ADVANTECH CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT THEREON

DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of ADVANTECH CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheet of ADVANTECH CO., LTD. as at December 31, 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of ADVANTECH CO., LTD. as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit 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 *Independent Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of ADVANTECH CO., LTD. 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 are those matters that, in our professional judgement, were of most significance in our audit of ADVANTECH CO., LTD.'s 2021 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for ADVANTECH CO., LTD.'s 2021 financial statements are stated as follows:

Valuation of inventories

<u>Description</u>

Refer to Note 4(11) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(5) for the details for inventory valuation. ADVANTECH CO., LTD.'s inventory and allowance for inventory valuation as at December 31, 2021 are $6,904,782 thousand and $408,331 thousand, respectively.

ADVANTECH CO., LTD. is primarily engaged in the manufacture and sales of embedded computer boards, industrial automation products, applied computers and industrial computers. Due to the rapid changes in technological environment and industrial characteristics, inventories of ADVANTECH CO., LTD. are available in different sizes and types. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories as one of the key audit matters.

<u>How our audit addressed the matter</u>

Our audit procedures performed in ADVANTECH CO., LTD. and its subsidiaries (recognised as investments accounted for under equity method) for the above matter are as follows:

1. Obtained an understanding of the policy on allowance for inventory valuation loss to assess the reasonableness of application.
2. Validated the accuracy of the system logic in calculating the ageing of inventories.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Recognition of sales revenue

Description

Refer to Note 4(28) for the accounting policies on the recognition of sales revenue.

Due to the changes in technology and environment, the development of new energy-related industries as well as digital transformation have been accelerated. As a result of the rapid development in the industrial computers industry, ADVANTECH CO., LTD. and its subsidiaries had a significant growth in its revenue for the year ended December 31, 2021, particularly from revenue generated through its channels/distributors. Thus, we considered the recognition of revenues from channels/distributors as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ADVANTECH CO., LTD. and its subsidiaries (recognised as investments accounted for under equity method) for the above matter are as follows:

1. Obtained an understanding of and assessed internal controls in relation to sales revenue, and assessed the operating effectiveness.
2. Obtained a detailed listing of sales revenue from channels/distributors for the current year, and validated supporting documents to ensure the appropriateness of recognition.
3. Inspected contents and relevant evidences to confirm whether there were any significant or unusual sales returns and discounts occurring subsequent to the reporting period.
4. Performed accounts receivable confirmation procedure to significant customers.

Other matter - Audit Scope

The comparative information of ADVANTECH CO., LTD. as at and for the year ended December 31, 2020 were audited by other auditors, whose report dated March 5, 2021 expressed an unqualified opinion on those statements.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing the ability of ADVANTECH CO., LTD. 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 ADVANTECH CO., LTD. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of ADVANTECH CO., LTD.

Independent auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 internal control of ADVANTECH CO., LTD.
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 ability of ADVANTECH CO., LTD. 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 parent company only 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 ADVANTECH CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 ADVANTECH CO., LTD. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling   Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash	6(1)	$ 3,608,918	7	$ 2,062,596	5
1110	Financial assets at fair value through profit or loss - current	6(2)	1,081,067	2	3,652,818	8
1150	Notes receivable, net	6(4)	65,229	-	20,508	-
1160	Notes receivable - related parties	7	-	-	6,775	-
1170	Accounts receivable, net	6(4)	1,408,798	3	1,131,586	2
1180	Accounts receivable - related parties	7	6,127,176	12	4,936,420	11
1200	Other receivables		30,803	-	131,950	-
1210	Other receivables - related parties	7	17,966	-	26,355	-
130X	Inventories	6(5)	6,496,451	12	3,697,499	8
1470	Other current assets		265,057	-	54,446	-
11XX	**Total current assets**		99,101,465	36	15,720,953	34
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,981,237	4	1,332,435	3
1550	Investments accounted for under equity method	6(6)	23,744,210	45	21,703,009	47
1600	Property, plant and equipment	6(7) and 7	6,926,491	13	6,549,679	14
1755	Right-of-use assets	6(8)	7,541	-	7,860	-
1780	Intangible assets	6(9)	247,722	1	219,585	1
1840	Deferred income tax assets	6(22)	720,411	1	484,765	1
1915	Prepayments for business facilities		38,393	-	46,051	-
1990	Other non-current assets		9,851	-	6,132	-
15XX	**Total non-current assets**		33,675,856	64	30,349,516	66
1XXX	**Total assets**		$ 52,777,321	100	$ 46,070,469	100

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ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ 2,687	-	$ 21,044	-
2130	Contract liabilities - current	6(17)	108,896	-	79,331	-
2170	Notes and accounts payable		4,589,558	9	2,170,501	5
2180	Accounts payable - related parties	7	1,924,592	4	1,793,372	4
2200	Other payables	6(10)	3,075,486	6	2,492,198	5
2220	Other payables - related parties	7	123,036	-	64,173	-
2230	Current income tax liabilities		2,340,847	4	2,170,762	5
2250	Provision for liabilities - current		70,859	-	60,663	-
2280	Lease liabilities - current	6(8)(24)	5,174	-	3,044	-
2300	Other current liabilities		131,750	-	136,612	-
21XX	**Total current liabilities**		12,372,885	23	8,991,700	19
	Non-current liabilities					
2560	Current income tax liabilities - non-current		97,320	-	291,961	1
2570	Deferred income tax liabilities	6(22)	2,110,111	4	2,030,161	4
2580	Lease liabilities - non-current	6(8)(24)	2,262	-	4,678	-
2600	Other non-current liabilities	6(11)	342,216	1	341,813	1
25XX	**Total non-current liabilities**		2,551,909	5	2,668,613	6
2XXX	**Total liabilities**		14,924,794	28	11,660,313	25
	Equity					
	Share capital	6(13)				
3110	Common share		7,738,228	15	7,719,455	17
3140	Advance receipts for share capital		6,410	-	3,090	-
	Capital surplus	6(14)				
3200	Capital surplus		8,388,886	15	7,913,754	17
	Retained earnings	6(15)				
3310	Legal reserve		7,737,236	15	7,020,201	15
3320	Special reserve		831,850	2	845,993	2
3350	Unappropriated retained earnings		13,705,710	26	11,739,513	26
	Other equity	6(16)				
3400	Other equity		(555,793)	(1)	(831,850)	(2)
3XXX	**Total equity**		37,852,527	72	34,410,156	75
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 52,777,321	100	$ 46,070,469	100

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			For the years ended December 31, 2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	$ 41,159,286	100	$ 34,391,042	100
5000	Operating costs	6(5)(7)(8)(9)(11)(12)(21) and 7	(28,750,865)	(70)	(23,076,590)	(67)
5900	Gross profit		12,408,421	30	11,314,452	33
5910	Unrealised profit from sales		(691,983)	(2)	(612,224)	(2)
5920	Realised profit from sales		612,224	2	695,422	2
5950	Gross profit		12,328,662	30	11,397,650	33
	Operating expenses	6(7)(8)(9)(11)(12)(21) and 7				
6100	Selling expenses		(760,407)	(2)	(654,808)	(2)
6200	General and administrative expenses		(1,110,599)	(3)	(862,047)	(3)
6300	Research and development expenses		(3,070,694)	(7)	(2,916,152)	(8)
6450	Expected credit impairment (loss) gain		(687)	-	7,247	-
6000	Total operating expenses		(4,942,387)	(12)	(4,425,760)	(13)
6900	Operating profit		7,386,275	18	6,971,890	20
	Non-operating income and expenses					
7100	Interest income		178	-	468	-
7010	Other income	6(18) and 7	302,570	1	198,129	-
7020	Other gains and losses	6(2)(6)(19)	(215,052)	-	(45,614)	-
7050	Finance costs	6(8)(20)	(202)	-	(710)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	2,239,031	5	1,616,477	5
7000	Total non-operating income and expenses		2,326,525	6	1,768,750	5
7900	**Profit before income tax**		9,712,800	24	8,740,640	25
7950	Income tax expense	6(22)	(1,462,576)	(4)	(1,492,685)	(4)
8200	**Profit for the year**		$ 8,250,224	20	$ 7,247,955	21

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ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	For the years ended December 31, 2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans	6(11)	($ 4,716)	-	($ 22,010)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	648,802	2	108,050	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(6)(16)	184,855	-	21,736	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	943	-	4,402	-
8310	Other comprehensive income that will not be reclassified to profit or loss		829,884	2	112,178	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	(653,773)	(1)	(139,036)	-
8380	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(6)(16)	(57,855)	-	(21,431)	-
8399	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	142,326	-	32,093	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(569,302)	(1)	(128,374)	-
8300	**Total other comprehensive income (loss) for the year**		$ 260,582	1	($ 16,196)	-
8500	**Total comprehensive income for the year**		$ 8,510,806	21	$ 7,231,759	21
	Basic earnings per share					
9750	Profit for the year	6(23)	$ 10.67		$ 9.40	
	Diluted earnings per share					
9850	Profit for the year	6(23)	$ 10.51		$ 9.27	

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Share Capital			Retained Earnings			Other Equity Interest			
	Notes	Common share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total equity
For the year ended December 31, 2020											
Balance at January 1, 2020		$ 6,999,230	$ 4,870	$ 7,397,029	$ 6,285,079	$ 798,763	$ 11,515,121	($ 878,261)	$ 30,970	$ 1,298	$ 32,154,099
Profit for the year		-	-	-	-	-	7,247,955	-	-	-	7,247,955
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	(20,332)	(128,374)	132,510	-	(16,196)
Total comprehensive income (loss) for the year		-	-	-	-	-	7,227,623	(128,374)	132,510	-	7,231,759
Appropriations of 2019 earnings	6(15)										
Legal reserve		-	-	-	735,122	-	(735,122)	-	-	-	-
Special reserve		-	-	-	-	47,230	(47,230)	-	-	-	-
Cash dividends		-	-	-	-	-	(5,463,198)	-	-	-	(5,463,198)
Stock dividends		700,410	-	-	-	-	(700,410)	-	-	-	-
Recognition of employee share options	6(12)	19,815	(1,780)	121,652	-	-	-	-	-	-	139,687
Compensation costs recognised for employee share options	6(12)	-	-	365,248	-	-	-	-	-	-	365,248
Changes in associates and joint ventures accounted for under equity method	6(14)(16)	-	-	43,140	-	-	-	-	-	179	43,319
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(14)	-	-	(8,678)	-	-	(34,762)	-	-	-	(43,440)
Changes in ownership interests in subsidiaries	6(14)	-	-	(4,637)	-	-	(12,681)	-	-	-	(17,318)
Disposal of financial assets at fair value through other compenhensive income owned by associates	6(16)	-	-	-	-	-	(9,828)	-	9,828	-	-
Balance at December 31, 2020		$ 7,719,455	$ 3,090	$ 7,913,754	$ 7,020,201	$ 845,993	$ 11,739,513	($ 1,006,635)	$ 173,308	$ 1,477	$ 34,410,156
For the year ended December 31, 2021											
Balance at January 1, 2021		$ 7,719,455	$ 3,090	$ 7,913,754	$ 7,020,201	$ 845,993	$ 11,739,513	($ 1,006,635)	$ 173,308	$ 1,477	$ 34,410,156
Profit for the year		-	-	-	-	-	8,250,224	-	-	-	8,250,224
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	(4,040)	(569,302)	833,924	-	260,582
Total comprehensive income (loss) for the year		-	-	-	-	-	8,246,184	(569,302)	833,924	-	8,510,806
Appropriations of 2020 earnings	6(15)										
Legal reserve		-	-	-	717,035	-	(717,035)	-	-	-	-
Reversal of special reserve		-	-	-	-	(14,143)	14,143	-	-	-	-
Cash dividends		-	-	-	-	-	(5,480,813)	-	-	-	(5,480,813)
Recognition of employee share options	6(12)(13)	18,773	3,320	185,822	-	-	-	-	-	-	207,915
Compensation costs recognised for employee share options	6(12)	-	-	291,441	-	-	-	-	-	-	291,441
Changes in associates and joint ventures accounted for under equity method	6(14)	-	-	(25,474)	-	-	(80,199)	-	-	-	(105,673)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(14)	-	-	23,128	-	-	(3,401)	-	-	-	19,727
Changes in ownership interests in subsidiaries	6(14)	-	-	215	-	-	(1,247)	-	-	-	(1,032)
Disposal of financial assets at fair value through other comprehensive income	6(16)	-	-	-	-	-	(11,435)	-	11,435	-	-
Balance at December 31, 2021		$ 7,738,228	$ 6,410	$ 8,388,886	$ 7,737,236	$ 831,850	$ 13,705,710	($ 1,575,937)	$ 1,018,667	$ 1,477	$ 37,852,527

