

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT THEREON
DECEMBER 31, 2024 AND 2023

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.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

In connection with the Consolidated Financial Statements of Affiliated Enterprises of ADVANTECH CO., LTD. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2024 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of ADVANTECH CO., LTD. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, ADVANTECH CO., LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
ADVANTECH CO., LTD.
By

K.C. Liu , Chairman
February 27, 2025

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of ADVANTECH CO., LTD. and its subsidiaries (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant 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 the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Recognition of sales revenue from the Industrial-IoT, the Embedded-IoT and the Applied Computing Business Group

Description

Refer to Note 4(33) for the related accounting policies on sales revenue and Note 6(22) for the details of revenues.

The Group operates in a highly competitive industrial computer industry. There was a significant fluctuation in the revenue of the Industrial-IoT, the Embedded-IoT and the Applied Computing Business Group in 2024. Therefore, we considered the recognition of sales revenue from the Industrial-IoT, the Embedded-IoT and the Applied Computing Business Group, as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Obtained an understanding of and assessed the internal controls in relation to sales revenue, and validated its operating effectiveness.
2. Obtained the details of sales revenue of the Industrial-IoT, the Embedded-IoT and Applied Computing Business Group for the entire year, and selected samples of sales revenue transactions and related documents to confirm the appropriateness of revenue recognition.
3. Inspected significant abnormal sales returns and allowances after the balance sheet date.
4. Performed accounts receivable confirmation procedure to significant customers.

Other matter

We have audited and expressed an unmodified opinion on the parent company only financial statements of ADVANTECH CO., LTD. as at and for the years ended December 31, 2024 and 2023.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2025

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 13,617,045	19	\$ 11,011,580	16
1110	Financial assets at fair value through profit or loss - current	6(2)	5,911,086	8	8,619,027	13
1136	Financial assets at amortised cost - current	6(4) and 8	928,283	1	1,569,168	2
1150	Notes receivable	6(5)	1,490,856	2	1,293,317	2
1170	Accounts receivable	6(5)	8,609,876	12	7,961,226	12
1180	Accounts receivable - related parties	7	22,891	-	16,734	-
1200	Other receivables		79,730	-	73,265	-
1210	Other receivables - related parties	7	-	-	922	-
130X	Inventories	6(6)	10,553,719	15	9,803,796	14
1460	Non-current assets held for sale	6(11)	-	-	238,341	-
1470	Other current assets	7	986,323	2	798,361	1
11XX	Total current assets		<u>42,199,809</u>	<u>59</u>	<u>41,385,737</u>	<u>60</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	3,209,571	5	2,906,420	4
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,787,271	4	2,951,234	4
1535	Financial assets at amortised cost - non-current	6(4)	-	-	61,410	-
1550	Investments accounted for under equity method	6(7)	4,993,361	7	4,704,633	7
1600	Property, plant and equipment	6(8) and 8	12,244,071	17	11,326,045	17
1755	Right-of-use assets	6(9)	2,101,328	3	1,965,522	3
1780	Intangible assets	6(10)	2,813,741	4	2,750,414	4
1840	Deferred income tax assets	6(27)	982,963	1	830,790	1
1915	Prepayments for business facilities		69,799	-	92,705	-
1990	Other non-current assets		340,036	-	81,362	-
15XX	Total non-current assets		<u>29,542,141</u>	<u>41</u>	<u>27,670,535</u>	<u>40</u>
1XXX	Total assets		<u>\$ 71,741,950</u>	<u>100</u>	<u>\$ 69,056,272</u>	<u>100</u>

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	\$ -	-	\$ 237,730	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	7,902	-	635	-
2130	Contract liabilities - current	6(22)	1,453,150	2	1,088,750	2
2170	Notes and accounts payable	7	6,911,147	10	6,088,794	9
2200	Other payables	6(13) and 7	4,562,278	6	4,395,090	6
2230	Current income tax liabilities		1,722,626	2	3,440,853	5
2250	Provision for liabilities - current		182,097	-	212,893	-
2280	Lease liabilities - current	6(9)	301,163	1	106,391	-
2320	Long-term liabilities, current portion	6(14) and 8	116,041	-	118,500	-
2399	Other current liabilities		313,070	1	337,171	1
21XX	Total current liabilities		<u>15,569,474</u>	<u>22</u>	<u>16,026,807</u>	<u>23</u>
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	156,356	-	-	-
2560	Current income tax liabilities - non-current		-	-	219,989	-
2570	Deferred income tax liabilities	6(27)	2,046,497	3	1,936,142	3
2580	Lease liabilities - non-current	6(9)	1,578,759	2	1,610,905	2
2600	Other non-current liabilities		594,002	1	452,851	1
25XX	Total non-current liabilities		<u>4,375,614</u>	<u>6</u>	<u>4,219,887</u>	<u>6</u>
2XXX	Total liabilities		<u>19,945,088</u>	<u>28</u>	<u>20,246,694</u>	<u>29</u>
	Equity attributable to shareholders of the parent					
	Share capital	6(17)				
3110	Common shares		8,634,322	12	8,577,795	12
3140	Advance receipts for share capital		1,572	-	6,699	-
	Capital surplus	6(18)				
3200	Capital surplus		11,156,003	16	9,753,806	14
	Retained earnings	6(19)				
3310	Legal reserve		10,723,047	15	9,630,127	14
3350	Unappropriated retained earnings		19,402,613	27	19,599,420	28
	Other equity	6(20)				
3400	Other equity		1,510,795	2	893,350	2
31XX	Equity attributable to shareholders of the parent		<u>51,428,352</u>	<u>72</u>	<u>48,461,152</u>	<u>70</u>
36XX	Non-controlling interest	6(21)	368,510	-	348,426	1
3XXX	Total equity		<u>51,796,862</u>	<u>72</u>	<u>48,809,578</u>	<u>71</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 71,741,950</u>	<u>100</u>	<u>\$ 69,056,272</u>	<u>100</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	For the years ended December 31,			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(22) and 7	\$ 59,786,293	100	\$ 64,567,697	100
5000	Operating costs	6(6)(8)(9)(10)(15)				
		(16)(26) and 7	(35,410,406)	(59)	(38,405,883)	(59)
5950	Gross profit		24,375,887	41	26,161,814	41
	Operating expenses	6(8)(9)(10)(15)(16)				
		(26) and 7				
6100	Selling expenses		(6,205,989)	(11)	(6,007,370)	(9)
6200	General and administrative expenses		(3,659,884)	(6)	(3,164,280)	(5)
6300	Research and development expenses		(5,415,982)	(9)	(4,829,783)	(8)
6450	Expected credit impairment loss		(44,263)	-	(32,131)	-
6000	Total operating expenses		(15,326,118)	(26)	(14,033,564)	(22)
6900	Operating profit		9,049,769	15	12,128,250	19
	Non-operating income and expenses					
7100	Interest income	7	388,161	-	275,279	-
7010	Other income	6(23) and 7	585,223	1	394,731	1
7020	Other gains and losses	6(2)(24)	646,476	1	125,480	-
7050	Finance costs	6(9)(12)(14)(25)	(94,357)	-	(45,554)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	399,256	1	388,513	1
7000	Total non-operating income and expenses		1,924,759	3	1,138,449	2
7900	Profit before income tax		10,974,528	18	13,266,699	21
7950	Income tax expense	6(27)	(2,086,310)	(3)	(2,477,366)	(4)
8200	Profit for the year		\$ 8,888,218	15	\$ 10,789,333	17

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Gains on remeasurements of defined benefit plans	6(15)	\$ 14,761	-	\$ 3,103	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	44,745	-	1,136,167	1
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(20)	(22,017)	-	31,184	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(5,522)	-	(1,352)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		31,967	-	1,169,102	1
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(20)	784,963	1	(138,186)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(20)	50,786	-	(5,580)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	(170,002)	-	28,012	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		665,747	1	(115,754)	-
8300	Total other comprehensive income for the year		\$ 697,714	1	\$ 1,053,348	1
8500	Total comprehensive income for the year		\$ 9,585,932	16	\$ 11,842,681	18
Profit (loss) attributable to:						
8610	Shareholders of the parent		\$ 9,005,037	15	\$ 10,837,530	17
8620	Non-controlling interest		(116,819)	-	(48,197)	-
			\$ 8,888,218	15	\$ 10,789,333	17
Total comprehensive income (loss) attributable to:						
8710	Shareholders of the parent		\$ 9,718,846	16	\$ 11,894,582	18
8720	Non-controlling interest		(132,914)	-	(51,901)	-
			\$ 9,585,932	16	\$ 11,842,681	18
Basic earnings per share						
9750	Profit for the year	6(28)	\$	10.45	\$	12.65
Diluted earnings per share						
9850	Profit for the year	6(28)	\$	10.38	\$	12.52

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent														
	Share Capital			Retained Earnings				Other Equity Interest					Total	Non-controlling interest	Total equity
	Notes	Common shares	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					
For the year ended December 31, 2023															
Balance at January 1, 2023		\$ 7,778,434	\$ 1,335	\$ 9,110,280	\$ 8,552,226	\$ 555,794	\$ 17,750,074	(\$ 714,961)	\$ 785,560	(\$ 4,040)	\$ 43,814,702	\$ 469,312	\$ 44,284,014		
Consolidated profit for the year		-	-	-	-	-	10,837,530	-	-	-	10,837,530	(48,197)	10,789,333		
Other comprehensive income (loss) for the year	6(20)(21)	-	-	-	-	-	2,242	(112,050)	1,166,860	-	1,057,052	(3,704)	1,053,348		
Total comprehensive income (loss) for the year		-	-	-	-	-	10,839,772	(112,050)	1,166,860	-	11,894,582	(51,901)	11,842,681		
Appropriations of 2022 earnings	6(19)														
Legal reserve		-	-	-	1,077,901	-	(1,077,901)	-	-	-	-	-	-		
Reversal of special reserve		-	-	-	-	(555,794)	555,794	-	-	-	-	-	-		
Cash dividends		-	-	-	-	-	(7,779,770)	-	-	-	(7,779,770)	-	(7,779,770)		
Stock dividends		777,977	-	-	-	-	(777,977)	-	-	-	-	-	-		
Cash dividends distributed by subsidiaries	6(21)	-	-	-	-	-	-	-	-	-	-	(19,989)	(19,989)		
Execution of employee share options	6(16)(17)	21,384	5,364	412,829	-	-	-	-	-	-	439,577	-	439,577		
Compensation costs recognized for employee share options	6(16)	-	-	255,971	-	-	-	-	-	-	255,971	-	255,971		
Changes in associates and joint ventures accounted for under equity method	6(20)	-	-	(36,411)	-	-	110,320	-	(110,320)	3,671	(32,740)	-	(32,740)		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(21)	-	-	-	-	-	(142,307)	-	-	-	(142,307)	(93,819)	(236,126)		
Changes in ownership interests in subsidiaries	6(21)(29)	-	-	11,137	-	-	-	-	-	-	11,137	44,823	55,960		
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	-	-	-	-	-	112,115	-	(112,115)	-	-	-	-		
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(20)	-	-	-	-	-	9,300	-	(9,300)	-	-	-	-		
Balance at December 31, 2023		\$ 8,577,795	\$ 6,699	\$ 9,753,806	\$ 9,630,127	\$ -	\$ 19,599,420	(\$ 827,011)	\$ 1,720,685	(\$ 369)	\$ 48,461,152	\$ 348,426	\$ 48,809,578		
For the year ended December 31, 2024															
Balance at January 1, 2024		\$ 8,577,795	\$ 6,699	\$ 9,753,806	\$ 9,630,127	\$ -	\$ 19,599,420	(\$ 827,011)	\$ 1,720,685	(\$ 369)	\$ 48,461,152	\$ 348,426	\$ 48,809,578		
Consolidated profit for the year		-	-	-	-	-	9,005,037	-	-	-	9,005,037	(116,819)	8,888,218		
Other comprehensive income (loss) for the year	6(20)(21)	-	-	-	-	-	9,583	681,842	22,384	-	713,809	(16,095)	697,714		
Total comprehensive income (loss) for the year		-	-	-	-	-	9,014,620	681,842	22,384	-	9,718,846	(132,914)	9,585,932		
Appropriations of 2023 earnings	6(19)														
Legal reserve		-	-	-	1,092,920	-	(1,092,920)	-	-	-	-	-	-		
Cash dividends		-	-	-	-	-	(8,155,269)	-	-	-	(8,155,269)	-	(8,155,269)		
Cash dividends distributed by subsidiaries	6(21)	-	-	-	-	-	-	-	-	-	-	(3,110)	(3,110)		
Execution of employee share options	6(16)(17)	56,527	(5,127)	721,640	-	-	-	-	-	-	773,040	-	773,040		
Compensation costs recognized for employee share options	6(16)	-	-	510,318	-	-	-	-	-	-	510,318	-	510,318		
Changes in associates and joint ventures accounted for under equity method		-	-	157,967	-	-	(24,586)	-	-	369	133,750	-	133,750		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(21)(29)	-	-	-	-	-	(25,730)	-	-	-	(25,730)	329,096	303,366		
Changes in non-controlling interest	6(21)	-	-	-	-	-	-	-	-	-	-	(291,689)	(291,389)		
Changes in ownership interests in subsidiaries	6(21)(29)	-	-	12,272	-	-	(27)	-	-	-	12,245	118,701	130,946		
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	-	-	-	-	-	86,308	-	(86,308)	-	-	-	-		
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(20)	-	-	-	-	-	797	-	(797)	-	-	-	-		
Balance at December 31, 2024		\$ 8,634,322	\$ 1,572	\$ 11,156,003	\$ 10,723,047	\$ -	\$ 19,402,613	(\$ 145,169)	\$ 1,655,964	\$ -	\$ 51,428,352	\$ 368,510	\$ 51,796,862		

