in the selection of the Company's directors.

The composition of the Board of Directors shall be determined by taking diversity into consideration.

The members of the Board of Directors should generally have the necessary knowledge, skill, and experience to perform their duties; the board as a whole should have the following competencies:

- I. The ability to make judgments about operations.
- II. Accounting and financial analysis ability.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry Knowledge
- VI. An international market perspective.
- VII. Leadership ability.
- VIII. Decision-making ability.

More than half of the directors should have neither a spouse nor relatives within the second degree of kinship in any other director.

Article 5 The qualifications of the independent directors of the Company shall comply with the provisions of Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The election of independent directors of the Company shall comply with the provisions of Articles 5, 6, 7, 8 and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". It shall be in accordance with Article 24 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

If any director is dismissed for any reason so that the number of directors is less than five, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the vacancies of directors reach one-third of the number of seats set forth in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting to hold a by-election within 60 days from the date of occurrence of the fact.

If the number of independent directors is not sufficient to meet the requirements of the first proviso to Article 14-2 of the Securities and Exchange Act, the relevant provisions of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or the specific conditions deemed by the TPEX to be unsuitable to have its stocks traded on the TPEX under subparagraph 8 of Article 10, Paragraph 1 of the "Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX," a by-election shall be held at the most recent shareholders' meeting. If all independent directors are dismissed, an extraordinary shareholders' meeting shall be held within 60 days from the date of occurrence for re-election.

Article 6 Before the election begins, the chair should appoint a number of persons with shareholder status as vote monitoring and counting personnel to perform the respective duties. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting begins.

Article 7 The Board of Directors should prepare election ballots corresponding to the number of directors to be elected. Ballots are prepared by the Company and distributed to shareholders attending the shareholders' meeting according to the attendance card number (or shareholder account number). Each ballot contains the number of voting rights of each shareholder on a pro-rata basis.

Article 8 Voters must indicate the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the candidate's name and identification number should be indicated.

However, when the candidate is a corporate shareholder, the column for the candidate of the ballot should be filled in with the corporation's account name or the name of the corporation and the name of its representative. When there are several representatives, the name of each representative

should be indicated respectively.

Article 9 A ballot is invalid if one of the following is true:

- I. Do not use ballots as specified by the procedure.
- II. Put void ballots into the ballot box.
- III. The handwriting is blurred and unrecognizable or has been altered.
- IV. If the candidate is a shareholder, the account name and shareholder account number of the candidate does not match the shareholder roster; if the candidate is not a shareholder, the name and identity number of the candidate do not match after verification.
- V. Other words are written in addition to the account name of the candidate (name) or the shareholder's account number (identification number) and the number of votes won.
- VI. The candidate's name is the same as that of other shareholders without the shareholder's account number or identification number for verification purposes.
- VII. Fill in more than two candidates on the same ballot.

Article 10 After the voting is completed, the ballot box should be opened on the spot. The voting results shall be announced by the chair on-site, including the list of directors elected.

Article 11 The Board of Directors of the Company shall issue separate election notices to the Directors elected by voting.

Article 12 Matters not provided for in this Procedure shall be handled in accordance with the provisions of the Company Act and related laws and regulations.

Article 13 The Procedure is to be announced and implemented after being approved by the shareholders' meeting, and likewise for the revision.

Article 14 The Procedure was established on April 15, 2011.

1st revision was made on April 14, 2012.

2nd revision was made on December 17, 2012.

3rd revision was made on June 21, 2013.

4th revision was made on June 9, 2015.

【Appendix V】

Innodisk Corporation Directors' Shareholding Position

- I. The Company's paid-in capital is NT\$824,590,400 and the Company has issued a total of 82,459,040 shares.
- II. The Company currently has three seats of independent directors. In accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the shareholding of independent directors elected by publicly listed companies is not included in the total number. The total number of shares held by all directors other than the independent directors shall be reduced to 80%. The statutory minimum number of shares held by all directors is 6,596,723 shares.
- III. As of the stock stop-transfer date (April 2, 2021) for the shareholders meeting, the shareholding of each and all directors recorded in the shareholder register is listed as follows, which has met the percentage requirements specified in Article 26 of the Securities and Exchange Act.

Title	Name	Stop of Stock-Transfer Date (April 2, 2021) Shareholding as recorded in the shareholder roster	Ownership
Chairman	Chien, Chuan-Sheng	1,365,746	1.66%
Director	Lee, Chung-Liang	1,887,701	2.29%
Director	Lo, Wen-Chi	464,796	0.56%
Director	Hsu, Shan-Ke	0	0.00%
Director	Jhu, Cing-Jhong	1,609,827	1.95%
Director	Rui Ding Invest Co., Ltd. Representative: Huang, Su-Fen	6,107,037	7.41%
Independent Director	Jow, En-Min	19,380	0.02%
Independent Director	Lin, Tsung-Te	58,275	0.07%
Independent Director	Li, Kuang-Pin	0	0.00%
Overall Directors' Shareholding Position		11,512,762	13.96%

【Appendix VI】

Impact of Stock Dividends on the Company's Operating Performance, Earnings Per Share and Return on Shareholders' Investment

Item		Year	2020 (Estimated)
Opening Paid-In Capital			813,240,400
Stock and Cash Dividends for the Year	Cash dividend per share		6.8(Note 1)
	Capitalization of profits to issue new stock (Share)		—
	Number of shares issued due to capitalization of capital surplus (shares)		—
Changes in business performance	Operating profit		Not applicable (Note 2)
	Year-on-year % increase (decrease) in operation profits		
	Net income after taxes		
	Year-on-year % increase (decrease) in net income after taxes		
	Earnings per share		
	Year-on-year % increase (decrease) in earnings per share		
Annual average return on investment (reciprocal of annual average P/E ratio) (%)			
Pro forma earnings per share and a price-to-earnings ratio	If all of the capital increase from earnings is changed to cash dividends	Pro forma earnings per share	Not applicable (Note 2)
		Pro forma annual average return on investment (%)	
	Without capitalization of capital surplus	Pro forma earnings per share	
		Pro forma annual average return on investment (%)	
	Without capitalization of capital surplus and the capitalization of profits is distributed in cash dividends	Pro forma earnings per share	
		Pro forma annual average return on investment (%)	

Note 1: To be approved by the 2021 shareholders' general meeting.

Note 2: Not applicable as the Company has not yet released the 2021 financial forecast information.