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		$ 9,712,800	$ 8,740,640
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(21)	234,036	240,113
Amortisation	6(9)(21)	130,281	93,810
Expected credit impairment loss (reversal of impairment loss)		687	(7,247)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(19)	(66,881)	20,695
Finance costs	6(20)	202	710
Interest income		(178)	(468)
Dividend income	6(18)	(131,626)	(70,673)
Compensation costs of employee share options	6(12)(21)	291,441	365,248
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		(2,239,031)	(1,616,477)
(Gain) loss on disposal of property, plant and equipment	6(19)	(71,945)	1,881
Loss on disposal of investments		-	1,525
Unrealised profit from sales		691,983	-
Realised profit from sales		(612,224)	(83,198)
Others		(22,469)	-
Impairment loss	6(19)	215,068	-
Changes in assets and liabilities related to operating activities			
Changes in assets related to operating activities			
Financial assets at fair value through profit or loss		2,638,632	(2,031,760)
Notes receivable		(44,721)	13,672
Notes receivable - related parties		6,775	(6,775)
Accounts receivable		(277,899)	188,581
Accounts receivable - related parties		(1,190,756)	280,957
Other receivables		(101,147)	6,272
Other receivables - related parties		8,389	(9,275)
Inventories		(2,798,952)	(79,593)
Other current assets		(210,611)	3,931
Changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss		(18,357)	20,523
Contract liabilities - current		29,565	(54,718)
Notes and accounts payable		2,419,057	(148,607)
Accounts payable - related parties		131,220	(294,558)
Other payables		583,288	80,334
Other payables - related parties		58,863	289
Provision for liabilities - current		10,196	(2,560)
Other current liabilities		(4,862)	78,110
Other non-current liabilities		802	100
Net defined benefit liabilities		(4,416)	(4,194)
Cash inflow generated from operations		9,569,504	5,727,288
Dividends received		131,626	70,673
Interest received		178	468
Income tax paid		(1,499,559)	(98,234)
Interest paid		(68)	(710)
Net cash flows provided by operating activities		8,201,681	5,699,485
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for under equity method		(1,166,690)	(164,771)
Dividends received from subsidiaries and associates		384,280	302,354
Proceeds from disposal of subsidiaries		92,123	33,455
Cash received from liquidation of subsidiaries		10,059	-
Acquisition of property, plant and equipment	6(7)	(644,863)	(180,986)
Proceeds from disposal of property, plant and equipment		127,217	497
Acquisition of intangible assets	6(9)	(151,097)	(86,782)
Increase in prepayments for business facilities		(13,084)	(27,964)
(Increase) decrease in refundable deposits		(3,719)	2,297
Net cash flows used in investing activities		(1,365,774)	(121,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		(700)	-
Payments of lease liabilities	6(24)	(7,937)	(8,353)
Payments of cash dividends	6(15)	(5,480,813)	(5,463,198)
Employee share options exercised		199,865	139,687
Net cash flows used in financing activities		(5,289,585)	(5,331,864)
Net increase in cash and cash equivalents		1,546,322	245,721
Cash and cash equivalents at beginning of year		2,062,596	1,816,875
Cash and cash equivalents at end of year		$ 3,608,918	$ 2,062,596

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Advantech Co., Ltd. (the "Company") was incorporated in September 1981. The Company is primarily engaged in the manufacture and sales of embedded computing boards, industrial automation products, applied computers and industrial computers.

(2) The Company's shares have been listed on the Taiwan Stock Exchange since December 1999.

(3) To improve the entire operating efficiency of the Company and its subsidiaries (collectively referred herein as the "Group"), the Company's Board of Directors during its meeting on June 30, 2009 resolved to have a short-form merger with its wholly-owned subsidiary, Advantech Investment and Management Service ("AIMS"). The effective date was set on July 30, 2009. As the surviving entity, the Company assumed all assets and liabilities of AIMS. On June 26, 2014, the Company's Board of Directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. ("Netstar"), an indirectly 95.51%-owned subsidiary through a wholly-owned subsidiary, Advantech Corporate Investment. The effective date for the merger was set on July 27, 2014. As the surviving entity, the Company assumed all assets and liabilities of Netstar.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 25, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond June 30, 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - Comparative Information'	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets minus present value of defined benefit obligation.

B. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in "New Taiwan Dollars (NTD)", which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost including accounts and notes receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for under equity method

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) arising from the transactions between the Company and subsidiaries have been offset. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognised at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in "capital surplus" in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and 'investments accounted for under equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

K. Upon loss of significant influence over an associate, the amounts previously recognised in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

L. When the Company disposes of an affiliated company and loses its significant influence on the affiliated company, it will transfer the capital reserve related to the affiliated company to profit and loss; if it still has a significant impact on the affiliated company, it will be transferred to profit and loss according to the disposition ratio.

M. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	
Main buildings	20 ~ 60 years
Electronic equipment	5 years
Engineering systems	5 years
Machinery and equipment	2 ~ 8 years
Office equipment	2 ~ 8 years
Other equipment	2 ~ 10 years

(14) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

A. Goodwill

Goodwill arise in a business combination accounted for by applying the acquisition method.

B. Intangible assets, except for goodwill, are mainly software and technology licencing, and are amortised on a straight-line basis over their estimated useful lives of 1 ~ 8 years.

(16) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) <u>Employee share-based payment</u>

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The share-based payment grant date is the date that the Company and employees reached a consensus on the terms and provisions of share-based payment arrangements.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells embedded computing boards, industrial automation products, applied computers and industrial computers. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. When the material is removed for processing, the control of the ownership of the processed product is not transferred, so the income is not recognised when the material is removed.

(b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from rendering services

Revenue from rendering services comes from developing products and extended warranty services. Such revenue is recognised when services are provided.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

(30) Business combinations

A. The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at balance sheet date and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories was $6,496,451.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

As of December 31, 2021, the Company recognised goodwill, net of impairment loss, amounting to $111,599.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 215	$ 215
Checking accounts and demand deposits	3,608,703	2,062,381
	$ 3,608,918	$ 2,062,596

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets - current		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	$ 11,966	$ 90
Non-derivative financial assets		
Convertible corporate bonds	36,975	-
Beneficiary certificates	1,032,126	3,652,728
	$ 1,081,067	$ 3,652,818
Financial liabilities - current		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	$ 2,687	$ 21,044

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2021	2020
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	$ 13,888	$ 12,396
Derivative instruments	52,993	(33,091)
	$ 66,881	($ 20,695)

B. At the end of the balance sheet date, outstanding forward foreign exchange contracts not accounted for under hedge accounting are as follows:

Derivative financial assets:

December 31, 2021	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	EUR/NTD	2022.01~2022.05	EUR 12,300/NTD 395,896
	USD/NTD	2022.01	USD 800/NTD 22,219
	JPY/NTD	2022.01~2022.03	JPY 240,000/NTD 59,071

December 31, 2020	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	EUR/NTD	2021.01~2021.05	EUR 13,500/NTD 461,970
	USD/NTD	2021.01	USD 1,500/NTD 42,758
	JPY/NTD	2021.02	JPY 10,000/NTD 2,761

Derivative financial liability:

December 31, 2021	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	CNY/NTD	2022.01~2022.04	CNY 68,000/NTD 292,705

December 31, 2020	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	EUR/NTD	2021.01~2021.05	EUR 500/NTD 17,561
	USD/NTD	2021.01~2021.02	USD 4,500/NTD 126,724
	JPY/NTD	2021.01~2021.05	JPY 270,000/NTD 73,633
	CNY/NTD	2021.01~2021.04	CNY 76,000/NTD 324,732

C. The Company entered into forward foreign exchange contracts to manage exposure to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for under hedge accounting.

D. The Company had no financial assets at fair value through profit or loss pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Listed and OTC stocks	$ 1,981,237	$ 1,332,435

A. These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31, 2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 648,802	$ 108,050
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -	$ -

C. The Company had no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 65,229	$ 20,508
Less: Allowance for uncollectible accounts	-	-
	$ 65,229	$ 20,508
Accounts receivable	$ 1,418,434	$ 1,140,535
Less: Allowance for uncollectible accounts	(9,636)	(8,949)
	$ 1,408,798	$ 1,131,586

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2021	December 31, 2020
Not past due	$ 1,273,930	$ 1,137,505
Less than 90 days past due	198,546	8,391
Between 91 to 180 days past due	2,031	7,136
Over 181 days past due	9,156	8,011
	$ 1,483,663	$ 1,161,043

The above aging analysis was based on past due date.

B. Except for the balance showed above, the balance of notes and accounts receivable from contracts with customers was $1,365,486 as at January 1, 2020.

C. The Company does not hold collateral as security for accounts receivable.

D. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amounts that best represent the Company's notes receivable were $65,229 and $20,508, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $1,408,798 and $1,131,586, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,469,716	($ 291,081)	$ 3,178,635
Work in progress	985,823	(41,339)	944,484
Finished goods	2,287,223	(75,911)	2,211,312
Inventory in transit	162,020	-	162,020
	$ 6,904,782	($ 408,331)	$ 6,496,451

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,233,917	($ 198,672)	$ 2,035,245
Work in progress	234,651	(248)	234,403
Finished goods	1,363,642	(64,004)	1,299,638
Inventory in transit	128,213	-	128,213
	$ 3,960,423	($ 262,924)	$ 3,697,499

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2021	2020
Cost of goods sold	$ 28,439,528	$ 22,875,690
Loss on decline in market value	145,407	67,799
Others	165,930	133,101
	$ 28,750,865	$ 23,076,590

(6) Investments accounted for under equity method

	December 31, 2021		December 31, 2020	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:				
Advantech Automation Corp. (BVI) [AAC (BVI)]	$ 10,058,205	100.00	$ 8,958,093	100.00
Advantech Technology Co., Ltd. (ATC)	4,332,709	100.00	4,171,160	100.00
Advantech Corporate Investment (ACI)	4,003,595	100.00	3,408,682	100.00
Advanixs Corporation	235,010	100.00	233,965	100.00
Advantech Europe Holding B.V. (AEUH)	1,202,407	100.00	904,466	100.00
LNC Technology Co., Ltd. (LNC)	299,709	48.10	349,243	59.10
AdvanPOS Technology Co., Ltd. (AdvanPOS)	14,565	100.00	298,263	100.00
Advantech KR Co., Ltd. (AKR)	445,256	100.00	382,645	100.00
Advantech Japan Co., Ltd. (AJP)	411,417	100.00	434,082	100.00
Advantech Co., Singapore Pte, Ltd. (ASG)	114,531	100.00	111,484	100.00
Advantech Technologies Japan Corp. (ATJ)	467,000	71.39	393,161	50.00
Others	512,486	-	560,000	-
	22,096,890		20,205,244	
Associates:				
Axiomtek Co., Ltd. (Axiomtek)	830,007	26.61	647,383	24.17
Winmate Inc. (Winmate)	572,568	16.54	557,027	16.62
Nippon RAD Inc. (Nippon RAD)	216,414	16.08	248,138	16.08
AIMobile Co., Ltd. (AIMobile)	28,331	27.00	45,217	27.00
	1,647,320		1,497,765	
	$ 23,744,210		$ 21,703,009	

A. Subsidiaries

(a) Information on the Company’s subsidiaries is provided in Note 4(3) of the 2021 consolidated financial statements.