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before income tax		\$ 10,974,528	\$ 13,266,699
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	934,026	912,251
Amortisation	6(10)(26)	159,762	173,962
Expected credit impairment loss	12(2)	44,263	32,131
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(24)	175,964 (	87,813)
Finance costs	6(25)	94,357	45,554
Interest income		(388,161 ) (	275,279)
Dividend income	6(23)	(401,965 ) (	224,421)
Compensation costs of employee share options	6(16)(26)	513,394	255,971
Share of profit of associates accounted for under equity method	6(7)	(399,256 ) (	388,513)
(Gain) loss on disposal of property, plant and equipment	6(24)	(50,404)	6,045
Loss on disposal of intangible assets	6(10)	-	10
Gain on disposal of non-current assets held for sale	6(24)	(353,632)	-
Gain on disposal of investment	6(24)	(162,856 ) (	22,480)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		3,026,281 (	5,372,732)
Notes receivable		(302,180)	141,486
Accounts receivable		(412,249)	1,660,905
Accounts receivable – related parties		(6,157)	15,666
Other receivables (including related parties)		142,581	15,777
Inventories		(374,467)	4,229,364
Other current assets		56,285	320,517
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		7,267 (	20,999)
Contract liabilities - current		279,097 (	224,945)
Notes and accounts payable		498,960 (	1,041,159)
Other payables		212,012 (	755,473)
Provision for liabilities - current		(29,087 ) (	39,541)
Other current liabilities		(327,350)	4,716
Other non-current liabilities		34,078 (	77,908)
Cash inflow generated from operations		13,945,091	12,549,791
Dividends received		401,965	224,421
Interest received		238,030	249,730
Interest paid		(86,508 ) (	44,023)
Income taxes paid		(3,987,727 ) (	3,315,259)
Net cash flows provided by operating activities		10,510,851	9,664,660

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		(\$ 1,406,756)	(\$ 3,234,190)
Proceeds from disposal of financial assets at amortised cost - current		2,131,898	1,807,993
Acquisition of financial assets at amortised cost - non-current		-	(61,410)
Acquisition of financial assets at fair value through profit or loss		(724,681)	(476,879)
Proceeds from disposal of financial assets at fair value through profit or loss		2,532	316,689
Proceeds from disposal of financial assets at fair value through other comprehensive income		203,781	360,552
Cash returned from capital reduction of financial assets at fair value through other comprehensive income		25,829	22,364
Acquisition of investments accounted for under equity method	6(7)	(40,000)	(168,432)
Proceeds from disposal of investment accounted for under equity method	6(7)	161,992	51,201
Net cash flow from acquisition of subsidiaries	6(30)	(83,192)	(103,233)
Dividends received from associates		308,687	198,179
Disposal of non-current assets held for sale		591,973	-
Acquisition of property, plant and equipment	6(8)	(1,475,070)	(1,197,587)
Proceeds from disposal of property, plant and equipment		91,201	2,245
(Increase) decrease in refundable deposits		(5,260)	63
Acquisition of intangible assets	6(10)	(132,291)	(52,069)
Proceeds from disposal of intangible assets	6(10)	29	-
Increase in prepayments for business facilities		(30,299)	(38,082)
(Decrease) increase in other non-current assets		4,554	(150)
Changes due to loss of control of subsidiaries		(94,770)	-
Net cash flows used in investing activities		(469,843)	(2,572,746)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term borrowings	6(31)	37,000	-
Decrease in long-term borrowings	6(31)	(146,002)	-
Decrease in short-term borrowings	6(31)	(1,611)	(275,840)
(Decrease) increase in guarantee deposits received		(453)	8,375
Payments of lease liabilities	6(9)(31)	(306,495)	(256,284)
Payments of cash dividends	6(19)	(8,155,269)	(7,779,770)
Employee share options exercised		773,040	439,577
Dividends paid to non-controlling interests	6(21)	(3,110)	(19,989)
Change in non-controlling interests	6(29)	10,713	(180,166)
Net cash flows used in financing activities		(7,792,187)	(8,064,097)
Effect of exchange rate changes		356,644	(46,022)
Net increase (decrease) in cash and cash equivalents		2,605,465	(1,018,205)
Cash and cash equivalents at beginning of year		11,011,580	12,029,785
Cash and cash equivalents at end of year		\$ 13,614,045	\$ 11,011,580

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (1) Advantech Co., Ltd. (the “Company”) was incorporated in September 1981, and its operational headquarters is located in the Neihu Science Park of Taipei, Taiwan. The Company is primarily engaged in the research and development, design, manufacturing and marketing of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed and traded on the Taiwan Stock Exchange since December 1999.
- (3) The Company is a global leader in the IoT intelligent system and embedded platform industry, and takes the ‘smart driver of sustainable earth’ as its corporate brand vision. In accordance with the customers’ needs, the Company is divided into three major business groups: the Industrial IoT Group, the Embedded IoT Group and the Service IoT Group. To meet the broad trends of the Internet of Things, Big Data, and artificial intelligence, the Company proposes IoT software and hardware solutions plan centered on the industrial IoT cloud platform to assist partners and customers connect the industrial chain.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 27, 2025.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
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
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

The IASB issued the amendments to:

- (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognize a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.

The conditions for the exception are that the entity making the payment does not have:

- i. the practical ability to withdraw, stop or cancel the payment instruction;
 - ii. the practical ability to access the cash used for settlement; and
 - iii. significant settlement risk.
- (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.
- (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.
- (d) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognized during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to

management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated 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 recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (“IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’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) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been

adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent and to the non-controlling interests. Total comprehensive income is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions 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 recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
The Company	Advantech Automation Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)])	Overseas investment in manufacturing and services industries	100.00	100.00	Note 15
	Advantech Technology Co., Ltd. (ATC)	Overseas investment in manufacturing and services industries	100.00	100.00	
	Advanixs Corporation	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
The Company	Advantech Corporate Investment (ACI)	Investment in marketable securities	100.00	100.00	
	Advantech Europe Holding B.V. (AEUH)	Overseas investment in manufacturing and services industries	100.00	100.00	
	Advantech Co., Singapore Pte, Ltd. (ASG)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Australia Pty Ltd. (AAU)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Japan Co., Ltd. (AJP)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Co., Malaysia Sdn. Bhd (AMY)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech KR Co., Ltd. (AKR)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Brasil Ltd. (ABR)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Industrial Computing India Private Limited (AIN)	Marketing and trade of industrial use computers	99.99	99.99	
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	40.55	44.60	Note 2
	Advantech Electronics, S.A.P.I DE C. V. (AMX)	Marketing and trade of industrial use computers	97.50	99.90	Note 9
	Advantech Intelligent Services Co., Ltd. (AiCS)	Design, research and development and sales of intelligent services	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
The Company	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	51.00	51.00	
	PT. Advantech International (AID)	Marketing and trade of industrial use computers	1.00	1.00	
	Advantech Vietnam Technology Company Limited (AVN)	Marketing and trade of industrial use computers	60.00	60.00	
	Advantech Technology Limited Liability Company (ARU)	Manufacturing, marketing and trade of industrial use computers	-	100.00	Note 20
	Advantech Turkey Teknoloji A.S. (ATR)	Wholesale of computers and peripheral devices	100.00	80.10	Note 4
	ADVANTECH IOT ISRAEL LTD. (AIL)	Trading of industrial network communications systems	100.00	100.00	
	Huan Yan Water Solution Co., Ltd.	Service plan for combination of related technologies of water treatment and Applications of Internet of Things	90.00	90.00	
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	100.00	
	Advantech Automation Corp. (HK) Limited [ACC (HK)]	Oversea investment in manufacturing and services industries	100.00	100.00	Note 5
	Advantech Corporate Investment Ltd. (ACI KY)	General investment	100.00	100.00	Note 6

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
The Company	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	45.00	45.00	Note 7
	AUERS TECHNOLOGIES S.A. (Aures)	Retail electronic and computer products marketing and sales	36.32	-	Note 22
Advantech Corporate Investment (ACI)	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	55.00	55.00	Note 7
	Advantech Intelligent Health Co., Ltd. (AIH)	Servicing of information software and data processing	-	100.00	Note 21
	Yan Xu Green Electricity Co., Ltd.	Green energy power plant development	82.50	82.50	
	Expotech Co., Ltd. (Expotech)	Computer system integration service	59.23	43.01	Note 17
Advantech Technology Co., Ltd. (ATC)	HK Advantech Technology Co., Ltd. [ATC (HK)]	Overseas investment in manufacturing and services industries	100.00	100.00	
HK Advantech Technology Co., Ltd. [ATC (HK)]	Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	100.00	100.00	
Advantech Automation Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)])	Advantech Corp. (ANA)	Marketing, trade and assembly of industrial use computers	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Advantech Corp. (ANA)	Advantech Technology Limited (AIE)	Trading of industrial network communication systems	100.00	100.00	
	BitFlow, Inc. (ABO)	High-speed image capture core technology in the advanced fields of image and AI machine vision technology	100.00	100.00	Note 10
Advantech Automation Corp. (HK) Limited [AAC (HK)]	Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	100.00	100.00	
	Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	82.00	82.00	
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	100.00	100.00	
	Shanghai Advantech Intelligent Service Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	18.00	18.00	
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	100.00	100.00	
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	-	100.00	Note 18

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	30.00	-	Notes 11 and 16
	Adveco Management Consulting Co., Ltd. (Adveco Management)	Enterprise management consulting, information consulting, planning, service	60.00	-	Note 12
Adveco Management Consulting Co., Ltd. (Adveco Management)	Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Enterprise management consulting, information consulting, planning, service	99.90	-	Notes 13 and 16
	Adveco Management Consulting No. 2 (Limited partnership) (Adveco Management No. 2)	Enterprise management consulting, information consulting, planning, service	99.90	-	Notes 14 and 16
Adveco Management Consulting No. 1 (Limited partnership) (Adveco Management No. 1)	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	20.00	-	Notes 11 and 16

