



Military Support for Civilian Applications — New Blue Sea

The COVID-19 pandemic ravaged the world in 2020 and the spread of new variants caused countries to maintain tight border controls. Fortunately, the availability of the most needed vaccines provided a relief in 2021 and the aviation industry gradually recovered from the impact.

In 2021 AIDC actively expanded military businesses to make up for the gap in the commercial market, and also targeted the clean energy business opportunities and accelerated expansion in high-tech services.

In terms of military businesses, the Company delivered two batches of the advanced jet trainers in 2021, with the rest in the process of mass production. In January, the Company won a major contract from the Air Force for the "F-16 Maintenance and Repairs Center" to conduct the maintenance and repairs of the F-16 fleet till the end of 2025, which enables the establishment to serve the defense purpose of "indigenous production and local maintenance and repairs". In addition to the two aforementioned programs, the Company conducted the performance upgrade of F16 A/B and the maintenance project for the IDF and military helicopters on time and on expectations. AIDC also worked closely with National Chung-Shan Institute of Science and Technology to develop opportunities for collaboration in R&D and mass production.

In civil businesses, the Company on stabilizing and increasing orders from existing customers as the main sources of business in the short-term plan. In the long term approaches, the Company would seek to develop risk sharing programs for system parts/components of new aircrafts as well as engines, and also to expand the maintenance and repair business of large engine cases and engines.



Diverse Development for Energy Conservation and Carbon Reduction

2021 was a crucial year for the Company's accelerated and diverse development of technology services. AIDC focused on the global pursuit of net zero emission, environmental protection, and energy saving, while continued to promote biogas power generation systems and other energy related businesses, such as the launch of a 5MW energy storage system to participate in the ancillary services on the Energy Trading Platform starting October; and strategic cooperation with GE Aviation in 2022 in the 170-200MW capacity installation at Taipower's Tongxiao Power Plant to resolve peak electricity consumption issues in Taiwan.



Upholding Core Values for Corporate Sustainability

AIDC is a leading company in the domestic aviation industry with responsibility to support national defense. As we pursue business performance, we also pay close attention to the interest of all stakeholders. With corporate governance, social responsibility, and environmentally friendliness as the three pillars of ESG implementation, in 2021, we won recognition in the following areas:

- Ranked 6-20% among the listed companies in the 8th "Corporate Governance Evaluation";
- Gold medal for enterprises in the "Talent Quality-management System (TTQS)";
- Won the "National Enterprise Environmental Protection Award" for the 3rd consecutive year;
- First prize for team innovation and leadership in the "National Industrial Innovation Award" of the Ministry of Economic Affairs;
- In the "2021 TCSA Taiwan Corporate Sustainability Awards", AIDC won the Corporate Sustainability Report Award, Sustainability Performance Award, and Best Performance in the Categories of Information Security Leadership Award, Growth through Innovation, Talent Development Leadership.

The United Nations Climate Change Conference (COP26) held in November 2021 made "carbon reduction" a global consensus. Promoting net zero emissions has become an international trend. In 2021, Taiwan also announced targets for attaining net zero emissions by 2050. AIDC supports carbon reduction by formulating a course of actions and milestones that may guide the Company to "carbon neutrality" by 2050, which include completion of the installation of solar energy systems, increase in the use of renewable energy, production process improvement, energy saving and carbon reduction measures. AIDC sees itself as a promoter of environmental protection, green products, and social care, while at the same time committed to moving toward the Sustainable Development Goals (SDGs) set by the United Nations.

In an era with rapid changes around the world, the pandemic, geopolitics, and compliance with regulations on net zero emissions pose challenges to the industry. AIDC will transform these challenges into opportunities by following its business philosophy of accountability, innovation, dedication, and customer orientation, and continue to promote social inclusion and embrace sustainability.

Chairman **Hu, Kai-Hung**