(b) Due to business considerations, the Company decided to liquidate the subsidiary- AdvanPOS. Based on the Company's assessment, the recoverable amount was less than the carrying amount, therefore the Company recognised all the acquisition premium as impairment loss in 2021.

B. Associates

The summary of financial information of share attributable to the Company on the associates that are not individually material to the Company is as follows:

	For the years ended December 31,	
	2021	2020
Profit for the year	$ 146,409	$ 79,587
Other comprehensive loss for the year (net of income tax)	(33,320)	(39)
Total comprehensive income for the year	$ 113,089	$ 79,548

The changes in the Company's shareholding ratio or having significant influence due to capital increase of its investments are as follows:

In 2021, the Company invested in Axiomtek for a cash consideration of $262,313, which resulted to an increase in its equity interest from 24.17% to 26.61%.

C. The fair value of the Company's associates which have quoted market price is as follows:

	December 31, 2021	December 31, 2020
Fair value of associates	$ 2,459,613	$ 2,131,241

D. The Company is the single largest shareholder of Axiomtek and Winmate. Given that other shareholders hold more shares than the Company and the degree of other shareholders involvement in prior shareholders' meeting and record of voting rights for major proposals, which indicates that the Company has no substantial ability to direct the relevant operating and financial activities, the Company has no control, but only has significant influence, over the said companies.

(7) Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2021							
Cost	$ 2,651,443	$ 4,201,713	$ 1,052,442	$ 358,947	$ 759,248	$ 38,525	$ 9,062,318
Accumulated depreciation and impairment	-	(729,442)	(860,435)	(289,056)	(633,706)	-	(2,512,639)
	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2021	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679
Additions	-	-	94,820	36,129	105,123	408,791	644,863
Disposals	(31,543)	(23,579)	(48)	-	(102)	-	(55,272)
Depreciation	-	(81,222)	(62,769)	(38,102)	(44,107)	-	(226,200)
Reclassifications	-	939	15,171	4,371	(7,321)	261	13,421
Balance at December 31, 2021	$ 2,619,900	$ 3,368,409	$ 239,181	$ 72,289	$ 179,135	$ 447,577	$ 6,926,491

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at December 31, 2021							
Cost	$ 2,619,900	$ 4,162,789	$ 1,122,701	$ 387,989	$ 830,892	$ 447,577	$ 9,571,848
Accumulated depreciation and impairment	-	(794,380)	(883,520)	(315,700)	(651,757)	-	(2,645,357)
	$ 2,619,900	$ 3,368,409	$ 239,181	$ 72,289	$ 179,135	$ 447,577	$ 6,926,491

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2020							
Cost	$ 2,651,443	$ 4,204,151	$ 1,031,811	$ 335,280	$ 696,381	$ 3,631	$ 8,922,697
Accumulated depreciation and impairment	-	(648,461)	(818,307)	(262,288)	(596,385)	-	(2,325,441)
	$ 2,651,443	$ 3,555,690	$ 213,504	$ 72,992	$ 99,996	$ 3,631	$ 6,597,256

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2020	$ 2,651,443	$ 3,555,690	$ 213,504	$ 72,992	$ 99,996	$ 3,631	$ 6,597,256
Additions	-	-	40,283	33,200	72,609	34,894	180,986
Disposals	-	(1,450)	(791)	(97)	(40)	-	(2,378)
Depreciation	-	(81,969)	(65,729)	(36,204)	(48,047)	-	(231,949)
Reclassifications	-	-	4,740	-	1,024	-	5,764
Balance at December 31, 2020	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at December 31, 2020							
Cost	$ 2,651,443	$ 4,201,713	$ 1,052,442	$ 358,947	$ 759,248	$ 38,525	$ 9,062,318
Accumulated depreciation and impairment	-	(729,442)	(860,435)	(289,056)	(633,706)	-	(2,512,639)
	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679

The Company has no property, plant and equipment pledge to others.

(8) Lease agreements - lessee

A. The Company's lease subjects include building, machinery and equipment and office equipment. Rental contracts are typically made for periods of 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.

B. Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amount		
Buildings	$ 3,220	$ 3,901
Machinery and equipment	1,871	2,619
Office equipment	2,450	1,340
	$ 7,541	$ 7,860

	For the years ended December 31,	
	2021	2020
Depreciation		
Buildings	$ 2,309	$ 2,571
Machinery and equipment	759	780
Office equipment	4,768	4,813
	$ 7,836	$ 8,164

C. The additions to right-of-use assets for the years ended December 31, 2021 and 2020 were $0 and $5,597, respectively.

D. Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amount		
Current	$ 5,174	$ 3,044
Non-current	2,262	4,678
	$ 7,436	$ 7,722

E. Other lease information

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	$ 134	$ 139
Expense on short-term lease contracts	$ 389	$ 3,384
Total cash outflow for leases	$ 8,326	$ 11,876

(9) Intangible assets

	Goodwill	Others	Total
Balance at January 1, 2021			
Cost	$ 111,599	$ 356,168	$ 467,767
Accumulated amortisation and impairment	-	(248,182)	(248,182)
	$ 111,599	$ 107,986	$ 219,585

	Goodwill	Others	Total
Balance at January 1, 2021	$ 111,599	$ 107,986	$ 219,585
Additions	-	151,097	151,097
Amortisation	-	(130,281)	(130,281)
Reclassifications	-	7,321	7,321
Balance at December 31, 2021	$ 111,599	$ 136,123	$ 247,722

	Goodwill	Others	Total
Balance at December 31, 2021			
Cost	$ 111,599	$ 377,464	$ 489,063
Accumulated amortisation and impairment	-	(241,341)	(241,341)
	$ 111,599	$ 136,123	$ 247,722

	Goodwill	Others	Total
Balance at January 1, 2020			
Cost	$ 111,599	$ 427,757	$ 539,356
Accumulated amortisation and impairment	-	(321,120)	(321,120)
	$ 111,599	$ 106,637	$ 218,236

	Goodwill	Others	Total
Balance at January 1, 2020	$ 111,599	$ 106,637	$ 218,236
Additions	-	86,782	86,782
Amortisation	-	(93,810)	(93,810)
Reclassifications	-	8,377	8,377
Balance at December 31, 2020	$ 111,599	$ 107,986	$ 219,585

	Goodwill	Others	Total
Balance at December 31, 2020			
Cost	$ 111,599	$ 356,168	$ 467,767
Accumulated amortisation and impairment	-	(248,182)	(248,182)
	$ 111,599	$ 107,986	$ 219,585

A. The impairment assessment of goodwill relies on the subjective judgment of the management, including identifying the cash-generating unit and determining its recoverable amount. The recoverable amount is assessed based on the value-in-use.

B. The value-in-use calculations use cash flow projections based on financial budgets approved by the management. Management determined the budgeted gross margin and growth rate based on past performance and the expectations of market development. The market valuation used is consistent with the similar industries. The discount rates used reflect specific risks relating to the relevant operating segments and the time value of currency in real market.

C. The details of goodwill are as follows:

	December 31, 2021	December 31, 2020
AIMS	$ 111,599	$ 111,599

D. The Company's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value-in-use.

(10) Other payables

	December 31, 2021	December 31, 2020
Wages and salaries and bonuses payable	$ 2,525,886	$ 2,086,763
Employee benefits payable	58,765	36,207
Others (Note)	490,835	369,228
	$ 3,075,486	$ 2,492,198

Note: Including marketing expenses and freight expenses, etc.

(11) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheets are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 402,001	$ 409,674
Fair value of plan assets	(117,303)	(125,276)
Net defined benefit liability ("recognised as other non-current liabilities")	$ 284,698	$ 284,398

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 409,674	($ 125,276)	$ 284,398
Current service cost	2,802	-	2,802
Interest expense (income)	2,048	(648)	1,400
	414,524	(125,924)	288,600
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,593)	(1,593)
Change in demographic assumptions	10,627	-	10,627
Change in financial assumptions	(5,493)	-	(5,493)
Experience adjustments	1,175	-	1,175
	6,309	(1,593)	4,716
Pension payment	(18,832)	18,832	-
Pension fund contribution	-	(8,618)	(8,618)
	(18,832)	10,214	(8,618)
Balance at December 31	$ 402,001	($ 117,303)	$ 284,698

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	$ 393,558	($ 126,976)	$ 266,582
Current service cost	2,310	-	2,310
Interest expense (income)	2,945	(978)	1,967
	398,813	(127,954)	270,859
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(4,394)	(4,394)
Change in demographic assumptions	850	-	850
Change in financial assumptions	11,640	-	11,640
Experience adjustments	13,914	-	13,914
	26,404	(4,394)	22,010
Pension payment	(15,543)	15,543	-
Pension fund contribution	-	(8,471)	(8,471)
	(15,543)	7,072	(8,471)
Balance at December 31	$ 409,674	($ 125,276)	$ 284,398

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used are as follows:

	For the years ended December 31,	
	2021	2020
Discount rate	0.625%	0.500%
Future salary increases rate	3.250%	3.250%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 10,913)	$ 11,339	$ 10,870	($ 10,523)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 11,644)	$ 12,115	$ 11,560	($ 11,214)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheets are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to $8,619.

(g) As of December 31, 2021, the weighted average duration of that retirement plan is 11.7 years.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company were $144,599 and $138,643 for the years ended December 31, 2021 and 2020, respectively.

(12) Share-based payment

A. Qualified employees of the Company were granted 7,500 options in 2020, 8,000 options in 2018 and 6,500 options in 2016. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The holders of these shares include employees who meet certain criteria set by the Company from both domestic and overseas subsidiaries in which the Company directly or indirectly invests over 50%. Options issued in 2020, 2018 and 2016 are all valid for six years. All options are exercisable at certain percentages after the second anniversary year from the grant date. The exercise price of options granted in 2020 was $200 (in dollars) per share. The options issued in 2018 were granted at an exercise price equal to the share price at the grant date. The exercise price of options granted in 2016 was $100 (in dollars) per share. For any subsequent changes in the Company's common shares, the exercise price and the number of options will be adjusted accordingly.

B. Information on employee share options is as follows:

	For the years ended December 31,			
	2021		2020	
	Unit of options	Weighted-average exercise price (in dollars)	Unit of options	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	19,404	$ 175.66	14,250	$ 149.88
Options granted	-	-	7,500	200.00
Options exercised	(2,209)	90.47	(1,803)	77.45
Options expired	(173)	142.34	(543)	70.50
Options outstanding at the end of the year	17,022	172.74	19,404	175.66
Options exercisable at the end of the year	9,521	151.26	7,904	138.98
Weighted-average fair value of options granted	$ -		$ 125.77	

C. The weighted-average stock price of share options at exercise dates for the years ended December 31, 2021 and 2020 was $329~387 (in dollars) and $258 ~ $328 (in dollars), respectively.