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Adveco Management Consulting No. 2 (Limited partnership) (Adveco Management No. 2)	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	20.00	-	Notes 11 and 16
Advantech Europe Holding B.V. (AEUH)	Advantech Europe B.V. (AEU)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Poland Sp z o.o. (APL)	Marketing and trade of industrial use computers	100.00	100.00	
Advantech Co., Singapore Pte, Ltd. (ASG)	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	49.00	49.00	
	PT. Advantech International (AID)	Marketing and trade of industrial use computers	99.00	99.00	
	Advantech Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	0.10	0.10	Note 9
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	
LandMark Co., Ltd. (LandMark)	Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	-	100.00	Note 19
	Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	90.00	90.00	
	Cermate software Inc. (CSI)	Software development	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
LNC Technology Co., Ltd. (LNC)	Better Auto Holdings Limited (Better Auto)	Holding company	100.00	100.00	Note 2
	LNCMac Technology Corp. (LNCMac)	System integration and application, system furniture intelligent design, manufacturing and sales	56.09	66.32	Note 2
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	100.00	Note 2
Better Auto Holdings Limited (Better Auto)	Famous Now Limited (Famous Now)	Holding company	100.00	100.00	Note 2
BEST PLC LTD. (BEST PLC)	BEST SERVO LTD. (BEST SERVO)	Holding company	100.00	100.00	Note 2
Famous Now Limited (Famous Now)	LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	100.00	100.00	Note 2
LNCMac Technology Corp. (LNCMac)	BEST MACHINE LTD. (BEST MACHINE)	Holding company	100.00	100.00	Note 2
	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	100.00	Note 2
BEST MACHINE LTD. (BEST MACHINE)	LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN)	System intergration	100.00	100.00	Notes 2 and 3
Advantech Technology Limited (AIE)	Advantech Czech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	
Advantech Industrial Computer Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	55.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
LNCMac DONG GUAN Technology Co., Ltd. (LNCMac DONG GUAN)	LNCMac Furniture Co., Ltd. (LNCMac Furniture)	System furniture intelligent design, manufacturing and sales	100.00	100.00	Notes 2 and 8
AURES TECHNOLOGI ES S.A. (Aures)	AURES Technologies Ltd. (Aures UK)	Retail electronic and computer products marketing and sales	100.00	-	Note 22
	AURES TECHNOLOGIES GmbH (Aures DE)	Retail electronic and computer products marketing and sales	90.00	-	Note 22
	A.G.H. US HOLDING COMPANY, INC. (Aures AGH)	Holding company	100.00	-	Note 22
	J2 SYSTEMS TECHNOLOGY Limited (Aures J2SYSTEMS)	Holding company	100.00	-	Note 22
A.G.H. US HOLDING COMPANY, INC. (Aures AGH)	Retail Technology Group Inc. (Aures RTG)	Maintenance , installation and technical support for retail services	100.00	-	Note 22
J2 SYSTEMS TECHNOLOG Y Limited (Aures J2SYSTEMS)	Aures Technologies Inc. (Aures US)	Retail electronic and computer products marketing and sales	100.00	-	Note 22
	AURES Technologies Pty Ltd. (Aures AU)	Retail electronic and computer products marketing and sales	100.00	-	Note 22

Note 1: The Group collectively holds more than 50% of the voting shares or has control over the above subsidiaries.

Note 2: In the first, second and fourth quarter of 2023 and the first quarter of 2024, LNC did not participate in the capital increase proportionally to its equity interest in LNCMac, which resulted to a decrease in ownership from 80.10% to 57.49%. In the second quarter of 2024, it acquired equity interest in LNCMac from non-controlling interest, which

resulted to an increase in ownership from 57.49% to 58.44%. In the second quarter of 2024, the Group lost control over LNC and its subsidiaries, but still has significant influence over them. Accordingly, the investments in LNC and its subsidiaries were reclassified to investments accounted for under equity method from the second quarter of 2024.

- Note 3: In the first quarter of 2023, BEST MACHINE established a wholly-owned subsidiary, LNCMac DONG GUAN.
- Note 4: In the second quarter of 2023, the Group made additional investments in ATR, which resulted to an increase in ownership from 60% to 62.4%, and in the fourth quarter of 2023, the Group acquired equity interest in ATR from other shareholders, which resulted to an increase in ownership from 62.4% to 80.1%. In the fourth quarter of 2024, it acquired equity interest in ATR from other shareholders, which resulted to an increase in ownership from 80.10% to 100%.
- Note 5: In the third quarter of 2023, the Group adjusted its investment structure, and accordingly, the Company held equity interest in AAC (HK).
- Note 6: In the third quarter of 2023, the Group adjusted its investment structure, and accordingly, the Company held equity interest in ACI KY.
- Note 7: In the third quarter of 2023, the Group acquired 45% equity interest in Cermate Taiwan from non-controlling interest, which resulted to an increase in ownership from 55% to 100%.
- Note 8: In the third quarter of 2023, LNCMac DONG GUAN established a wholly-owned subsidiary, LNCMac Furniture.
- Note 9: In the third quarter of 2023, the Group adjusted its investment structure, and accordingly, ASG held 0.1% equity interest in AMX, and in the first quarter of 2024, the Group sold 2.4% equity interest in AMX, which resulted to a decrease in ownership from 100% to 97.6%.
- Note 10: In the fourth quarter of 2023, the Group acquired 100% equity interest in ABO.
- Note 11: In the first quarter of 2024, the Group established Advenco, and in the second and fourth quarter of 2024, the Group did not participate in the capital increase proportionally to its equity interest in Advenco, which resulted to a decrease in ownership from 54.88% to 53.98%.
- Note 12: In the first quarter of 2024, the Group established Advenco Management, and the Group held 60% equity interest in Advenco Management.
- Note 13: During 2024, the Group established Advenco Management No. 1, and the Group held 59.94% equity interest in Advenco Management No. 1.
- Note 14: During 2024, the Group established Advenco Management No. 2, and the Group held 59.94% equity interest in Advenco Management No. 2.

Note 15: In the first quarter of 2024, AAC (BVI) relocated to Malta and changed its company name to Advantech Automation Corporation Limited (AAC MT).

Note 16: The purpose of establishing Adveco Management No.1 and Adveco Management No. 2 is to serve as equity platforms for future rewards for Adveco's management and employees. The actual reward methods shall be agreed upon by the Group and external investors.

Note 17: In the second quarter of 2024, the Group acquired 21.51% equity interest in Expetech from external shareholders for a cash consideration of \$40,000, which resulted to an increase in ownership from 43.01% to 64.52%. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary, and the related information on the business combination is provided in Note 6(30). In the third quarter of 2024, Expetech converted employee share options into common shares, which resulted to a decrease in its equity interest from 64.52% to 59.23%.

Note 18: In the second quarter of 2024, AYL was dissolved and liquidated.

Note 19: In the third quarter of 2024, Cermate Shanghai was dissolved and liquidated.

Note 20: In the fourth quarter of 2024, ARU was dissolved and liquidated.

Note 21: In the fourth quarter of 2024, AIH was dissolved and liquidated.

Note 22: In the fourth quarter of 2024, the Group acquired 1,430,381 shares at a price of 6.31 Euros per share from Aures' major shareholder. The ownership is approximately 36.32%. Consequently, the Group became the single largest shareholder and acquired substantial control over Aures. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary, and the related information on the business combination is provided in Note 6(30).

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional and the Group's 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

recognized 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 recognized 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 recognized 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 recognized 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 group entities, associates and joint arrangements 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 recognized 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 Group 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 Group 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.

(5) 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) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

Otherwise they are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) 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 recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized 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 recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group 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.

(11) 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 Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes 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 Group 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 Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating leases

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

(14) 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 costs of completion and the estimated costs necessary to make the sale.

(15) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) Investments accounted for under equity method - associates

A. Associates are all entities over which the Group 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 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

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

C. 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 Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group 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 Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group'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 Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized 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.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income 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 retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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 ~ 10 years
Office equipment	1 ~ 8 years
Other equipment	1 ~ 10 years

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

- A. Leases are recognized 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 Group. For short-term leases or leases of low-value assets, lease payments are recognized 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 Group subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 recognized 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 recognize the difference in profit or loss.

(19) Intangible assets

A. Goodwill

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

B. Customer relationship and trademarks

Customer relationship and trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and customer relationship have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1 to 3 years and 2 to 15 years, respectively.

- C. Intangible assets, except for goodwill, customer relationship and trademarks are mainly software and technology licencing, etc. and are amortised on a straight-line basis as follows:

Technology licenses	5 ~ 8 years
Others	1 ~ 5 years

(20) Impairment of non-financial assets

- A. The Group 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 recognized 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 recognizing 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 recognized.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized 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.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest

method.

(22) 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.

(23) 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 recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(24) Derecognition of financial liabilities

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

(25) 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 recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Non-hedging derivatives

Non-hedging derivatives are initially recognized 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 recognized in profit or loss.

(27) Provisions for liabilities

Provisions are recognized when the Group 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 recognized as interest expense. Provisions are not recognized for future operating losses.

(28) 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized 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 Group in current period or prior periods. The liability recognized 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 recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized 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 Group'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 Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes 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 recognized 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.

(29) Employee share-based payment

- 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 recognized 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 recognized is based on the number of equity instruments that eventually vest.
- B. The share-based payment grant date is the date that the Group and employees reached a consensus on the terms and provisions of share-based payment arrangements.

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 and its subsidiaries 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 tax is recognized, 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 and does not give rise to equal taxable and deductible temporary differences. 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 Group 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 tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized 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, unrecognized and recognized 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 recognized 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.
- F. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(31) 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.

(32) 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.

(33) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells embedded computing boards, industrial automation products, applied computers and industrial computers. Sales are recognized 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 Group has objective evidence that all criteria for acceptance have been satisfied. The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.
- (b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognized as a provision.

(c) A receivable is recognized 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 recognized when services are provided.

(34) Government grants

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

(35) Business combinations

A. The Group 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 Group 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 recognized 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 recognized 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 recognized directly in profit or loss on the acquisition date.

(36) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions 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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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, 2024, the carrying amount of inventories was \$10,553,719.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group'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, 2024, the Group recognized goodwill, net of impairment loss, amounting to \$2,313,143.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 537	\$ 608
Checking accounts and demand deposits	9,958,905	9,134,599
Cash equivalents (time deposits with original maturities less than three months)	<u>3,657,603</u>	<u>1,876,373</u>
	<u>\$ 13,617,045</u>	<u>\$ 11,011,580</u>

A. The Group 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 Group had no cash and cash equivalents pledged to others.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	\$ 746	\$ 17,160
Non-derivative financial assets		
Listed, OTC and emerging stocks	158,727	-
Beneficiary certificates	5,651,332	8,566,902
Ordinary corporate bonds	100,281	-
Convertible corporate bonds	-	34,965
	<u>\$ 5,911,086</u>	<u>\$ 8,619,027</u>
<u>Financial assets - non-current</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Listed, OTC and emerging stocks	\$ 417,703	\$ 186,017
Unlisted and non-OTC stocks	73,573	139,496
Beneficiary certificates	2,164,804	2,213,735
Ordinary corporate bonds	553,491	257,988
Convertible corporate bonds	-	109,184
	<u>\$ 3,209,571</u>	<u>\$ 2,906,420</u>
<u>Financial liabilities - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	\$ 7,902	\$ 635

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

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	(\$ 107,485)	\$ 127,473
Derivative instruments	(68,479)	(39,660)
	<u>(\$ 175,964)</u>	<u>\$ 87,813</u>

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

Derivative financial assets:

<u>December 31, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2025.01	EUR 2,000/NTD 68,802
	CNY/NTD	2025.01	CNY 5,000/NTD 22,475
	JPY/NTD	2024.01~2025.02	JPY 40,000/NTD 8,539
<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	CNY/NTD	2024.01~2024.02	CNY 50,000/NTD 219,452
	EUR/NTD	2024.01~2024.02	EUR 5,500/NTD 188,828
	JPY/NTD	2024.02	JPY 10,000/NTD 2,206
	USD/NTD	2024.01~2024.02	USD 15,500/NTD 488,012

Derivative financial liabilities:

<u>December 31, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2025.01~2025.02	EUR 4,000/NTD 135,964
	USD/NTD	2025.01~2025.02	USD 13,500/NTD 435,572
	CNY/NTD	2025.01	CNY 25,000/NTD 111,670
<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2024.02	EUR 1,500/NTD 50,744
	JPY/NTD	2024.01~2024.02	JPY 50,000/NTD 10,646
	USD/NTD	2024.02	USD 1,000/NTD 30,500

C. The Group 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. Details of the Group's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Listed and OTC stocks	\$ 2,620,028	\$ 2,465,721
Unlisted and non-OTC stocks	167,243	485,513
	<u>\$ 2,787,271</u>	<u>\$ 2,951,234</u>

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 Group's strategy of holding these investments for long-term purposes.