D. Information on outstanding options on balance sheet date is as follows:

	December 31, 2021		December 31, 2020	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2020	$ 200.00	4.58	$ 200.00	5.58
Issuance in 2018	171.20	2.58	202.50	3.58
Issuance in 2016	72.3~73.9	0.45	73.90	1.45

E. The fair value of share options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Issuance in 2020	Issuance in 2018	Issuance in 2016
Grant-date stock price (in dollars)	$ 309	$ 202.5	$ 235
Exercise price (in dollars)	$ 200	$ 202.5	$ 100
Expected price volatility	23.28~26.55%	28.42~28.73%	31.42~32.48%
Expected option life (in years)	4~5.5 years	4~4.5 years	4~5.5 years
Expected dividends yield	0%	0%	0%
Risk-free interest rate	0.31~0.35%	0.67~0.69%	0.52~0.65%
Fair value per unit	121.61~133.07	47.91~50.38	140.97~144.36

Expected price volatility was based on annualized standard deviation of historical return on the stocks over the expected option life period.

F. The Company recognised compensation cost of $291,441 and $365,248 for the years ended December 31, 2021 and 2020, respectively.

(13) Share capital

As of December 31, 2021, the Company's authorised capital was $10,000,000, consisting of 1,000,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee shares options and corporate bonds with warrant), and the paid-in capital was $7,744,638 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

The change in the number of the Company's common shares outstanding at the beginning and ending for the years ended December 31, 2021 and 2020 are as follows (in thousand shares):

	2021	2020
At January 1	772,255	700,410
Employee share options exercised	2,209	1,804
Shareholders' stock dividends	-	70,041
At December 31	774,464	772,255

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	December 31, 2021	December 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium on issuance of ordinary shares	$ 2,692,238	$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499
Difference between consideration and carrying amount of subsidiaries acquired or disposed	23,128	-
Changes in equity of associates accounted for under equity method	674	674
Employees' share compensation	78,614	78,614
May be used to offset a deficit only		
Changes in ownership interests in subsidiaries	215	-
Premium on issuance of ordinary shares for employee share options	2,714,285	2,297,403
Changes in equity of associates accounted for under equity method	29,408	54,882
Employee share options forfeited	96,258	87,266
Not to be used for any purpose		
Employee share options	1,117,567	1,066,178
	$ 8,388,886	$ 7,913,754

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, the amount that can be transferred to share capital is limited to a certain percentage of paid-in capital every year.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside or reversed from the legal reserve. The remainder, if any, shall be distributed as dividends to be proposed by the Board of Directors. The distribution of cash dividends shall be resolved by the Board of Directors while stock dividends shall be resolved by the shareholders during their meeting.

B. The Company's dividend policy which takes into consideration the Company's future funding requirements and long-term financial planning as well as the interest of shareholders is to distribute at least 30% of the available profits as dividends to shareholders annually. The distribution of cash dividends shall not be less than 20% of the total dividends distributed.

The Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividends policy, the Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interests, and the sustainability of the

Company's growth. The policy also requires that share dividends shall be less than 75% of total dividends to retain internally generated cash within the Company to finance future capital expenditures and working capital requirements.

C. An appropriation of earnings for legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset against deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

D. Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

E. The appropriations of earnings for 2020 and 2019 have been approved by the shareholders during their meeting on August 19, 2021 and May 28, 2020, respectively.

	For the years ended December 31,	
	2020	2019
Legal reserve	$ 717,035	$ 735,122
(Reversal of) provision for special reserve	($ 14,143)	$ 47,230
Cash dividends	$ 5,480,813	$ 5,463,198
Stock dividends	$ -	$ 700,410
Cash dividends per share (in dollars)	$ 7.1	$ 7.8
Stock dividends per share (in dollars)	$ -	$ 1.0

F. The appropriations of 2021 earnings had been proposed by the Board of Directors on February 25, 2022. Details are summarized as follows:

	For the year ended December 31, 2021
Legal reserve	$ 814,990
Reversal of special reserve	($ 276,056)
Cash dividends	$ 6,195,710
Cash dividends per share (in dollars)	$ 8.0

As of February 25, 2022, the appropriations of 2021 earnings stated above has not yet been resolved by the shareholders.

(16) Other equity items

A. Exchange differences on translation of the financial statements of foreign operations

	For the years ended December 31,	
	2021	2020
Balance at January 1	($ 1,006,635)	($ 878,261)
Recognised for the year		
Exchange differences on translation of the financial statements of foreign operations	(523,018)	(111,229)
Share of loss of associates accounted for under equity method	(46,284)	(17,145)
Other comprehensive loss recognised for the year	(569,302)	(128,374)
Balance at December 31	($ 1,575,937)	($ 1,006,635)

B. Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income

	For the years ended December 31,	
	2021	2020
Balance at January 1	$ 173,308	$ 30,970
Recognised for the year		
Unrealised gain or loss		
Equity instrument	648,802	108,050
Share of profit of subsidiaries and associates accounted for under equity method	185,122	24,460
Other comprehensive income	833,924	132,510
Realised gain or loss		
Transfer of valuation adjustments to retained earnings - subsidiaries	11,435	-
Transfer of valuation adjustments to retained earnings - share of loss of associates accounted for under equity method	-	9,828
Other comprehensive income	11,435	9,828
Balance at December 31	$ 1,018,667	$ 173,308

C. Unearned employee benefits compensation

	For the years ended December 31,	
	2021	2020
Balance at January 1	$ 1,477	$ 1,298
Share of profit of associates accounted for under equity method	-	179
Balance at December 31	$ 1,477	$ 1,477

(17) Operating revenue

	For the years ended December 31, 2021	2020
Revenue from contracts with customers	$ 41,159,286	$ 34,391,042

A. Disaggregation of revenue from contracts with customers

The Company derives revenue mainly from the transfer of goods and services at a point in time in the following major product lines:

For the year ended December 31, 2021

	Industrial Interest of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	$ 14,360,121	$ 9,953,941	$ 8,925,182	$ 4,574,962	$ 3,114,645	$ 230,435	$ 41,159,286

For the year ended December 31, 2020

	Industrial Interest of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	$ 11,804,886	$ 8,177,695	$ 8,879,897	$ 2,992,182	$ 2,489,666	$ 46,716	$ 34,391,042

B. Contract liabilities

The Company recognised contract liabilities related to the contract revenue from sales and warranty amounting to $108,896, $79,331 and $134,049 as of December 31, 2021, December 31, 2020 and January 1, 2020, respectively.

(18) Other income

	For the years ended December 31, 2021	2020
Rental income	$ 2,324	$ 1,161
Dividend income	131,626	70,673
Others (Note)	168,620	126,295
	$ 302,570	$ 198,129

Note: For the years ended December 31, 2021 and 2020, the Company received government grants of $212 and $10,159 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to $64 and $1,236 for the years ended December 31, 2021 and 2020, respectively, and were deducted from the recorded expenses.

(19) Other gains and losses

	For the years ended December 31,	
	2021	2020
Gains (losses) on disposal of property, plant and equipment	$ 71,945	($ 1,881)
Losses on disposal of investment	-	(1,525)
Currency exchange losses	(138,709)	(21,429)
Gains (losses) on financial assets / liabilities at fair value through profit or loss	66,881	(20,695)
Impairment loss (Note)	(215,068)	-
Others	(101)	(84)
	($ 215,052)	($ 45,614)

Note: Please refer to Note 6(6).

(20) Finance costs

	For the years ended December 31,	
	2021	2020
Interest expense on lease liabilities	$ 134	$ 139
Others	68	571
	$ 202	$ 710

(21) Expenses by nature

A. Depreciation and amortisation expenses

	For the years ended December 31,	
	2021	2020
Depreciation categorised by function		
Operating costs	$ 71,641	$ 74,553
Operating expenses	162,395	165,560
	$ 234,036	$ 240,113
Amortisation of intangible assets categorised by function		
Operating costs	$ 279	$ 326
Operating expenses	130,002	93,484
	$ 130,281	$ 93,810

B. Employee benefit expense

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	$ 3,987,928	$ 3,532,319
Post-employment benefits		
Defined contribution plan	144,599	138,643
Defined benefit plan	4,202	4,277
	148,801	142,920
Share-based payment		
Equity-settled	291,441	365,248
Other employee benefits	159,983	148,999
Total employee benefit expense	$ 4,588,153	$ 4,189,486
An analysis of employee benefits expense by function		
Operating costs	$ 946,330	$ 874,035
Operating expenses	3,641,823	3,315,451
	$ 4,588,153	$ 4,189,486

(a) Under the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rate of no less than 5% and directors' remuneration at the rate of no higher than 1%, of net profit before income tax. For the years ended December 31, 2021 and 2020, employees' compensation and directors' remuneration were accrued based on a certain percentage of net profit after income tax. The aforementioned amounts were recognised in salary expense.

	For the years ended December 31,	
	2021	2020
Employees' compensation	$ 600,000	$ 570,000
Directors' remuneration	$ 13,600	$ 11,700

(b) Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors on March 5, 2021 were in agreement with those amounts recognised in the 2020 financial statements.

(c) Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Current income tax:		
Current income tax on profits for the year	$ 1,425,671	$ 1,235,929
Additional tax on unappropriated earnings	49,332	18,148
Difference between prior year's income tax estimation and assessed results	-	(22,378)
Total current tax	1,475,003	1,231,699
Deferred income tax:		
Origination and reversal of temporary differences	(12,427)	260,986
Income tax expense	$ 1,462,576	$ 1,492,685

(b) Income tax recognised in other comprehensive income

	For the years ended December 31, 2021	For the years ended December 31, 2020
Translation of foreign operations	($ 142,326)	($ 32,093)
Remeasurement of defined benefit plan	(943)	(4,402)
	($ 143,269)	($ 36,495)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Income tax calculated based on profit before tax and statutory tax rate	$ 1,942,560	$ 1,748,128
Tax exempt income by tax regulation	(113,425)	(71,213)
Taxable temporary differences associated with investment in foreign subsidiaries not recognised as deferred tax liability	(270,454)	-
Effect from investment tax credits	(145,594)	(180,000)
Additional tax on unappropriated earnings	49,332	18,148
Difference between prior year's income tax estimation and assessed results	-	(22,378)
Land value increment tax	157	-
	$ 1,462,576	$ 1,492,685

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Unrealised profit from sales	$ 122,445	$ 18,564	$ -	$ 141,009
Unrealised decline in value of inventories	52,585	29,081	-	81,666
Defined benefit pension plan	16,187	(883)	-	15,304
Unrealised provisions of warranty	12,133	2,039	-	14,172
Impairment loss	-	43,013	-	43,013
Unrealised foreign exchange losses	-	563	-	563
Exchange differences on translation of the financial statements of foreign operations	251,659	-	142,326	393,985
Remeasurement of defined benefit obligation	29,756	-	943	30,699
	$ 484,765	$ 92,377	$ 143,269	$ 720,411
Deferred income tax liabilities				
Temporary differences:				
Unappropriated earnings of subsidiaries	$ 2,023,549	$ 80,976	$ -	$ 2,104,525
Remeasurement of defined benefit obligation	3,990	-	-	3,990
Financial assets at fair value through profit or loss	542	1,054	-	1,596
Unrealised exchange gains	2,080	(2,080)	-	-
	$ 2,030,161	$ 79,950	$ -	$ 2,110,111

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Unrealised profit from sales	$ 139,084	($ 16,639)	$ -	$ 122,445
Unrealised decline in value of inventories	39,025	13,560	-	52,585
Defined benefit pension plan	17,026	(839)	-	16,187
Unrealised provisions of warranty	12,645	(512)	-	12,133
Financial assets at fair value through profit or loss	420	(420)	-	-
Unrealised foreign exchange losses	2,029	(2,029)	-	-
Exchange differences on translation of the financial statements of foreign operations	219,566	-	32,093	251,659
Remeasurement of defined benefit obligation	25,354	-	4,402	29,756
	$ 455,149	($ 6,879)	$ 36,495	$ 484,765
Deferred income tax liabilities				
Temporary differences:				
Undistributed earnings of subsidiaries	$ 1,772,064	$ 251,485	$ -	$ 2,023,549
Remeasurement of defined benefit obligation	3,990	-	-	3,990
Financial assets at fair value through profit or loss	-	542	-	542
Unrealised exchange gains	-	2,080	-	2,080
	$ 1,776,054	$ 254,107	$ -	$ 2,030,161

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary differences unrecognised as deferred tax liabilities were $332,188 and $61,734, respectively.