- B. Amounts recognized 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,	
	2024	2023
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 44,745	\$ 1,136,167
Cumulative gains reclassified to retained earnings due to derecognition	\$ 86,308	\$ 112,115
Dividend income recognized in profit or loss		
Held at end of year	\$ 375,821	\$ 199,584
Derecognized during the year	-	12,496
	<u>\$ 375,821</u>	<u>\$ 212,080</u>

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

(4) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits	\$ 928,283	\$ 1,569,168
Non-current items:		
Time deposits	\$ -	\$ 61,410

- A. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$928,283 and \$1,630,578, respectively.

- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 1,491,603	\$ 1,294,115
Less: Allowance for uncollectible accounts	(747)	(798)
	<u>\$ 1,490,856</u>	<u>\$ 1,293,317</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 8,760,064	\$ 8,114,254
Less: Allowance for uncollectible accounts	(150,188)	(153,028)
	<u>\$ 8,609,876</u>	<u>\$ 7,961,226</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Not past due	\$ 8,971,338	\$ 8,220,242
Less than 90 days past due	1,139,008	978,515
Between 91 to 180 days past due	22,832	55,847
Over 181 days past due	118,489	153,765
	<u>\$ 10,251,667</u>	<u>\$ 9,408,369</u>

The above aging analysis was based on past due date.

B. Except for the balances shown above, the balance of notes and accounts receivable from contracts with customers was \$11,199,678 at January 1, 2023.

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

D. As of December 31, 2024 and 2023, 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 Group's notes receivable were \$1,490,856 and \$1,293,317, respectively. The maximum exposures to credit risk in respect of the amounts that best represents the Group's accounts receivable were \$8,609,876 and \$7,961,226, respectively.

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

(6) Inventories

	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 4,837,837	(\$ 641,531)	\$ 4,196,306
Work in progress	811,072	(6,972)	804,100
Finished goods	4,766,590	(464,178)	4,302,412
Inventory in transit	1,250,901	-	1,250,901
	<u>\$ 11,666,400</u>	<u>(\$ 1,112,681)</u>	<u>\$ 10,553,719</u>
	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 5,526,797	(\$ 776,460)	\$ 4,750,337
Work in progress	637,874	(8,294)	629,580
Finished goods	3,534,808	(274,698)	3,260,110
Inventory in transit	1,163,769	-	1,163,769
	<u>\$ 10,863,248</u>	<u>(\$ 1,059,452)</u>	<u>\$ 9,803,796</u>

The cost of inventories recognized as expense for the year:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 34,864,550	\$ 37,655,565
(Gain from price recovery) loss on decline in market value	(85,659)	76,546
Others	<u>631,515</u>	<u>673,772</u>
	<u>\$ 35,410,406</u>	<u>\$ 38,405,883</u>

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories which were previously provided with allowance for valuation loss were subsequently sold during the year ended December 31, 2024.

(7) Investments accounted for under equity method

A. Information on the investments in associates is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Associates that are not individually material</u>		
<u>Listed, OTC and emerging companies</u>		
Axiomtek Co., Ltd. (Axiomtek)	\$ 1,281,900	\$ 1,077,036
Winmate Inc. (Winmate)	697,986	663,771
AzureWave Technologies, Inc. (AzureWave)	813,355	775,429
Nippon RAD Inc. (Nippon RAD)	256,296	252,609
Mildex Optical Inc. (Mildex)	153,543	178,362
Hwacom Systems Inc. (Hwacom)	442,563	458,363
Information Technology Total Services Co., Ltd. (ITTS)	-	140,237
LNC Technology Co., Ltd. (LNC)	233,713	-
International Integrated Systems, Inc. (IISI) (Note)	267,450	-
VSO Electronics Co., Ltd. (VSO)	219,688	177,684
<u>Unlisted and non-OTC companies</u>		
International Integrated Systems, Inc. (IISI) (Note)	-	278,221
CDIB Innovation Accelerator Co., Ltd. (CDIB)	245,537	286,793
Feng Sang Enterprise Co., Ltd. (Feng Sang)	126,970	124,293
Others	<u>254,360</u>	<u>291,835</u>
	<u>\$ 4,993,361</u>	<u>\$ 4,704,633</u>

Note: IISI was listed on the Emerging Stock Board in the third quarter of 2024.

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

- (a) In the third quarter of 2023, Foshan Technology made a cash capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 25.36% to 21.88%.
- (b) In the third quarter of 2023, VSO converted employee share options into common shares, which resulted to a decrease in its equity interest from 12.55% to 12.51%. In the second and fourth quarter of 2024, VSO converted employee share options into common shares. In the fourth quarter of 2024, the Group did not subscribe to the capital increase in proportion to its shareholding percentage, which resulted to a decrease in its equity interest from 12.51% to 11.25%. However, the Group continues to hold significant influence over VSO as the Group remains as one of its directors.
- (c) During 2023 and 2024, Hwacom converted the corporate bonds into common shares, and accordingly, the Group's equity interest decreased to 17.42%. However, the Group continues to hold significant influence over Hwacom as the Group remains as one of its directors.
- (d) In the first quarter of 2023, the Group disposed its equity interest in Tianjin Anjie IoT Science and Technology Co., Ltd. (Anjie) for a cash consideration of \$2,656.
- (e) In the first quarter of 2023, the Group acquired 30.00% equity interest in Encore Med Sdn Bhd (Encore Med) for a cash consideration of \$54,274.
- (f) In the second quarter of 2023, LNC acquired 30.56% equity interest in Eli Co., Ltd. (Eli) for a cash consideration of \$5,500. In the third and fourth quarter of 2023, LNC did not subscribe to the capital increase in proportion to its shareholding percentage, and accordingly, its equity interest decreased from 30.56% to 20.00%. The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Therefore, starting from the second quarter of 2024, the investments in LNC and its subsidiaries accounted for under equity method were no longer classified as associates of the Group.
- (g) The Group disposed part of its equity in ITTS during the second quarter of 2023 until the second quarter of 2024, which resulted to a decrease in its equity interest to 14.01%. As the Group no longer remains as one of ITTS's directors and has lost significant influence over ITTS, the investment in ITTS accounted for under equity method was reclassified to financial assets at fair value through profit or loss - current in the second quarter of 2024.
- (h) During 2023 and 2024, AzureWave repurchased employee restricted shares for capital reduction through cancellation. In addition, the Group disposed of part of its equity in Azure Wave during the fourth quarter of 2023 to the fourth quarter of 2024, which resulted to a decrease in its equity interest to 18.54%. However, the Group continues to hold significant influence over AzureWave as the Group remains as one of its directors.
- (i) In the fourth quarter of 2023, the Group acquired 28.09% equity interest in Suzhou AIIST Intelligent Technology Co., Ltd. (AAY) for a cash consideration of \$108,158.
- (j) In the fourth quarter of 2023, Implex Data Transfer Co., Ltd. (Implex) made a capital increase. As the Group did not subscribe to the capital increase in proportion to its

shareholding percentage, its equity interest decreased from 20.00% to 16.67%. However, the Group continues to hold significant influence over Impelex as the Group remains as one of its directors.

- (k) During 2023 and 2024, Axiomtek converted employee share options into common shares, which resulted to a decrease in its equity interest from 27.97% to 27.37%.
 - (l) During 2023 and the first quarter of 2024, Winmate converted employee share options into common shares, which resulted to a decrease in its equity interest from 16.39% to 15.05%.
 - (m) In the second quarter of 2024, AIMobile Co., Ltd. (AIMobile) made a capital reduction to offset the deficit and a capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27.00% to 9.81%, as the Group lost significant influence over AIMobile, the investment in AIMobile accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.
 - (n) In the second quarter of 2024, the Group acquired 21.51% equity interest in Expetech from external shareholders for a cash consideration of \$40,000, which resulted to an increase in ownership from 43.01% to 64.52%. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary, and the related information on the business combination is provided in Note 6(30).
 - (o) In the second quarter of 2024, the Group lost control over LNC and its subsidiaries, but still has significant influence over them. Accordingly, the investments in LNC and its subsidiaries were reclassified to investments accounted for under equity method from the second quarter of 2024.
 - (p) In the third quarter of 2024, as the Group no longer remains as DotZero's directors and lost significant influence over DotZero, the investment in DotZero accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.
 - (q) In the third quarter of 2024, the Group disposed part of its equity interest in IISI for a cash consideration of \$20,012, which resulted to a decrease in its equity interest to 19.08%. However, the Group continues to hold significant influence over IISI as the Group remains as one of its directors.
 - (r) During 2024, the Group disposed part of its equity interest in Mildex for a cash consideration of \$56,820, which resulted to a decrease in its equity interest to 12.70%. However, the Group continues to hold significant influence over Mildex as the Group remains as one of its directors.
 - (s) In the third quarter of 2024, the Group acquired equity interest in Smasoft Technology Co., Ltd. (Smasoft) for a cash consideration of \$40,000, which resulted to an increase in ownership from 25.63% to 40.03%.
- B. The summary of financial information of shares attributable to the Group on the associates that are not individually material to the Group is as follows:

	For the years ended December 31,	
	2024	2023
Profit for the period from continuing operations	\$ 399,256	\$ 388,513
Other comprehensive income after tax	29,259	26,602
Total comprehensive income	<u>\$ 428,515</u>	<u>\$ 415,115</u>

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

	December 31, 2024	December 31, 2023
Fair value of associates	<u>\$ 9,291,743</u>	<u>\$ 6,749,269</u>

D. The Group is the single largest shareholder of Axiomtek, Winmate, Hwacom, VSO, iSAP, Feng Sang and Smasoft. Considering that the other shareholders hold more shares than the Group and the degree of other shareholders involvement in prior shareholders' meeting and record of voting rights for major proposals, and the Group has no substantial ability to direct the relevant operating and financial activities, the Group has no control, but only has significant influence over the companies.

E. The Group is the single largest shareholder of LNC. Considering that the other shareholders of the company collectively hold more shares than the Group and that the Group has only one of its directors, and the Group has no substantial ability to direct the relevant operating and financial activities, the Group has no control, but only has significant influence over the companies.