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(23) Earnings per share

Unit: Expressed in dollars per share

	For the years ended December 31,	
	2021	2020
Basic earnings per share	$ 10.67	$ 9.40
Diluted earnings per share	$ 10.51	$ 9.27

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

	For the years ended December 31, 2021	For the years ended December 31, 2020
Earnings used in the computation of basic earnings per share	$ 8,250,224	$ 7,247,955
Earnings used in the computation of diluted earnings per share	$ 8,250,224	$ 7,247,955

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the years ended December 31, 2021	For the years ended December 31, 2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	773,018	771,264
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	9,833	8,268
Employees' compensation	1,791	2,003
Weighted average number of ordinary shares used in the computation of diluted earnings per share	784,642	781,535

(24) Changes in liabilities from financing activities

	2021	2020
	Lease liabilities	Lease liabilities
At January 1	$ 7,722	$ 11,884
Changes in cash flow from financing activities	(7,937)	(8,353)
Others	7,651	4,191
At December 31	$ 7,436	$ 7,722

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Related Party Category
Advantech Automation Corp. (HK) [AAC (HK)]	Subsidiary
Advantech Australia Pty Ltd. (AAU)	Subsidiary
Advantech Brasil Ltd. (ABR)	Subsidiary
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Subsidiary

Names of related parties	Related Party Category
Advantech CZech, s.r.o. (ACZ)	Subsidiary
Advantech Technology DMCC (ADB)	Subsidiary
Advantech Europe B.V. (AEU)	Subsidiary
Advantech International PT. (AID)	Subsidiary
ADVANTECH IOT ISRAEL LTD. (AIL)	Subsidiary
Advantech Industrial Computing India Private Limited (AIN)	Subsidiary
Advantech Japan Co., Ltd. (AJP)	Subsidiary
Advantech Technology (China) Company Ltd. (AKMC)	Subsidiary
Advantech KR Co., Ltd. (AKR)	Subsidiary
Advantech Electronics, S. De R.L. De C. V. (AMX)	Subsidiary
Advantech Co., Malaysia Sdn. Bhd (AMY)	Subsidiary
Advantech Corp. (ANA)	Subsidiary
Advantech Poland Sp z o.o. (APL)	Subsidiary
Advantech Co., Singapore Pte, Ltd. (ASG)	Subsidiary
Advantech Service-IoT GmbH (A-SIoT)	Subsidiary
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Subsidiary
Advantech Technologies Japan Corp. (ATJ)	Subsidiary
Advantech Turkey Teknoloji A.S. (ATR)	Subsidiary
Advantech Vietnam Technology Company Limited (AVN)	Subsidiary
B+B Smartworx Inc. (B+B)	Subsidiary (dissolved after the merger with ANA from December 31, 2020)
Advantech Technology Limited (AIE) (former BBIE)	Subsidiary
Advantech Technology Limited Liability Company (ARU)	Subsidiary
Advantech Service - IoT Co., Ltd. [SIoT (Cayman)]	Subsidiary
Advantech Intelligent Health Co., Ltd. (AIH)	Subsidiary
Cermate Technologies Inc. (Cermate Taiwan)	Subsidiary
Advantech Corporate Investment (ACI)	Subsidiary
Advantech Raiser India Private Limited (ARI)	Subsidiary
Advantech Intelligent Services Co., Ltd. (AiCS)	Subsidiary
LNC Technology Co., Ltd. (LNC)	Subsidiary
Advanixs Corporation	Subsidiary
Nippon RAD Inc.	Associate

Names of related parties	Related Party Category
Shanghai Yanle Co., Ltd.	Associate (the subsidiary of the company starting from June, 2020)
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
AzureWave Technologies, Inc.	Associate
DotZero Co., Ltd.	Associate
I-Link Co., Ltd.	Associate
Mildex Optical Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate
VSO Electronics Co., Ltd.	Associate
VSO Electronics (Suzhou) Co., Ltd.	Associate
VSO Electronics (Jian) Co., Ltd.	Associate
International Integrated Systems, Inc.	Associate
K&M Investment Co., Ltd.	Other related party
AIDC Investment Corp.	Other related party
Advantech Foundation	Other related party
Tran-Fei Development Co., Ltd.	Other related party
Freedom System Inc.	Associate
Isap Solution Corp.	Associate

(3) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2021	2020
Subsidiaries		
ANA	$ 11,423,878	$ 9,841,226
ACN	9,943,092	7,835,620
AEU	5,333,875	4,142,031
Others	5,565,765	5,107,483
Associates	109,320	99,963
Other related parties	5,467	4,527
	$ 32,381,397	$ 27,030,850

The terms of sales to related parties are mainly processed and collected according to the general sales prices and conditions, and partial transactions are based on mutual agreement.

B. Purchases

	For the years ended December 31,	
	2021	2020
Subsidiaries		
AKMC	$ 13,474,796	$ 11,047,054
Others	227,295	166,529
Associates	268,979	183,512
	$ 13,971,070	$ 11,397,095

The terms of purchases from related parties are based on product type, market competition and other conditions, and are payable according to the general purchase price and conditions or based on mutual agreement.

C. Receivables due from related parties (excluding loans to related parties)

	December 31, 2021	December 31, 2020
Notes receivable - related parties		
Associates	$ -	$ 6,775
Accounts receivable - retated parties		
Subsidiaries		
ACN	$ 1,209,891	$ 1,825,651
ANA	2,008,177	1,473,318
AEU	1,467,137	755,893
Others	1,408,259	863,758
Associates	33,712	17,780
Other related parties	-	20
	6,127,176	4,936,420
Other receivables - related parties		
Subsidiaries		
ANA	5,337	7,770
AEU	2,327	4,266
ABR	2,311	-
Advanixs	2,294	2,124
Others	5,697	7,562
Associates	-	3,018
Other related parties	-	1,615
	17,966	26,355
	$ 6,145,142	$ 4,969,550

The outstanding receivables due from related parties are unsecured and no allowance for uncollectible accounts was recognised.

D. Payables to related parties (excluding loans from related parties)

	December 31, 2021	December 31, 2020
Notes and accounts payable - related parties		
Subsidiaries		
AKMC	$ 1,819,335	$ 1,751,018
Others	39,960	22,206
Associates	65,297	20,148
	1,924,592	1,793,372
Other payables - related parties		
Subsidiaries		
AEU	93,541	44,485
Others	17,450	10,869
Associates	3,808	-
Other related parties	8,237	8,819
	123,036	64,173
	$ 2,047,628	$ 1,857,545

The outstanding payables to related parties are unsecured.

E. Acquisitions of property, plant and equipment

	Purchase Price	
	For the years ended December 31,	
Category of related party	2021	2020
Subsidiaries and associates	$ 182	$ 3,759

F. Disposals of property, plant and equipment

	For the year ended December 31, 2020
Category of related party	Disposal proceeds
Subsidiaries	$ 472

There was no property, plant and equipment transaction with related parties for the year ended December 31, 2021.

G. Other transactions with related parties

(a) Operating expenses

	For the years ended December 31,	
	2021	2020
Selling expense		
Subsidiaries	$ 45,690	$ -
Associates	65	-
	$ 45,755	$ -

	For the years ended December 31,	
	2021	2020
General and administration expense		
Subsidiaries	$ 497	$ 38,065
Associates	3,288	185
Other related parties	-	36
	$ 3,785	$ 38,286
Research and development expense		
Associates	$ 6,669	$ 9,805
Subsidiaries	110,889	88,933
	$ 117,558	$ 98,738

Expense transactions between the Company and related parties mainly include research and development expense, cloud storage access fee and information security consulting fee, etc. Except for charges based on agreed remuneration and payment terms under the contracts, the other payment terms were based on mutual agreement when normal payment terms with related parties were not stipulated.

(b) Other income

	For the years ended December 31,	
	2021	2020
Rental income		
Subsidiaries	$ 636	$ 636
Other related parties	1,431	289
	$ 2,067	$ 925
Other income		
Subsidiaries	$ 128,741	$ 103,849
Associates	600	-
Other related parties	4,952	3,452
	$ 134,293	$ 107,301

Lease contracts between the Company and its related parties were based on market rental prices and had normal payment terms. Revenue contracts for technical services between the Company and its related parties were based on market prices and had payment terms as stipulated in the contracts. For other transactions with related parties, since normal payment terms with related parties were not stipulated, the payment terms were based on mutual agreement.

(4) Key management compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	$ 37,320	$ 44,078
Post-employment benefits	466	162
Share-based payment	32,045	26,123
	$ 69,831	$ 70,363

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

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Company has signed a contract amounting to $978,340 for the construction of Linkou Smart Campus Phase III, but has not recognised capital expenditures as of December 31, 2021.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(15). 6.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet.

During the year ended December 31, 2021, the Company's strategy, which was unchanged from 2020, was to maintain the gearing ratio within reasonable range.

(2) Financial instruments

A. Financial instruments by category

		December 31, 2021		December 31, 2020
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$	1,081,067	$	3,652,818
Financial assets at amortised cost (Note 1)		11,268,740		8,316,190
Financial assets at fair value through other comprehensive income				
Equity instruments		1,981,237		1,332,435
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading		2,687		21,044
Financial assets at amortised cost (Note 2)		9,712,672		6,520,244
Lease liabilities		7,436		7,722

Note 1: The balances included cash, notes receivable, notes receivable-related parties, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties and refundable deposits, etc.

Note 2: The balances included notes and accounts payable, accounts payable - related parties, other payables and other payables - related parties, etc.

B. Financial risk management policies

(a) The Company's major financial instruments included equity investments, accounts receivable, accounts payable and lease liabilities. The Company's Corporate treasury provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

(b) The Company aims to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(c) The Corporate Treasury reports quarterly to the Board of Directors on the Company's current derivative instrument management.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The Company is primarily exposed to financial risks due to changes in foreign currency exchange rates (refer to exchange rate risk section) and interest rates (refer to interest rate risk section) arising from its operating activities.

The Company entered into forward foreign exchange contracts to manage its foreign exchange risk.

There had been no change to the Company's financial instruments exposure to market risks and the manner in which these risks were managed and measured.

Exchange rate risk

i. The Company undertook operating activities and investments in foreign operations denominated in foreign currencies, which exposed the Company to foreign currency risk. The Company manages the risk that fluctuations in foreign currency could have on foreign currency denominated assets and future cash flow by entering into forward foreign exchange contracts, which allow the Company to mitigate but not fully eliminate the effect.

ii. The maturities of the Company's forward foreign exchange contracts were less than six months. These forward foreign exchange contracts did not meet the criteria for hedge accounting and were recognised in financial assets or liabilities at fair value through profit or loss. Please refer to Note 6(2).