(8) Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
Balance at January 1, 2024							
Cost	\$ 2,921,224	\$ 9,569,679	\$ 2,397,115	\$ 871,739	\$ 2,228,038	\$ 321,304	\$ 18,309,099
Accumulated depreciation and impairment	-	(3,226,524)	(1,476,693)	(690,682)	(1,589,155)	-	(6,983,054)
	<u>\$ 2,921,224</u>	<u>\$ 6,343,155</u>	<u>\$ 920,422</u>	<u>\$ 181,057</u>	<u>\$ 638,883</u>	<u>\$ 321,304</u>	<u>\$ 11,326,045</u>
Balance at January 1, 2024	\$ 2,921,224	\$ 6,343,155	\$ 920,422	\$ 181,057	\$ 638,883	\$ 321,304	\$ 11,326,045
Additions	-	167,957	28,308	41,111	190,921	1,094,052	1,522,349
Acquired from business combinations (Note 1)	-	-	1,900	974	41,290	942	45,106
Disposals	(13,047)	(5,649)	(16,045)	(1,435)	(4,621)	-	(40,797)
Depreciation	-	(244,548)	(155,678)	(71,997)	(212,848)	-	(685,071)
Changes due to loss of control of subsidiaries (Note 2)	-	-	(35,065)	(4,546)	(20,516)	-	(60,127)
Reclassifications	-	-	3,433	(6)	28,618	8,603	40,648
Net exchange differences	(1,742)	45,875	14,848	4,062	14,953	17,922	95,918
Balance at December 31, 2024	<u>\$ 2,906,435</u>	<u>\$ 6,306,790</u>	<u>\$ 762,123</u>	<u>\$ 149,220</u>	<u>\$ 676,680</u>	<u>\$ 1,442,823</u>	<u>\$ 12,244,071</u>
Balance at December 31, 2024							
Cost	\$ 2,906,435	\$ 9,802,191	\$ 2,313,881	\$ 869,308	\$ 2,396,875	\$ 1,442,823	\$ 19,731,513
Accumulated depreciation and impairment	-	(3,495,401)	(1,551,758)	(720,088)	(1,720,195)	-	(7,487,442)
	<u>\$ 2,906,435</u>	<u>\$ 6,306,790</u>	<u>\$ 762,123</u>	<u>\$ 149,220</u>	<u>\$ 676,680</u>	<u>\$ 1,442,823</u>	<u>\$ 12,244,071</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
Balance at January 1, 2023							
Cost	\$ 3,078,714	\$ 8,444,047	\$ 2,283,830	\$ 954,826	\$ 2,190,489	\$ 991,827	\$ 17,943,733
Accumulated depreciation and impairment	-	(3,153,349)	(1,445,966)	(769,670)	(1,535,353)	-	(6,904,338)
	<u>\$ 3,078,714</u>	<u>\$ 5,290,698</u>	<u>\$ 837,864</u>	<u>\$ 185,156</u>	<u>\$ 655,136</u>	<u>\$ 991,827</u>	<u>\$ 11,039,395</u>
Balance at January 1, 2023	\$ 3,078,714	\$ 5,290,698	\$ 837,864	\$ 185,156	\$ 655,136	\$ 991,827	\$ 11,039,395
Additions	-	452,221	205,765	76,897	176,560	286,144	1,197,587
Acquired from business combinations	-	-	-	315	424	-	739
Disposals	-	(2,117)	(485)	(4,698)	(990)	-	(8,290)
Depreciation	-	(226,532)	(153,687)	(76,774)	(209,311)	-	(666,304)
Reclassifications	(144,820)	863,507	41,392	951	28,457	(955,427)	(165,940)
Net exchange differences	(12,670)	(34,622)	(10,427)	(790)	(11,393)	(1,240)	(71,142)
Balance at December 31, 2023	<u>\$ 2,921,224</u>	<u>\$ 6,343,155</u>	<u>\$ 920,422</u>	<u>\$ 181,057</u>	<u>\$ 638,883</u>	<u>\$ 321,304</u>	<u>\$ 11,326,045</u>
Balance at December 31, 2023							
Cost	\$ 2,921,224	\$ 9,569,679	\$ 2,397,115	\$ 871,739	\$ 2,228,038	\$ 321,304	\$ 18,309,099
Accumulated depreciation and impairment	-	(3,226,524)	(1,476,693)	(690,682)	(1,589,155)	-	(6,983,054)
	<u>\$ 2,921,224</u>	<u>\$ 6,343,155</u>	<u>\$ 920,422</u>	<u>\$ 181,057</u>	<u>\$ 638,883</u>	<u>\$ 321,304</u>	<u>\$ 11,326,045</u>

Note 1: Refer to Note 6(30) for details.

Note 2: Refer to Note 4(3) for details.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the year ended December 31, 2024
Amount capitalised	\$ 270
Range of the interest rates for capitalisation	2.69%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Lease agreements - lessee

A. The Group's lease subjects include buildings, transportation equipment, machinery and equipment, office equipment and land use rights. Rental contracts are typically made for periods of 1 to 15 years, except for the land use rights which cover periods of 38 to 77 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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Land	\$ 1,448,897	\$ 1,372,871
Buildings	513,709	518,555
Machinery and equipment	2,061	1,582
Office equipment	22,520	8,347
Transportation equipment	114,141	57,357
Other equipment	-	6,810
	<u>\$ 2,101,328</u>	<u>\$ 1,965,522</u>

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Depreciation expenses		
Land	\$ 8,638	\$ 8,526
Buildings	189,858	193,256
Machinery and equipment	1,260	736
Office equipment	7,471	6,459
Transportation equipment	40,997	35,345
Other equipment	731	1,625
	<u>\$ 248,955</u>	<u>\$ 245,947</u>

C. The additions to right-of-use assets for the years ended December 31, 2024 and 2023 were \$285,953 and \$1,596,141, respectively.

D. Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Current	\$ 301,163	\$ 106,391
Non-current	1,578,759	1,610,905
	<u>\$ 1,879,922</u>	<u>\$ 1,717,296</u>

E. Other lease information

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Expense on lease interest	\$ 84,198	\$ 32,908
Expense on short-term lease contracts	\$ 614	\$ 180
Expense on leases of low-value assets	\$ 388	\$ 1,720
Total cash outflow for leases	<u>\$ 307,497</u>	<u>\$ 258,184</u>

F. During 2023, ANA acquired the land use right with a lease term of 77 years starting from the date of construction. Under the contract, ANA is entitled to execute the land purchase option in 2034.

(10) Intangible assets

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2024						
Cost	\$ 508,306	\$ 572,904	\$ 422,615	\$ 2,954,215	\$ 693,325	\$ 5,151,365
Accumulated amortization and impairment	(430,281)	(379,239)	(422,615)	(665,939)	(502,877)	(2,400,951)
	<u>\$ 78,025</u>	<u>\$ 193,665</u>	<u>\$ -</u>	<u>\$ 2,288,276</u>	<u>\$ 190,448</u>	<u>\$ 2,750,414</u>
Balance at January 1, 2024	\$ 78,025	\$ 193,665	\$ -	\$ 2,288,276	\$ 190,448	\$ 2,750,414
Additions-acquired separately	-	-	-	-	132,291	132,291
Additions-acquired through business combinations (Note 1)	-	54,776	-	168,185	22,774	245,735
Disposals	-	-	-	-	(29)	(29)
Changes in liquidation of subsidiaries	-	-	-	(7,933)	-	(7,933)
Amortization	(3,417)	(35,903)	-	-	(120,442)	(159,762)
Reclassifications	-	-	-	-	280	280
Changes due to loss of control of subsidiaries (Note 2)	-	-	-	(227,127)	(11,284)	(238,411)
Net exchange differences	503	12,270	-	91,742	(13,359)	91,156
Balance at December 31, 2024	<u>\$ 75,111</u>	<u>\$ 224,808</u>	<u>\$ -</u>	<u>\$ 2,313,143</u>	<u>\$ 200,679</u>	<u>\$ 2,813,741</u>
Balance at December 31, 2024						
Cost	\$ 538,028	\$ 652,852	\$ 444,506	\$ 2,992,769	\$ 759,273	\$ 5,387,428
Accumulated amortization and impairment	(462,917)	(428,044)	(444,506)	(679,626)	(558,594)	(2,573,687)
	<u>\$ 75,111</u>	<u>\$ 224,808</u>	<u>\$ -</u>	<u>\$ 2,313,143</u>	<u>\$ 200,679</u>	<u>\$ 2,813,741</u>
	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2023						
Cost	\$ 501,520	\$ 569,759	\$ 418,813	\$ 2,913,175	\$ 682,508	\$ 5,085,775
Accumulated amortization and impairment	(429,534)	(346,051)	(393,770)	(665,939)	(461,202)	(2,296,496)
	<u>\$ 71,986</u>	<u>\$ 223,708</u>	<u>\$ 25,043</u>	<u>\$ 2,247,236</u>	<u>\$ 221,306</u>	<u>\$ 2,789,279</u>
Balance at January 1, 2023	\$ 71,986	\$ 223,708	\$ 25,043	\$ 2,247,236	\$ 221,306	\$ 2,789,279
Acquired separately	-	-	-	-	52,069	52,069
Acquired through business combinations	4,289	6,192	-	30,816	19,866	61,163
Disposals	-	-	-	-	(10)	(10)
Amortization	(829)	(34,526)	(25,405)	-	(113,202)	(173,962)
Reclassifications	-	-	-	-	(467)	(467)
Net exchange differences	2,579	(1,709)	362	10,224	10,886	22,342
Balance at December 31, 2023	<u>\$ 78,025</u>	<u>\$ 193,665</u>	<u>\$ -</u>	<u>\$ 2,288,276</u>	<u>\$ 190,448</u>	<u>\$ 2,750,414</u>
Balance at December 31, 2023						
Cost	\$ 508,306	\$ 572,904	\$ 422,615	\$ 2,954,215	\$ 693,325	\$ 5,151,365
Accumulated amortization and impairment	(430,281)	(379,239)	(422,615)	(665,939)	(502,877)	(2,400,951)
	<u>\$ 78,025</u>	<u>\$ 193,665</u>	<u>\$ -</u>	<u>\$ 2,288,276</u>	<u>\$ 190,448</u>	<u>\$ 2,750,414</u>

Note 1: Refer to Note 6(30) for details.

Note 2: Refer to Note 4(3) for details.

A. The details of goodwill are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
B+B Smartworkx Inc.	\$ 1,467,579	\$ 1,374,470
Aures	141,012	-
LNC	-	227,127
Advantech Service -IoT GmbH	167,433	166,648
AEU	136,268	135,616
Others	400,851	384,415
	<u>\$ 2,313,143</u>	<u>\$ 2,288,276</u>

B. Goodwill impairment assessment

- (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.
- (b) The Group assesses the recoverable amounts of goodwill for impairment at the end of the financial reporting period, and the recoverable amount is assessed based on the value-in-use.
- (c) 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.

(11) Non-current assets held for sale

To optimize the utilization of assets, the Board of Directors during its meeting on October 30, 2023 adopted a resolution to dispose Donghu factory's land and buildings, and the Group reclassified the related assets as assets held for sale.

Assets of disposal group held for sale:

	<u>December 31, 2023</u>
Property, plant and equipment	
Land	\$ 144,820
Buildings	93,446
Other equipment	75
	<u>\$ 238,341</u>

The Company has sold the above property, plant and equipment in 2024 and recognized gain on disposal of non-current assets held for sale for \$353,632.

(12) Short-term borrowings

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Unsecured borrowings</u>		
Credit borrowings	\$ -	\$ 237,730

- A. The range of interest rates on bank loans were 0.23%~4.20% per annum as of December 31, 2023.
- B. The interest expense recognized in profit and loss amounted to \$1,614 and \$8,042 for the years ended December 31, 2024 and 2023, respectively.

(13) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wages and salaries and bonuses payable	\$ 3,357,351	\$ 3,219,427
Employee benefits payable	243,766	225,619
Others	961,161	950,044
	<u>\$ 4,562,278</u>	<u>\$ 4,395,090</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from September 24, 2024 to March 24, 2027, interest is payable monthly; principal is payable in full upon maturity	2.69%	-	\$ 37,000
Euro unsecured borrowings	Euros 700 thousand; borrowing period is from March 10, 2020 to March 10, 2027, interest is payable monthly	0.52%	-	7,776
Euro secured borrowings	Euros 4 million; borrowing period is from August 4, 2021 to May 4, 2026, interest is payable monthly	0.75%	Note	53,943
Euro secured borrowings	Euros 2.5 million; borrowing period is from August 25, 2021 to May 25, 2026, interest is payable monthly	0.70%	Note	32,285
Euro secured borrowings	Euros 4 million; borrowing period is from June 10, 2021 to June 10, 2026, interest is payable monthly	0.28%	Note	51,388
Euro secured borrowings	Euros 2.5 million; borrowing period is from December 12, 2023 to December 12, 2028, interest is payable monthly	4.20%	Note	90,005
Less: Current portion				(116,041)
				<u>\$ 156,356</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 118,500
Less: Current portion				(118,500) \$ -

Note: These borrowings are provided by the French government as loan guarantees for business pandemic relief.