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

	For the year ended December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 222,447	27.68	$ 6,157,333
CNY:NTD	423,657	4.344	1,840,366
EUR:NTD	46,582	31.32	1,458,948
Non-monetary items			
USD:NTD	519,903	27.680	14,390,914
EUR:NTD	38,391	31.320	1,202,407
JPY:NTD	4,542,867	0.241	1,094,831
KRW:NTD	19,358,956	0.023	445,256
SGD:NTD	5,598	20.460	114,531
Financial liabilities			
Monetary items			
USD:NTD	136,918	27.68	3,789,890
CNY:NTD	242,329	4.344	1,052,677
EUR:NTD	454	31.32	14,219

	For the year ended December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 162,339	28.480	$ 4,623,414
CNY:NTD	522,606	4.3770	2,287,445
EUR:NTD	18,622	35.020	652,155
Non-monetary items			
USD:NTD	474,105	28.480	13,502,510
EUR:NTD	33,048	35.020	1,157,341
JPY:NTD	4,005,091	0.2760	1,105,405
KRW:NTD	15,813,870	0.026	411,161
SGD:NTD	5,602	21.560	120,779
Financial liabilities			
Monetary items			
USD:NTD	85,588	28.480	2,437,542
CNY:NTD	217,779	4.3770	953,218

For the years ended December 31, 2021 and 2020, realised and unrealised net foreign exchange gains (losses) were ($138,709) and ($21,429), respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

iv. The Company was mainly exposed to the exchange rate fluctuation of USD, EUR and CNY.

v. The following table details the Company's sensitivity to a 5% increase in New Taiwan dollars (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in exchange rates. The range of the sensitivity analysis included cash and cash equivalents, accounts receivable and accounts payable. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact (Note)	
	For the years ended December 31,	
	2021	2020
Profit or loss	$ 119,479	$ 105,021

	EUR Impact (Note)	
	For the years ended December 31,	
	2021	2020
Profit or loss	$ 91,498	$ 9,270

	CNY Impact (Note)	
	For the years ended December 31,	
	2021	2020
Profit or loss	$ 24,615	$ 50,079

Note: This was mainly attributable to the exposure outstanding on USD, EUR and CNY denominated cash, receivables and payables, which were not hedged at the balance sheet date.

Interest rate risk

i. The Company is exposed to interest rate risk because entities in the Company maintain both floating and fixed interest rates of bank deposits. The Company does not operate hedging instruments for interest rates. The Company's management monitors the market interest rates regularly. If it is needed, the management might perform necessary procedures for significant interest rate risks to control the risks from fluctuations in market interest rates.

ii. The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
- Financial liabilities	$ 7,436	$ -
Cash flow interest rate risk		
- Financial assets	3,605,825	2,059,397

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

iv. If interest rates had been 50 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by $18,029 and $10,297, respectively. Had interest rates been 50 basis points lower, the effects on the Company's pre-tax profit would have been of the same amounts but negative. The source of the negative effects would have been mainly the floating-interest rates on bank deposits.

<u>Other price risk</u>

i. The Company was exposed to equity price risk through its investments in listed and OTC equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk was mainly concentrated on equity instruments trading in Taiwan.

ii. If equity prices had been 1% higher, pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased by $19,812 and $13,324, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax other comprehensive income would have decreased by the same respective amounts.

iii. The Company's sensitivity to equity prices increased or decreased because of volatility of stock price.

(b) Credit risk

i. Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at balance sheet date, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation provided by the Company could arise from the carrying amount of the respective recognised financial assets, as stated in the balance sheets.

ii. Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas and, thus, no concentration of credit risk was observed. According to the Company's credit policy, each department in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the custromers, taking into account their financial position, past experience and other factors. Individual risks limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

iii. The average credit period of the sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Company reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

iv. The Company measures the loss allowance for accounts receivable at an amount that equals to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, expected economic growth rate and industry trends at the same time. Based on the Company's historical experience of credit loss, there is no significant loss difference between customer types, thus the provision matrix was not based on classification of customer types, but was based on the past due date to estimate expected credit losses.

v. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, the default occurs when counterparties are processing the liquidation or the debt has been past due over 1 year, the Company will provide impairment loss in full. However, the Company will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognised in profit or loss.

vi. The following table details the loss allowance of accounts receivable based on the Company's provision matrix:

	Not past due	1~90 days past due	91~180 days past due	181~360 days past due	Over 360 days past due	Total
December 31, 2021						
Expected credit loss rate	-	0~5%	20%	40%	100%	
Total book value	$ 1,273,930	$ 198,546	$ 2,031	$ 634	$ 8,522	$ 1,483,663
Loss allowance (lifetime expected credit losses)	-	(454)	(406)	(254)	(8,522)	(9,636)
Amortised cost	$ 1,273,930	$ 198,092	$ 1,625	$ 380	$ -	$ 1,474,027
December 31, 2020						
Expected credit loss rate	-	2%	20%	40%	100%	
Total book value	$ 1,116,997	$ 8,391	$ 7,136	$ 1,202	$ 6,809	$ 1,140,535
Loss allowance (lifetime expected credit losses)	-	(232)	(1,427)	(481)	(6,809)	(8,949)
Amortised cost	$ 1,116,997	$ 8,159	$ 5,709	$ 721	$ -	$ 1,131,586

vii. The movements of the loss allowance of notes and accounts receivable are as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Balance at January 1	$ 8,949	$ 18,386
Impairment loss (reversal gain)	687	(7,247)
Amounts written off (Note)	-	(2,190)
Balance at December 31	$ 9,636	$ 8,949

Note: The Company wrote off accounts receivable and related loss allowance for the years ended December 31, 2021 and 2020 amounting to $0 and $2,190, respectively, as the customers' accounts receivable have been aged more than 2 years and the legal attest letters were served but no subsequent collection of such receivables has been received.

viii. For investments in debt instruments at fair value through profit or loss, the credit rating levels are presented below:

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial liability at fair value through profit or loss -Convertible corporate bond	$ 36,975	$ -	$ -	$ 36,975

(i) As at December 31, 2020, the Company did not hold investments in debt instruments at fair value through profit or loss.

(ii) Investments in debt instruments at fair value through profit or loss held by the Company are convertible corporate bonds issued by OTC companies. There is no significant abnormality in the credit risk rating levels.

(c) Liquidity risk

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

ii. The Company relies on bank borrowings as one of the significant source of liquidity. As of December 31, 2021 and 2020, the Company's undrawn bank borrowing facilities are as follows:

	December 31, 2021	December 31, 2020
Unsecured borrowing facilities		
- Amount used (Note)	$ 175,700	$ 184,078
- Amount unused	5,022,900	6,412,122
	$ 5,198,600	$ 6,596,200

Note: The amount used on December 31, 2021 and 2020 is the amount of endorsemnts and guarantees provided by the Company to subsidiaries.

iii. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves of bank credit facilities and continuously monitoring projected and actual cash flows.

iv. Liquidity and interest risk rate tables for non-derivative financial liabilities

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

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the balance sheet date.

December 31, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 5,352,415	$ 2,664,261	$ 1,695,996	$ -
Lease liability	-	2,248	4,571	2,583
	$ 5,352,415	$ 2,666,509	$ 1,700,567	$ 2,583

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 years
Lease liability	$ 6,819	$ 2,583	$ -	$ -	$ -	$ -

December 31, 2020

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,020,106	$ 2,265,546	$ 1,234,592	$ -
Lease liability	-	361	2,702	4,836
	$ 3,020,106	$ 2,265,907	$ 1,237,294	$ 4,836

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 years
Lease liability	$ 3,063	$ 4,836	$ -	$ -	$ -	$ -

v. Liquidity tables for derivative financial liabilities

The following tables show the Company's liquidity analysis for its derivative financial instruments. The tables were based on the undiscounted contractual gross cash inflows and outflows on derivative instruments that require gross settlement.

December 31, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Gross settled				
Forward foreign exchange contracts				
- Inflows	$ 230,726	$ 392,111	$ 147,054	$ 769,891
- Outflows	(226,608)	(387,208)	(146,796)	(760,612)
	$ 4,118	$ 4,903	$ 258	$ 9,279

December 31, 2020

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Gross settled				
Forward foreign exchange contracts				
- Inflows	$ 352,690	$ 432,246	$ 265,203	$ 1,050,139
- Outflows	(357,623)	(443,024)	(270,446)	(1,071,093)
	($ 4,933)	($ 10,778)	($ 5,243)	($ 20,954)

vi. The Company does not expect the timing of occurence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, notes receivable - related parties, accounts receivable, accounts receivables - related parties, other receivables, other receivables - related parties, refundable deposits, notes payable, accounts payable, accounts payable - related parties, other payables and other payables - related parties are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

December 31, 2021 Assets - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 11,966	$ -	$ 11,966
Fund beneficiary certificates	1,032,126	-	-	1,032,126
Convertible corporate bonds	36,975	-	-	36,975
	1,069,101	11,966	-	1,081,067
Financial assets at fair value through other comprehensive income				
Listed, OTC and emerging stocks	$ 1,981,237	$ -	$ -	$ 1,981,237
	$ 3,050,338	$ 11,966	$ -	$ 3,062,304
Liabilities - recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 2,687	$ -	$ 2,687

December 31, 2020 Assets - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 90	$ -	$ 90
Fund beneficiary certificates	3,652,728	-	-	3,652,728
	3,652,728	90	-	3,652,818
Financial assets at fair value through other comprehensive income				
Listed, OTC and emerging stocks	$ 1,332,435	$ -	$ -	$ 1,332,435
	$ 4,985,163	$ 90	$ -	$ 4,985,253
Liabilities - recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 21,044	$ -	$ 21,044

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed and OTC stocks	Open-end fund	Convertible corporate bond
Market quoted price	Closing price	Net asset value	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.

iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company’s financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

E. Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives held by the Company were forward foreign exchange contracts, whose fair values were calculated using discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

(4) Others

Information on the impact of the Covid-19

The Company had implemented various response measures to handle the impact of the Covid-19, whereby all sites adopted high standards for epidemic prevention, and the main production sites maintained normal operations. In addition, the logistics units responded in different ways according to local government regulations, such as taking turns to work, reduction in attendance days, etc., holding meetings online as much as possible, minimizing visits and visitors in order to lower physical contact and avoid the possibility of cross-contamination. So far, the Covid-19 did not have a significant impact on the Company's operations and financial condition.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12.

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas:

Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealised gains or losses: Please refer to tables 6, 7 and 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

Not applicable.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Loans to others
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note C)	Ending Balance (Note C)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted （Note B）
1	LNC	LNC Dong Guan	Accounts receivable - related parties	Yes	$ 70,000	$ 30,000	$ -	-	Short-term financing	$ -	Operating need	$ -	None	None	$ 39,978 （Note B）	$ 159,911 （Note B）

Note A: Investee companies are numbered sequentially from 1.
Note B: The financing limit for each borrower and for the aggregate financing were 10% and 40%, respectively, of LNC's net worth based on the latest audited or reviewed report.
Note C: The maximum balance for the period and ending balance are approved by the board of directors of financiers.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note B)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
0	ADVANTECH CO., LTD.	AiSC	Subsidiary	$ 3,785,253	$ 570,700 USD 20,000	$ 553,600 USD 20,000	$ -	$ -	1.46	$ 11,355,758	Y	N	Y
	ADVANTECH CO., LTD.	AEU	Subsidiary	3,785,253	285,350 USD 10,000	276,800 USD 10,000	-	-	0.73	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ANA	Subsidiary	3,785,253	851,700 USD 30,000	276,800 USD 10,000	-	-	0.73	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	3,785,253	285,350 USD 10,000	276,800 USD 10,000	-	-	0.73	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ACI	Subsidiary	3,785,253	285,350 USD 10,000	276,800 USD 10,000	-	-	0.73	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ATJ	Subsidiary	3,785,253	272,000 JPY 1.000,000	241,000 JPY 1,000,000	168,700 JPY 700,000	-	0.64	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AKMC	Subsidiary	3,785,253	171,210 USD 6,000	166,080 USD 6,000	-	-	0.44	11,355,758	Y	N	Y
	ADVANTECH CO., LTD.	SIoT(Cayman)	Subsidiary	3,785,253	142,675 USD 5,000	138,400 USD 5,000	-	-	0.37	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AJP	Subsidiary	3,785,253	369,000 JPY 1,500,000	361,500 JPY 1,500,000	-	-	0.96	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AiCS	Subsidiary	3,785,253	85,605 USD 3,000	83,040 USD 3,000		-	0.22	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AIH	Subsidiary	3,785,253	85,605 USD 3,000	83,040 USD 3,000	-	-	0.22	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ABR	Subsidiary	3,785,253	42,803 USD 1,500	41,520 USD 1,500	-	-	0.11	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	3,785,253	34,370 EUR 1,000	31,320 EUR 1,000	-	-	0.08	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AVN	Subsidiary	3,785,253	28,535 USD 1,000	27,680 USD 1,000	-	-	0.07	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ARU	Subsidiary	3,785,253	28,535 USD 1,000	27,680 USD 1,000	-	-	0.07	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	3,785,253	28,535 USD 1,000	27,680 USD 1,000	7,000 NTD 7,000	-	0.07	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	3,785,253	28,535 USD 1,000	27,680 USD 1,000	-	-	0.07	11,355,758	Y	N	Y
	ADVANTECH CO., LTD.	ACZ	Subsidiary	3,785,253	14,268 USD 500	13,840 USD 500	-	-	0.04	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ATR	Subsidiary	3,785,253	14,268 USD 500	13,840 USD 500	-	-	0.04	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	3,785,253	14,268 USD 500	13,840 USD 500	-	-	0.04	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	SioT (Cayman)	Subsidiary	3,785,253	141,950 USD 5,000	13,840 USD 500	-	-	0.04	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	3,785,253	5,707 USD 200	5,536 USD 200	-	-	0.01	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AAU	Subsidiary	3,785,253	5,707 USD 200	5,536 USD 200	-	-	0.01	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AMY	Subsidiary	3,785,253	2,854 USD 100	2,768 USD 100	-	-	0.01	11,355,758	Y	N	N
	ADVANTECH CO., LTD.	AKR	Subsidiary	3,785,253	171,760 USD 6,050	1,384 USD 50	-	-	0.00	11,355,758	Y	N	N

Note A: The limit on endorsements or guarantees provided on behalf of the respective party is 10% of the Company's net worth.
Note B: The maximum collateral or guarantee amount allowable is 30% of the Company's net worth.
Note C: The exchange rates as of December 31, 2021 were USD$1= NT$27.68, EUR$1= NT$31.32, and JPY1=NT$0.241.
Note D: The latest net equity is from the financial statements for the year ended December 31, 2021.
Note E: On July 12, 2021, ACI IOT Investment Fund-I Corporation filed for liquidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

	Marketable Securities		Relationship with the		As of December 31, 2021				
Holding Company Name	Type	Name	securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,739,461	$ 1,782,037	0.64	$ 1,782,037	Note A
ADVANTECH CO., LTD.	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,200,000	199,200	2.41	199,200	Note A
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	36,975	-	36,975	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	56,818,161	879,050	-	879,050	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	12,074,507	153,076	-	153,076	Note B
ACI	Stock	Contec	None	Financial assets at fair value through profit or loss - current	26,500	11,949	0.41	11,949	Note A
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - current	2,518,358	158,468	6.91	158,468	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - current	464,695	56,000	0.65	56,000	Note C
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,501,000	415,166	5.03	415,166	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,758	7.50	3,758	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.79	-	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,509	10.33	8,509	Note C
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	19,053,819	260,630	-	260,629	Note B
ACI	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	18,767,576	290,359	-	290,359	Note B
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	None	Financial assets at fair value through profit or loss - current	30,000,000	336,600	-	336,600	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	94,310	4.38	94,310	Note B
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,466,890	96,920	-	96,920	Note B
Advanixs Corporation	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,935,221	24,534	-	24,534	Note B
AdvanPOS	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	387,142	5,802	-	5,802	Note B
Huan Yan Water Solution Co., Ltd.	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	1,371,115	20,549	-	20,549	Note B
Cermate Taiwan	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	394,521	5,002	-	5,002	Note B
SIoT (Cayman)	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - current	-	544,551	-	544,551	Note B
SIoT (Cayman)	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - current	-	468,681	-	468,681	Note B
AiSC	Stock	Shanghai Shangchuang Xinwei Investment Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	-	107,750	8.43	107,750	Note C
AiSC	Beneficiary certificates	Tianying Heyan (Hengqin) Investment Management Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - current	-	214,978	-	214,978	Note B

Note A: Market value was based on the closing price on December 31, 2021.
Note B: Market value was based on the net asset values of the open-ended mutual funds on December 31, 2021.
Note C: The fair values are estimated from the net worth from the latest financial statements.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

	Marketable Securities					Balance as at January 1, 2021		Acquisition		Disposal					Balance as at December 31, 2021	
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market	Note A	None	None	9,225,566	$ 150,057	39,947,223	$ 650,003	49,172,789	$ 800,779	$ 800,060	$ 719	$ -	-	$ -
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Money Market	Note A	None	None	2,508,127	451,087	3,972,385	715,004	6,480,512	1,167,049	1,166,091	958	-	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	103,735,038	1,600,995	56,592,747	875,003	103,509,624	1,600,000	1,596,921	3,079	(27)	56,818,161	879,050
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	114,671,962	1,450,589	39,493,475	500,003	142,090,930	1,800,000	1,797,282	2,718	(234)	12,074,507	153,076
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	Note A	None	None	-	-	30,000,000	300,000	-	-	-	-	36,600	30,000,000	336,600
SIoT (Cayman)	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	32,246,377	440,031	-	-	32,246,377	440,559	440,031	528	-	-	-
SIoT (Cayman)	Beneficiary certificates	Momenta DIF III L.P.	Note A	None	None	-	-	-	550,832	-	-	-	-	(6,281)	-	544,551
SIoT (Cayman)	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	Note A	None	None	-	-	-	476,813	-	-	-	-	(8,132)	-	468,681
ADVANTECH CO., LTD.	Stock	AEUH	Note B	AEUH	Same ultimate parent company	25,961,250	1,219,124	-	436,259	-	-	-	-	-	25,961,250	1,655,383
AEUH	Stock	AEU	Note B	AEU	Same ultimate parent company	32,315,215	431,963	-	436,259	-	-	-	-	-	32,315,215	868,222
AEU	Stock	A-SIoT	Note B	SIoT(Cayman)	Same ultimate parent company	-	-	1	436,259	-	-	-	-	-	1	436,259
SIoT(Cayman)	Stock	A-SIoT	Note B	AEU	Same ultimate parent company	1	522,719	-	-	1	-	522,719	-	-	-	-

Note A: It is recorded as financial assets at fair value through profit or loss - current.
Note B: Investments accounted for under equity method

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching $300 million or 20% of paid-in capital or more
December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Payment Status	Counterparty	Relationship	Information on previous title transfer, if counterparty is a related party: Property Terms Owner	Relationship	Transfer date	Amount	Pricing Reference	Purpose of Acquisition	Other Property Terms
ADVANTECH CO., LTD.	Real estate	2020.10.30	$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of $431,660 should be made by December 31, 2021 and was paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

FOR THE YEAR ENDED DECEMBER 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction Details				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total sales/(purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	$ 11,423,878	27.73%	30 days after month-end	Contract price	No significant difference	$ 2,008,177	28.23%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	9,943,092	24.13%	30 days after month-end	Contract price	No significant difference	1,209,891	17.01%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	5,333,875	12.95%	45 days after month-end	Contract price	No significant difference	1,467,137	20.62%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,300,349	3.16%	30 days after month-end	Contract price	No significant difference	117,963	1.66%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	925,088	2.25%	30 days after month-end	Contract price	No significant difference	144,463	2.03%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	634,691	1.54%	30 days after month-end	Contract price	No significant difference	134,727	1.89%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	261,775	0.64%	45 days after month-end	Contract price	No significant difference	34,631	0.49%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	297,148	0.72%	45 days after month-end	Contract price	No significant difference	75,253	1.06%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	203,234	0.49%	45 days after month-end	Contract price	No significant difference	36,120	0.51%
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	Sales	1,034,692	2.51%	30 days after month-end	Contract price	No significant difference	166,815	2.34%
ADVANTECH CO., LTD.	ABR	Subsidiary	Sales	124,932	0.30%	30 days since invoice date	Contract price	No significant difference	3,737	0.05%
ADVANTECH CO., LTD.	AIN	Subsidiary	Sales	137,973	0.33%	45 days after month-end	Contract price	No significant difference	69,211	0.97%
ADVANTECH CO., LTD.	ATR	Subsidiary	Sales	129,234	0.31%	45 days after month-end	Contract price	No significant difference	270	0.00%
ADVANTECH CO., LTD.	AVN	Subsidiary	Sales	133,764	0.32%	45 days after month-end	Contract price	No significant difference	22,143	0.31%
ADVANTECH CO., LTD.	ATH	Subsidiary	Sales	107,846	0.26%	45 days after month-end	Contract price	No significant difference	22,088	0.31%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	149,920	0.94%	30 days since invoice date	Contract price	No significant difference	27,238	1.12%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	13,474,796	93.85%	30 days after month-end	Contract price	No significant difference	1,273,472	91.58%
AKMC	ACN	Fellow subsidiary	Sales	518,811	3.61%	Usual trade terms	Contract price	No significant difference	95,051	6.84%
AKMC	Cermate (Shenzhen)	Fellow subsidiary	Sales	153,714	1.07%	Usual trade terms	Contract price	No significant difference	19,333	1.39%
ACZ	AEU	Fellow subsidiary	Sales	352,308	85.39%	60 days since invoice date	Contract price	No significant difference	56,695	91.56%
LNC	LNC Dong Guan	Fellow subsidiary	Sales	567,064	81.33%	150 days after month-end	Contract price	No significant difference	207,532	88.31%

Note: All intercompany transactions have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Counterparty	Relationship	Ending balance	Turnover rate	Overdue receivables Amount	Overdue receivables Actions taken	Amounts received in subsequent period	Allowance for doubtful accounts
ADVANTECH CO., LTD.	ACN	Subsidiary	$ 1,209,891	6.55	$ -	-	$ 972,882	$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,013,514	6.54	-	-	1,107,200	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,469,464	4.78	-	-	610,667	-
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	166,815	5.84	-	-	63,941	-
ADVANTECH CO., LTD.	AJP	Subsidiary	144,463	8.67	-	-	96,709	-
ADVANTECH CO., LTD.	AKR	Subsidiary	118,824	11.97	-	-	118,821	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	439,361	Note	-	-	195,628	-
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	137,021	6.16	-	-	116,392	-
AKMC	ADVANTECH CO., LTD.	Parent company	1,273,472	8.95	-	-	1,090,705	-
LNC	LNC Dong Guan	Fellow subsidiary	207,532	2.58	-	-	38,611	-

Note: The Company’s sales revenue on materials delivered to subcontractors - AKMC have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note C)
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	$ 261,775	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	9,943,092	Usual trade terms	17%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	1,209,891	30 days after month-end	2%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	5,333,875	Usual trade terms	9%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,467,137	45 days after month-end	3%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	925,088	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	144,463	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,300,349	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	117,963	30 days after month-end	0%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	11,423,878	Usual trade terms	19%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,008,177	30 days after month-end	3%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	297,148	Usual trade terms	1%
0	ADVANTECH CO., LTD.	A-SIoT	1	Sales revenue	1,034,692	Usual trade terms	2%
0	ADVANTECH CO., LTD.	A-SIoT	1	Receivables from related parties	166,815	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	203,234	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ATH	1	Sales revenue	107,846	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ABR	1	Sales revenue	124,932	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ATR	1	Sales revenue	129,234	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AVN	1	Sales revenue	133,764	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AIN	1	Sales revenue	137,973	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	634,691	Usual trade terms	1%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Receivables from related parties	134,727	30 days after month-end	0%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	1,273,472	30 days after month-end	2%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	13,474,796	Usual trade terms	23%
1	AKMC	ACN	3	Sales revenue	518,811	Usual trade terms	1%
1	AKMC	Cermate (Shenzhen)	3	Sales revenue	153,714	Usual trade terms	0%
2	ANA	ADVANTECH CO., LTD.	2	Sales revenue	149,920	30 days since invoice date	0%
3	ACZ	AEU	3	Sales revenue	352,308	Usual trade terms	1%
4	LNC	LNC Dong Guan	3	Sales revenue	567,064	Usual trade terms	1%
4	LNC	LNC Dong Guan	3	Receivables from related parties	207,532	150 days after month-end	0%

Note A: The parent company and its subsidiaries are numbered as follows:
1. “0” for Advantech Co., Ltd.
2. Subsidiaries are numbered from “1”.