- A. The interest expense recognized in profit and loss amounted to \$5,551 and \$3,484 for the years ended December 31, 2024 and 2023, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(15) Pension

A. Defined benefit pension plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 insufficient 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 contributions for the deficit by next March. The subsidiaries, AJP, AIN, ARI and Aures, calculate pension benefits on the basis of the length of service and the hourly wages at the time of resignation or retirement date when employees under the defined benefit plans meet the requirements such as reaching the pension age, loss of capability to work, etc. in accordance with the local regulations.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 456,882	\$ 459,822
Fair value of plan assets	(243,828)	(221,700)
Net defined benefit liability (recognized as “other non-current liabilities”)	<u>\$ 213,054</u>	<u>\$ 238,122</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2024			
Balance at January 1	\$ 459,822	(\$ 221,700)	\$ 238,122
Current service cost	4,148	-	4,148
Interest expense (income)	5,854	(2,977)	2,877
	<u>469,824</u>	<u>(224,677)</u>	<u>245,147</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(19,428)	(19,428)
Change in demographic assumptions	7	-	7
Change in financial assumptions	(1,108)	-	(1,108)
Experience adjustments	5,768	-	5,768
	<u>4,667</u>	<u>(19,428)</u>	<u>(14,761)</u>
Pension payment	(15,053)	9,309	(5,744)
Pension fund contribution	-	(9,003)	(9,003)
Net exchange differences	(2,556)	(29)	(2,585)
	<u>(17,609)</u>	<u>277</u>	<u>(17,332)</u>
Balance at December 31	<u>\$ 456,882</u>	<u>(\$ 243,828)</u>	<u>\$ 213,054</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	\$ 467,637	(\$ 214,346)	\$ 253,291
Current service cost	4,855	-	4,855
Interest expense (income)	6,145	(3,269)	2,876
	<u>478,637</u>	<u>(217,615)</u>	<u>261,022</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(980)	(980)
Change in demographic assumptions	(52)	-	(52)
Change in financial assumptions	4,609	-	4,609
Experience adjustments	(6,680)	-	(6,680)
	<u>(2,123)</u>	<u>(980)</u>	<u>(3,103)</u>
Pension payment	(10,754)	5,509	(5,245)
Pension fund contribution	-	(8,619)	(8,619)
Net exchange differences	(5,938)	5	(5,933)
	<u>(16,692)</u>	<u>(3,105)</u>	<u>(19,797)</u>
Balance at December 31	<u>\$ 459,822</u>	<u>(\$ 221,700)</u>	<u>\$ 238,122</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plans 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, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Discount rate	<u>1.23%~7.06%</u>	<u>1.11%~7.55%</u>
Future salary increases rate	<u>4.00%~10.00%</u>	<u>3.75%~10.00%</u>

Future mortality rate was estimated based on actuarial advice in accordance with published statistics and experiences from 6th Taiwan Standard Ordinary Experience Mortality Table, Abridged Life Tables for Japan (2023) and Indian Assured Lives Mortality.

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

	<u>Discount rate</u>		<u>Future salary increases rate</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2024				
Effect on present value of defined benefit obligation	<u>(\$ 10,582)</u>	<u>\$ 10,991</u>	<u>\$ 8,521</u>	<u>(\$ 8,276)</u>
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 11,256)</u>	<u>\$ 11,690</u>	<u>\$ 9,022</u>	<u>(\$ 8,761)</u>

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 plans of the Group for the year ending December 31, 2025 amount to \$16,777.

(g) As of December 31, 2024, the weighted average duration of the retirement plans is 8.9 ~ 25.64 years.

B. Defined contribution pension plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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) Overseas subsidiaries contribute pension in accordance with local government regulations, and recognize pension expenses at the time of contribution.
- (c) The pension costs under the defined contribution pension plans of the Group were \$607,469 and \$559,654 for the years ended December 31, 2024 and 2023, respectively.

(16) Share-based payment

A. Employee share options granted by the Company

- (a) Qualified employees of the Company were granted 8,000,000 options in 2023, 7,500 options in 2020 and 8,000 options in 2018. Each option entitles the holder to subscribe for one, one thousand and one thousand ordinary shares of the Company, respectively. 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 2023, 2020 and 2018 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 2023 and 2020 were \$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. 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,			
	2024		2023	
	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the year	18,704	\$ 176.71	13,379	\$ 179.19
Options granted	-	-	8,000	200.00
Options exercised	(5,140)	150.40	(2,675)	164.35
Options forfeited	(551)	144.40	-	-
Options outstanding at the end of the year	<u>13,013</u>	186.48	<u>18,704</u>	176.71
Options exercisable at the end of the year	<u>5,013</u>	164.90	<u>9,204</u>	157.68

- (c) The weighted-average stock price of share options at exercise dates for the years ended December 31, 2024 and 2023 were \$298 ~ \$432 (in dollars) and \$321.5 ~ \$430 (in dollars), respectively.

(d) Information on outstanding options at the balance sheet date is as follows:

	December 31, 2024		December 31, 2023	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2023	\$ 194.80	4.71	\$ 200.00	5.71
Issuance in 2020	164.90	1.58	169.30	2.58
Issuance in 2018	144.40	-	148.20	0.58

(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 2023	Issuance in 2020	Issuance in 2018
Grant-date stock price (in dollars)	\$ 342.5	\$ 309	\$ 202.5
Exercise price (in dollars)	\$ 200	\$ 200	\$ 202.5
Expected price volatility	26.82~28.77%	23.28~26.55%	28.42~28.73%
Expected option life (in years)	4 ~ 5.5	4 ~ 5.5	4 ~ 4.5
Expected dividends yield	0%	0%	0%
Risk-free interest rate	1.12~1.15%	0.31~0.35%	0.67~0.69%
Fair value per unit (in dollars)	\$ 162.92~168.77	\$ 121.61~133.07	\$ 47.91~50.38

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

(f) Compensation cost recognized for the years ended December 31, 2024 and 2023 were \$510,318 and \$255,971, respectively.

B. Employee share options granted by the subsidiary - Expetech

(a) Qualified employees of Expetech, a subsidiary of the Company, were granted 1,500 options in 2024. Each option entitles the holder to subscribe for one thousand common shares of Expetech. The options were granted to employees of Expetech, who meet specific conditions. These options are valid for three years. Employees can exercise options according to the following dates and price from the grant year:

Individual Subscription Unit (in thousand shares)	Exercise price per unit (in dollars)	Exercise Dates	Percentage of exercisable options
1-1,000	\$ 10	From the grant date	100%
1,001-1,500	20	After the first anniversary year from the grant date	50%
1,001-1,500	20	After the second anniversary year from the grant date	50%

(b) Information on employee share options is as follows:

	For the years ended December 31, 2024	
	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the year	-	\$ -
Options granted	1,500	13.33
Options exercised	(830)	10.00
Options forfeited	(90)	10.00
Options outstanding at the end of the year	<u>580</u>	18.62
Options exercisable at the end of the year	<u>80</u>	10.00

(c) The weighted-average stock price of share options at exercise dates for the year ended December 31, 2024 was \$12.59 (in dollars).

(d) Information on outstanding options at the balance sheet date is as follows:

	December 31, 2024	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2024	\$ 10~20	2.08

(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 2024
Grant-date stock price (in dollars)	\$ 12.59
Exercise price (in dollars)	\$ 10~20
Expected price volatility	27.61~28.21%
Expected option life (in years)	1.5 ~ 2.5
Expected dividends yield	0%
Risk-free interest rate	1.08~1.12%
Fair value per unit (in dollars)	\$ 0.4~3.26

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

(f) Compensation cost recognized by the subsidiary, Expetech, for the year ended December 31, 2024 was \$3,076.

(17) Share capital

As of December 31, 2024, 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 share options and corporate bonds with warrant), and the paid-in capital was \$8,635,894 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 end of the period are as follows (in thousand shares):

	<u>2024</u>	<u>2023</u>
At January 1	858,449	777,977
Stock dividends	-	77,797
Employee share options exercised	5,140	2,675
At December 31	<u>863,589</u>	<u>858,449</u>

(18) 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.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Premium on issuance of ordinary shares	\$ 2,692,238	\$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499
Premium on issuance of ordinary shares for employee share options	5,226,482	4,172,821
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	31,556
Changes in equity of associates accounted for under equity method	674	674
Employees' share compensation	78,614	78,614
<u>May be used to offset a deficit only</u>		
Changes in ownership interests in subsidiaries	23,938	11,666
Changes in equity of associates accounted for under equity method	229,035	71,068
Employee share options forfeited	96,258	96,258
<u>Not to be used for any purpose</u>		
Employee share options	1,140,709	962,412
	<u>\$ 11,156,003</u>	<u>\$ 9,753,806</u>

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.

(19) Retained earnings

- A. Under the earnings distribution policy of 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. Where such legal reserve amount has reached the company's paid-in capital, it may no longer be appropriated. 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. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- 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 2023 and 2022 earnings had been approved by the shareholders on May 30, 2024 and May 25, 2023, respectively.

	For the years ended December 31,	
	2023	2022
Legal reserve	\$ 1,092,920	\$ 1,077,901
Reversal of special reserve	\$ -	(\$ 555,794)
Cash dividends	\$ 8,155,269	\$ 7,779,770
Stock dividends	\$ -	\$ 777,977
Cash dividends per share (in dollars)	\$ 9.5	\$ 10.0
Stock dividends per share (in dollars)	\$ -	\$ 1.0

F. The appropriations of 2024 earnings had been proposed by the Board of Directors on February 27, 2025. Details are summarized as follows:

	For the year ended December 31, 2024
Legal reserve	\$ 905,138
Cash dividends	\$ 7,254,151
Cash dividends per share (in dollars)	\$ 8.4

As of February 27, 2025, the appropriations of 2024 earnings stated above have not yet been resolved by the shareholders.

(20) Other equity items

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

	For the years ended December 31,	
	2024	2023
Balance at January 1	(\$ 827,011)	(\$ 714,961)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	641,213	(107,586)
Share of profit (loss) of associates accounted for under equity method	40,629	(4,464)
Other comprehensive income (loss) recognized for the year	681,842	(112,050)
Balance at December 31	(\$ 145,169)	(\$ 827,011)

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

	For the years ended December 31,	
	2024	2023
Balance at January 1	\$ 1,720,685	\$ 785,560
Recognized for the year		
Unrealized gain or loss		
Equity instrument	44,745	1,136,167
Share of loss of associates accounted for under equity method	(22,361)	(79,627)
Total	22,384	1,056,540
Transfer of valuation adjustments to retained earnings		
Equity instrument	(86,308)	(112,115)
Share of loss of associates accounted for under equity method	(797)	(9,300)
Balance at December 31	\$ 1,655,964	\$ 1,720,685

C. Unearned employee benefits compensation

	For the years ended December 31,	
	2024	2023
Balance at January 1	(\$ 369)	(\$ 4,040)
Share of profit of associates accounted for under equity method	369	3,671
Balance at December 31	\$ -	(\$ 369)

(21) Non-controlling interest

	For the years ended December 31,	
	2024	2023
Balance at January 1	\$ 348,426	\$ 469,312
Loss for the year	(116,819)	(48,197)
Increase in non-controlling interest arising from the establishment of subsidiaries	8,098	-
Exchange differences on translation of the financial statements of foreign operations	(16,095)	(3,704)
Increase in non-controlling interests arising from decrease in investment in subsidiaries	121,403	44,823
Increase in non-controlling interests arising from business combinations (Note)	334,402	-
Decrease in non-controlling interests arising from increase in investment in subsidiaries	(8,008)	(93,819)
Cash dividends distributed by subsidiaries	(3,110)	(19,989)
Changes due to loss of control of subsidiaries	(297,683)	-
Capital reduction from subsidiaries	(2,104)	-
Balance at December 31	<u>\$ 368,510</u>	<u>\$ 348,426</u>

Note: Refer to Note 6(30) for details.