Note B: The flow of related-party transactions is as follows:(If it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed repeatedly；Subsidiary-to-subsidiary transactions, if one of its subsidiaries has been disclosed, the other subsidiary does not need to disclose repeatedly)：
1. From the parent company to its subsidiary.
2. From the subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of December 31, 2021, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2021.

Note D: All inter-company transactions have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Balance as of December 31, 2021: Shares	Balance as of December 31, 2021: Ownership (%)	Balance as of December 31, 2021: Carrying Value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note C)	Footnote
ADVANTECH CO., LTD.	AAC (BVI)	British Virgin Islands	Overseas investment in manufacturing and services industries	$ 3,875,214	$ 3,875,214	128,496,207	100.00	$ 10,058,205	$ 1,408,711	$ 1,416,533	Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	4,332,709	204,711	199,438	Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	235,010	33,049	33,049	Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	2,900,000	330,000,000	100.00	4,003,595	232,350	232,876	Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	249,059	25,542,984	26.61	830,007	390,915	102,902	Investments accounted for under equity method
ADVANTECH CO., LTD.	AdvanPOS	Taiwan	Manafacturing and trade of endpoint sales system	266,192	266,192	1,000,000	100.00	14,565	(68,093)	(68,093)	Subsidiary
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	209,191	277,946	14,430,000	48.10	299,709	63,001	37,202	Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	61,909	61,909	10,000,002	60.00	35,884	45	27	Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,219,124	25,961,250	100.00	1,202,407	(34,365)	(35,382)	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	114,531	37,297	37,184	Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	47,868	4,797	2,366	Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	31,963	16,920	17,641	Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	15,472	15,472	1,200	100.00	411,417	49,521	47,310	Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	59,311	22,788	22,765	Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	445,256	133,246	133,033	Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	103,146	103,146	12,723,038	100.00	84,753	19,380	19,380	Subsidiary
ADVANTECH CO., LTD.	Advantech Innovative Design Co., Ltd.	Taiwan	Product design	10,000	10,000	-	-	-	3	3	Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	81,415	(13,284)	(13,284)	Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	19,754	4,999,999	99.99	38,896	8,896	8,723	Subsidiary
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use mobile systems	180,000	180,000	6,750,000	27.00	28,331	(62,961)	(17,000)	Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.54	572,568	364,706	60,329	Investments accounted for under equity method
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	8,100	60.00	59,040	13,930	8,312	Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	216,414	937	178	Investments accounted for under equity method
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	72,416	44,676	1	100.00	27,258	(12,243)	(12,243)	Subsidiary
ADVANTECH CO., LTD.	ATJ	Japan	Production and sale of electronic and mechanical devices	451,564	323,130	713,900	71.39	467,000	16,308	6,594	Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	12,530	6,798	1,734	Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	9,950	1,051	1,051	Subsidiary
ADVANTECH CO., LTD.	Huan Yan Water Solution Co., Ltd.	Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	27,000	27,000	2,700,000	90.00	23,618	(3,757)	(3,597)	Subsidiary
AJP	ATJ	Japan	Production and sale of electronic and mechanical devices	184,649	184,649	286,100	28.61	206,137	3,712	-	Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	139,107	40,568	-	Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	13,844	2,663	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	181,132	(38,167)	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	578,563	578,563	29,599,000	19.67	601,310	309,209	-	Investments accounted for under equity method
ACI	Yun Yan, Wu-Lian Co., Ltd.	Taiwan	Industrial equipment networking in Greater China	5,000	5,000	500,000	50.00	-	4	-	Subsidiary
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	45,109	-	-	Investments accounted for under equity method
ACI	i-Link	Taiwan	Integration of intelligent medical	9,091	9,091	805,000	20.13	2,276	(10,006)	-	Investments accounted for under equity method
ACI	DotZero	Taiwan	Intelligent metal processing integration	10,928	8,100	1,092,750	25.71	4,233	(12,730)	-	Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	15,710,000	15.37	142,658	(129,955)	-	Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	147,444	147,444	5,084,273	18.61	159,489	71,814	-	Investments accounted for under equity method
ACI	ACI IOT Investment Fund-I Corporation	Taiwan	Investment in marketable securities	-	238,000	-	-	-	19,246	-	Subsidiary
ACI	ACISM	Samoa	Holding company	0	18,214	-	-	-	(120)	-	Subsidiary
ACI	Samsoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	20,220	15,000	431,455	24.07	16,973	6,328	-	Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	20.00	9,284	(6,877)	-	Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	120,000	120,000	4,000,000	14.29	144,865	137,472	-	Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	19.00	439,839	165,882	-	Investments accounted for under equity method
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	271,364	152,482	-	Investments accounted for under equity method
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	7,002	(8,607)	-	Investments accounted for under equity method
ACI	AIH	Taiwan	Servicing of information software and data processing	15,369	12,254	1,100,000	100.00	3,214	99	-	Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	-	6,088,750	36.24	110,496	20,416	-	Investments accounted for under equity method

				Initial investment amount		Balance as of December 31, 2021					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Shares	Ownership (%)	Carrying Value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note C)	Footnote
ACI	Freedom Systems	Taiwan	Electronic information service	$ 37,500	$ -	1,500,000	20.00	$ 37,523	$ 6,087	$ -	Investments accounted for under equity method
ATC	ATC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,212,730	1,212,730	57,890,679	100.00	4,383,602	204,810	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,606	100.00	5,219,760	661,602	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	3,277,588	708,629	-	Subsidiary
AAC (BVI)	ADB	United Arab Emirates	Trading of industrial network communications systems	-	-	-	100.00	2,619	386	-	Subsidiary
AAC (BVI)	SIoT(Cayman)	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,384,000	1,384,000	30,000,000	100.00	1,956,780	40,771	-	Subsidiary
SIoT(Cayman)	A-SIoT	Germany	Design, research and develop and trade of industrial on-board computer products	-	522,719	-	-	-	(10,500)	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	431,963	32,315,215	100.00	1,298,688	(51,406)	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	40,778	5,795	-	Subsidiary
AEU	A-SIoT	Geamany	Design, research and develop and trade of industrial on-board computer products	436,259	-	1	100.00	416,197	(10,500)	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	47,092	4,797	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,797	4,797	300,000	100.00	6,983	(837)	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	154,228	30,418	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	92,287	35,550	-	Subsidiary
Better Auto	Famous Now	Hong Kong	Holding company	135,798	135,798	4,906,096	100.00	100,320	35,550	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,092,834	1,092,834	-	100.00	316,625	71,734	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	292,265	69,104	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	-	1,237,500	55.00	4,652	73	-	Subsidiary

Note A: All intercompany gains and losses from investments have been eliminated from consolidation.
Note B: Refer to Table 10 for investments in mainland China
Note C: The investment gains and losses recognized in the current period only disclose the part recognized by Advantech Co., Ltd., and the rest are exempted according to regulations.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net profit (loss) of the investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment net profit (loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	$ 1,211,000 USD 43,750 (Note C)	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	$ 1,032,464 USD 37,300	$ -	$ -	$ 1,032,464 USD 37,300	$ 204,810	100.00	$ 204,810	$ 4,311,559	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	117,806 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	147,590 USD 5,332	-	-	147,590 USD 5,332	690,670	100.00	690,670	2,411,598	310,902 USD 11,232
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Manufacturing, marketing and trade of industrial use computers	221,440 USD 8,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	221,440 USD 8,000	-	-	221,440 USD 8,000	19,540	100.00	19,540	621,200	-
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	27,680 USD 1,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note B	-	-	Note B	65	100.00	65	28,913	-
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	110,720 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	88,410 USD 3,194	-	-	88,410 USD 3,194	44,086	100.00	44,211	100,320	-
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,688 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	8,525 USD 308	-	-	8,525 USD 308	21,157	90.00	19,043	104,738	38,647 USD 717 CNY 4,328
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	14,394 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	15,833 USD 572	-	-	15,833 USD 572	11,374	100.00	11,374	50,405	-
Advantech Service-IoT (Shanghai) Co., Ltd. [(SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	65,160 CNY 15,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note D	-	-	Note D	10,809	100.00	10,809	48,562	-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,557 CNY 2,200	Other	Note E	-	-	Note E	(9)	100.00	(9)	5,110	-
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	13,032 CNY 3,000	Other	Note E	-	-	Note E	(1)	20.00	(0)	2,604	-
GSD Environmental Technology Co., Ltd. (GSD) (Note H)	Development, consulting and services in environmental technology	43,440 CNY 10,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	16,137 USD 583	-	8,688 CNY 2,000	-	(8,413)	-	(3,365)	-	-
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	14,770 CNY 3,400	Other	Note E	-	-	Note E	(25,016)	29.66	(7,420)	19,514	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 1,535,936 (USD 55,489 thousand) (Note F)	$ 2,191,702 (USD 79,180 thousand)	$ 22,711,516 (Note G)

Note A: The significant events, prices, payment terms and unrealized gains or losses generated on trading between the Company and its investees in Mainland China are described in Table 8.
Note B: Remittance by ACN.
Note C: For AKMC, there was a capital increase of US$6,450 thousand out of earnings
Note D: Remittance by AAC (BVI) and AiSC.
Note E: Remittance by AiSC; AiSC's investments in associate accounted for under equity method.
Note F: Included is the outflow of US$200 thousand on the investment in Yan Hua (Guang Zhou Bao Shui Qu) Co., Ltd. located in a free trade zone in Guang Zhou. When this investee was liquidated in September 2005, the outward investment remittance ceased upon the approval of the Ministry of Economic Affairs (MOEA). For each future capital return, the Company will apply to the MOEA for the approval of the return as well as reduce the accumulated investment amount by the return amount.
Note G: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company.
Note H: Due to the disposal of all the shares of GSD, the remaining investment amount of CNY 2,000,000 was recovered.
Note I: The exchange rate was US$1=NT$27.68 and CNY$1=NT$4.344.
Note J: All intercompany gains and losses from investment have been eliminated upon consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2021

Table 11

Name of major shareholders	Shares: Number of shares held	Shares: Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.32%
K&M Investment Co., Ltd.	91,369,108	11.79%
AIDC Investment Corp.	90,295,663	11.65%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by the Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.