(22) Operating revenue

	For the years ended December 31,	
	2024	2023
Revenue from contracts with customers	<u>\$ 59,786,293</u>	<u>\$ 64,567,697</u>

A. Disaggregation of revenue from contracts with customers

The Group 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, 2024

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	<u>\$ 17,563,629</u>	<u>\$ 14,921,669</u>	<u>\$ 9,030,403</u>	<u>\$ 5,894,191</u>	<u>\$ 5,780,101</u>	<u>\$ 6,596,300</u>	<u>\$ 59,786,293</u>

For the year ended December 31, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	<u>\$ 16,880,074</u>	<u>\$ 16,600,587</u>	<u>\$ 9,865,845</u>	<u>\$ 7,444,691</u>	<u>\$ 6,173,251</u>	<u>\$ 7,603,249</u>	<u>\$ 64,567,697</u>

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,453,150, \$1,088,750, and \$1,313,695 as of December 31, 2024, December 31, 2023, and January 1, 2023, respectively.

(23) Other income

	For the years ended December 31,	
	2024	2023
Rental income	\$ 8,530	\$ 30,748
Dividend income	401,965	224,421
Others (Note)	174,728	139,562
	<u>\$ 585,223</u>	<u>\$ 394,731</u>

Note: For the years ended December 31, 2024 and 2023, the Group received government grants of \$61,187 and \$30,969 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$0 and \$519 for the years ended December 31, 2024 and 2023, respectively, and were deducted from the recorded expenses.

(24) Other gains and losses

	For the years ended December 31,	
	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ 50,404	(\$ 6,045)
Gain on disposal of non-current assets held for sale	353,632	-
Gains on disposals of investments	162,856	22,480
Currency exchange gains	283,899	28,832
(Losses) gains on financial assets/liabilities at fair value through profit or loss	(175,964)	87,813
Others	(28,351)	(7,600)
	<u>\$ 646,476</u>	<u>\$ 125,480</u>

(25) Finance costs

	For the years ended December 31,	
	2024	2023
Bank loan interest	\$ 7,165	\$ 11,526
Interest expense on lease liabilities	84,198	32,908
Others	2,994	1,120
	<u>\$ 94,357</u>	<u>\$ 45,554</u>

(26) Expenses by nature

A. Depreciation and amortisation expenses

	For the years ended December 31,	
	2024	2023
Depreciation categorised by function		
Operating costs	\$ 258,624	\$ 256,509
Operating expenses	675,402	655,742
	<u>\$ 934,026</u>	<u>\$ 912,251</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 2,171	\$ 911
Operating expenses	157,591	173,051
	<u>\$ 159,762</u>	<u>\$ 173,962</u>

B. Employee benefit expense

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 12,369,042	\$ 11,505,457
Post-employment benefits		
Defined contribution plan	607,469	559,654
Defined benefit plan	7,025	7,731
	<u>614,494</u>	<u>567,385</u>
Share-based payment		
Equity-settled	513,394	255,971
Other employee benefits	973,910	1,144,912
Total employee benefit expense	<u>\$ 14,470,840</u>	<u>\$ 13,473,725</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 3,071,068	\$ 3,026,838
Operating expenses	11,399,772	10,446,887
	<u>\$ 14,470,840</u>	<u>\$ 13,473,725</u>

- (a) 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, 2024 and 2023, employees' compensation and directors' remuneration were accrued based on a certain percentage of net profit after income tax. The aforementioned amounts were recognized in salary expense.

	For the years ended December 31,	
	2024	2023
Employees' compensation	\$ 620,000	\$ 740,000
Directors' remuneration	<u>\$ 22,850</u>	<u>\$ 18,625</u>

- (b) Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors on February 27, 2024 were in agreement with those amounts recognized in the 2023 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.

(27) Income taxes

A. Income tax expense:

- (a) Components of income tax expense were as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current tax on profits for the year	\$ 2,169,278	\$ 3,031,008
Difference between prior years' income tax estimation and assessed results	(135,135)	(333,755)
Tax on undistributed earnings	<u>84,051</u>	<u>85,168</u>
Total current tax	2,118,194	2,782,421
Deferred income tax:		
Origination and reversal of temporary differences	(31,884)	(305,055)
Income tax expense	<u>\$ 2,086,310</u>	<u>\$ 2,477,366</u>

- (b) Income tax recognized in other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Translation of foreign operations	\$ 170,002	(\$ 28,012)
Remeasurement of defined benefit obligations	<u>5,522</u>	<u>1,352</u>
Total	<u>\$ 175,524</u>	<u>(\$ 26,660)</u>

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2024	2023
Profit before tax from continuing operations	\$ 10,974,528	\$ 13,266,699
Income tax calculated based on profit before tax and statutory tax rate	2,606,464	3,222,354
Tax exempt income by tax regulation	(215,692)	(189,499)
Tax on undistributed earnings	84,051	85,168
Investment tax credits in the current year	(393,079)	(328,172)
Loss carryforwards which were not recognized as deferred tax assets previously and were used in the current year	-	(207)
Temporary differences not recognized as deferred tax assets	2,150	19,022
Difference between prior year's income tax estimation and assessed results	(135,135)	(333,755)
Taxable loss not recognized as deferred tax assets	234,273	206,347
Taxable temporary differences associated with investment in foreign subsidiaries not recognized as deferred tax liabilities	(115,445)	(209,445)
Others	18,723	5,553
Income tax expense	<u>\$ 2,086,310</u>	<u>\$ 2,477,366</u>

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

	2024					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Changes due to loss of control of subsidiaries	Business combination	December 31
<u>Deferred income tax assets</u>						
Temporary differences						
Unrealized profit from sales	\$ 181,374	\$ 22,183	\$ -	\$ -	\$ -	\$ 203,557
Unrealized decline in value of inventories	138,038	1,554	-	(3,355)	19,021	155,258
Exchange differences on translation of the financial statements of foreign operations	207,868	(1,115)	(170,002)	-	-	36,751
Loss carryforwards	16,790	17,658	-	(16,790)	176,138	193,796
Defined benefit pension plans	27,833	(1,866)	-	-	-	25,967
Unrealized provisions for warranty	36,651	(5,413)	-	(335)	-	30,903
Remeasurement of defined benefit obligations	24,703	2,779	(5,522)	-	-	21,960
Allowance for uncollectible accounts in excess of allowable limit	5,919	455	-	-	-	6,374
Bonus payable	48,889	(9,135)	-	-	4,138	43,892
Research and development expense	44,430	22,583	-	-	-	67,013
Others	98,295	96,184	-	(52)	3,065	197,492
	<u>\$ 830,790</u>	<u>\$ 145,867</u>	<u>(\$ 175,524)</u>	<u>(\$ 20,532)</u>	<u>\$ 202,362</u>	<u>\$ 982,963</u>
<u>Deferred income tax liabilities</u>						
Temporary differences						
Investment income from foreign investees accounted for under equity method	\$ 1,896,832	\$ 99,354	\$ -	\$ -	\$ -	\$ 1,996,186
Defined benefit pension plans	4,365	878	-	-	-	5,243
Remeasurement of defined benefit obligations	3,990	-	-	-	-	3,990
Exchange differences on translation of the financial statements of foreign operations	3,628	647	-	(3,628)	-	647
Unrealized exchange gains	6,752	9,484	-	-	-	16,236
Property, plant and equipment depreciation difference between tax and financial report	1,083	785	-	-	-	1,868
Financial assets at fair value through profit or loss	9,495	1,995	-	-	-	11,490
Others	9,997	840	-	-	-	10,837
	<u>\$ 1,936,142</u>	<u>\$ 113,983</u>	<u>\$ -</u>	<u>(\$ 3,628)</u>	<u>\$ -</u>	<u>\$ 2,046,497</u>

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized profit from sales	\$ 189,766	(\$ 8,392)	\$ -	\$ 181,374
Unrealized decline in value of inventories	137,612	426	-	138,038
Exchange differences on translation of the financial statements of foreign operations	179,335	521	28,012	207,868
Loss carryforwards	16,365	425	-	16,790
Defined benefit pension plans	32,090	(4,257)	-	27,833
Unrealized provisions for warranty	40,953	(4,302)	-	36,651
Remeasurement of defined benefit obligations	24,540	1,515	(1,352)	24,703
Allowance for uncollectible accounts in excess of allowable limit	3,737	2,182	-	5,919
Bonus payable	15,937	32,952	-	48,889
Research and development expense	-	44,430	-	44,430
Others	59,904	38,391	-	98,295
	<u>\$ 700,239</u>	<u>\$ 103,891</u>	<u>\$ 26,660</u>	<u>\$ 830,790</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Investment income from foreign investees accounted for under equity method	\$ 2,122,002	(\$ 225,170)	\$ -	\$ 1,896,832
Defined benefit pension plans	3,362	1,003	-	4,365
Remeasurement of defined benefit obligations	3,990	-	-	3,990
Exchange differences on translation of the financial statements of foreign operations	3,921	(293)	-	3,628
Unrealized exchange gains	320	6,432	-	6,752
Property, plant and equipment depreciation difference between tax and financial report	192	891	-	1,083
Financial assets at fair value through profit or loss	1,611	7,884	-	9,495
Others	1,908	8,089	-	9,997
	<u>\$ 2,137,306</u>	<u>(\$ 201,164)</u>	<u>\$ -</u>	<u>\$ 1,936,142</u>

D. Information about unused investment tax credits and amounts of unrecognized deferred income tax assets are as follows:

December 31, 2024			
Tax credit source	Remaining credit amount	Unrecognized deferred income tax assets	Expiry year
Research and development expenditures	\$ -	\$ -	Note

December 31, 2023			
Tax credit source	Remaining credit amount	Unrecognized deferred income tax assets	Expiry year
Research and development expenditures	\$ 8,993	\$ 8,993	Note

Note: May select to get the amount of tax credit up to 15% of the research and development expenses, applied to the current year profit-seeking enterprise income tax payable or tax credit up to 10% of the research and development expenses, applied to the annual profit-seeking enterprise income tax payable for three years, starting from the current year.

E. Unused tax losses and amounts of unrecognized deferred tax assets in the consolidated balance sheets:

	December 31, 2024	December 31, 2023
Expiry in 2027	\$ 74,164	\$ 71,664
Expiry in 2028	894,302	740,044
Expiry in 2029	942,142	-
Expiry in 2031 to 2034	13,367	12,854
	<u>\$ 1,923,975</u>	<u>\$ 824,562</u>

F. The Group did not recognize taxable temporary differences associated with investments in subsidiaries as deferred income tax liabilities. As of December 31, 2024 and 2023, the amounts of temporary differences unrecognized as deferred income tax liabilities were \$4,462,779 and \$3,885,555, respectively.

G. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

H. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

I. The current income tax expense related to Pillar Two income taxes recognized by the Group for for years ended December 31, 2024 and 2023 was both \$0. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Group is within the scope of the Pillar Two model rules published by the Organization for

Economic Co-operation and Development (OECD). Since Pillar Two legislation was enacted in European Union, England, Japan, Vietnam, Canada and Korea, which came into effect from 2024, the Group has no related current tax exposure as of December 31, 2024. The Group will continue assessing its exposure to the Pillar Two legislation for when it comes into effect.

(28) Earnings per share

Unit: expressed in dollars per share

	For the years ended December 31,	
	2024	2023
Basic earnings per share	\$ 10.45	\$ 12.65
Diluted earnings per share	\$ 10.38	\$ 12.52

The weighted average number of shares outstanding in 2023 used for the computation of earnings per share was adjusted retroactively for the issuance of bonus shares or share splits on July 10, 2023. 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,	
	2024	2023
Earnings used in the computation of basic earnings per share	\$ 9,005,037	\$ 10,837,530
Earnings used in the computation of diluted earnings per share	\$ 9,005,037	\$ 10,837,530

Unit: expressed in thousand shares

	For the years ended December 31,	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	861,485	856,843
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	4,273	6,263
Employees' compensation	2,100	2,308
Weighted average number of ordinary shares used in the computation of diluted earnings per share	867,858	865,414

(29) Transactions with non-controlling interest

A. Acquisition of additional interests in subsidiaries:

- (a) In the second quarter of 2023, the Group made additional investments in ATR, which resulted to an increase in ownership from 60% to 62.4%, and in the fourth quarter of 2023, the Group acquired equity interest in ATR from other shareholders, which resulted to an increase in ownership from 62.4% to 80.1%. In the fourth quarter of 2024, it acquired equity interest in ATR from other shareholders, which resulted to an increase in ownership from 80.10% to 100%.
- (b) In the third quarter of 2023, the Group acquired 45% equity interest in Cermate Taiwan, resulting to an increase in the Group's equity investment in Cermate Taiwan from 55% to 100%.

	<u>For the year ended December 31, 2024</u>		
	<u>ATR</u>		
Consideration paid	(\$		32,515)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests			<u>8,008</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$		<u>24,507)</u>
<u>Line items adjusted for equity transactions</u>			
Unappropriated retained earnings	(\$		<u>24,507)</u>
	<u>For the year ended December 31, 2023</u>		
	<u>ATR</u>	<u>Cermate Taiwan</u>	<u>Total</u>
Consideration paid	(\$ 47,126)	(\$ 189,000)	(\$ 236,126)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>6,242</u>	<u>87,577</u>	<u>93,819</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ <u>40,884)</u>	(\$ <u>101,423)</u>	(\$ <u>142,307)</u>
<u>Line items adjusted for equity transactions</u>			
Unappropriated retained earnings	(\$ <u>40,884)</u>	(\$ <u>101,423)</u>	(\$ <u>142,307)</u>

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

In the first quarter of 2024, the Group disposed 2.40% equity interest in AMX, resulting to a decrease in the Group's equity investment in AMX from 100% to 97.60%.

	<u>For the year ended December 31, 2024</u>	
Consideration received	\$	1,478
Proportionate share of the carrying amount of the net assets of the subsidiary transferred into non-controlling interests	(	<u>2,701)</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$	<u>1,223)</u>
<u>Line items adjusted for equity transactions</u>		
Unappropriated retained earnings	(\$	<u>1,223)</u>

C. The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary:

From the second quarter of 2023 to the first quarter of 2024, LNC did not participate in the capital increase proportionally to its interest continually, resulting to a decrease in the LNC's equity investment in LNCMac Technology Corp. from 87.27% to 57.49%.

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>LNCMac</u>	<u>LNCMac</u>
Cash	\$ 41,750	\$ 55,960
Proportionate share of the carrying amount of the net assets of the subsidiary transferred into non-controlling interests	(32,656)	(44,823)
Capital surplus - changes in ownership interest in subsidiaries	<u>\$ 9,094</u>	<u>\$ 11,137</u>

(30) Business combinations

A. On April 11, 2024, the Group acquired 21.51% equity interest in Expetech from external shareholders for a cash consideration of \$40,000, which resulted to an increase in ownership from 43.01% to 64.52%. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary.

The following table summarises the consideration paid for Expetech and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the acquisition date:

	<u>April 11, 2024</u>
Purchase consideration	
Cash paid	\$ <u>40,000</u>
Fair value of equity interest in Expetech held before the business combination	35,898
Non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets	<u>29,617</u>
	<u>105,515</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	42,130
Financial assets at fair value through profit or loss - current	13,383
Accounts receivable	2,901
Inventories	1,600
Other current assets	25,988
Financial assets at fair value through other comprehensive income - non-current	20,000
Property, plant and equipment	1,949
Intangible assets	6,375
Deferred income tax assets	1,602
Other non-current assets	1,741
Notes and accounts payable	(9,727)
Other payables	(7,608)
Other current liabilities	(10,100)
Other non-current liabilities	(<u>6,769</u>)
Total identifiable net assets	<u>83,465</u>
Goodwill	<u>\$ 22,050</u>

B. On October 1, 2024, the Group acquired 36.32% equity interest in Aures for a cash consideration of \$320,775 and obtained control over Aures.

(a) The following table summarises the consideration paid for Aures and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the acquisition date:

	<u>October 1, 2024</u>
Purchase consideration	
Cash paid	\$ 320,775
Non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets	<u>304,785</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	235,453
Accounts receivable	383,581
Inventories	556,595
Other current assets	178,647
Property, plant and equipment	43,157
Right-of-use assets	129,796
Intangible assets	71,175
Deferred income tax assets	200,760
Other non-current assets - other	11,691
Long-term liabilities, current portion	(116,369)
Convertible bonds payable	(112,718)
Notes and accounts payable	(447,115)
Lease liabilities - current	(58,026)
Other current liabilities	(298,131)
Long-term borrowings	(155,587)
Lease liabilities - non-current	(89,736)
Other non-current liabilities	<u>(53,748)</u>
Total identifiable net assets	<u>479,425</u>
Goodwill	<u>\$ 146,135</u>

- (b) The fair value of the acquired identifiable intangible assets of \$71,175 is provisional pending receipt of the final valuations for those assets.
- C. The operating revenue included in the consolidated statement of comprehensive income since April 11, 2024 contributed by Expetech was \$93,982. Expetech also contributed loss before income tax of \$20,033 over the same period. The operating revenue included in the consolidated statement of comprehensive income since October 1, 2024 contributed by Aures was \$636,837. Aures also contributed loss before income tax of \$84,487 over the same period. Had Expetech and Aures been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$61,705,534 and profit before income tax of \$10,778,884.
- D. On October 2, 2023, the Group acquired 100% of the share capital of ABO for a cash consideration of \$108,360 and obtained control over ABO.

E. The following table summarises the consideration paid for ABO and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>October 2, 2023</u>
Purchase consideration	
Cash paid	\$ <u>108,360</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	5,127
Accounts receivable	12,626
Inventories	25,395
Other current assets	78
Property, plant and equipment	739
Intangible assets	30,347
Deferred income tax assets	8,636
Other non-current assets	502
Accounts payable	(3,535)
Other payables	(2,371)
Total identifiable net assets	<u>77,544</u>
Goodwill	<u>\$ 30,816</u>

F. The operating revenue included in the consolidated statement of comprehensive income since October 2, 2023 contributed by ABO was \$11,312. ABO also contributed loss before income tax of (\$8,453) over the same period. Had ABO been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$76,267 and profit before income tax of \$1,053.

(31) Changes in liabilities from financing activities

	<u>2024</u>			
	<u>Short-term borrowings</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>	<u>Total</u>
At January 1	\$ 237,730	\$ 118,500	\$ 1,717,296	\$ 2,073,526
Changes in cash flow from financing activities	(1,611)	(109,002)	(306,495)	(417,108)
Increase	-	-	285,953	285,953
Net exchange differences	1,500	(9,057)	169,973	162,416
Changes due to loss of control of subsidiaries	(237,619)	-	(134,567)	(372,186)
Business combination	-	271,956	147,762	419,718
At December 31	<u>\$ -</u>	<u>\$ 272,397</u>	<u>\$ 1,879,922</u>	<u>\$ 2,152,319</u>

2023

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1	\$ 531,330	\$ 121,500	\$ 343,858	\$ 996,688
Changes in cash flow from financing activities	(275,840)	-	(256,284)	(532,124)
Increase	-	-	1,596,141	1,596,141
Net exchange differences	(17,760)	(3,000)	33,581	12,821
At December 31	<u>\$ 237,730</u>	<u>\$ 118,500</u>	<u>\$ 1,717,296</u>	<u>\$ 2,073,526</u>

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

Transactions, balances, revenue and expenses between the Company and its subsidiaries (which are the Company's related parties) have been eliminated on consolidation and are not disclosed in this footnote. Details of transactions between the Group and other related parties are disclosed below.

Names of related parties	Relationship with the Group
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate (Note 1)
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
AzureWave Technologies, Inc.	Associate
Nippon RAD Inc.	Associate
DotZero Co., Ltd.	Associate (Note 5)
Mildex Optical Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate (Note 1)
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate
VSO Electronics Co., Ltd.	Associate
VSO Electronics (Jian) Co., Ltd.	Associate
VSO Electronics (Suzhou) Co., Ltd.	Associate
International Integrated System, Inc.	Associate
Freedom System Inc.	Associate
Expotech Co., Ltd.	Associate (Note 2)
Honghua Electronic Technology (Shanghai) Co., Ltd.	Associate
Feng Sang Enterprise Co., Ltd.	Associate

Names of related parties	Relationship with the Group
Eil Co., Ltd.	Associate (Note 4)
Suzhou AIIST Intelligent Technology Co., Ltd.	Associate
LNC Technology Co., Ltd.	Associate (Note 3)
ENCORE MED SDN BHD	Associate
LNC Rich investment Co., Ltd.	Other related party (Note 4)
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
OYALIN Co., Ltd.	Other related party (Note 4)
Oya System Furniture Design Ltd.	Other related party (Note 4)

Note 1: In the second quarter of 2024, the Group lost significant influence over the associate.

Accordingly, the entity was not considered as related party since the second quarter of 2024.

Note 2: In the second quarter of 2024, the Group obtained control over the associate. Accordingly, the entity was not considered as related party since the second quarter of 2024.

Note 3: In the second quarter of 2024, the Group lost control over LNC and its subsidiaries but still has significant influence over them. Accordingly, the entities have been included in the Group's associates starting from the second quarter of 2024.

Note 4: In the second quarter of 2024, the Group lost control over LNC and its subsidiaries but still has significant influence over them. Accordingly, the investments accounted for under equity method and other related parties of LNC and its subsidiaries were not anymore considered related parties since the second quarter of 2024.

Note 5: In the third quarter of 2024, the Group lost significant influence over the associate. Accordingly, the entity was not considered as related party since the third quarter of 2024.

(3) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2024	2023
Associates	\$ 100,040	\$ 79,773
Other related parties	8,646	6,416
	<u>\$ 108,686</u>	<u>\$ 86,189</u>

The terms of sales to associates and other 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 and other operating costs

	For the years ended December 31,	
	2024	2023
Purchases of goods:		
Associates	\$ 205,849	\$ 314,294
Purchases of services:		
Associates	541	1
	<u>\$ 206,390</u>	<u>\$ 314,295</u>

The terms of purchases from associates are based on product type, market competition conditions and other transaction 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, 2024	December 31, 2023
Accounts receivable - related parties		
Associates	\$ 22,891	\$ 15,524
Other related parties	-	1,183
	<u>\$ 22,891</u>	<u>\$ 16,707</u>
Other receivables - related parties		
Associates	\$ -	\$ 922

The outstanding receivables due from related parties mainly pertain to sales transactions and are unsecured and no allowance for uncollectible accounts was recognized. Other receivables are dividends receivable and payments on behalf of related parties.

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

	December 31, 2024	December 31, 2023
Notes and accounts payable - related parties		
Associates	\$ 52,011	\$ 57,089
Other payables - related parties		
Associates	\$ 3,772	\$ 3,537

The outstanding payables due from related parties pertain to purchase transactions and are unsecured.

E. Prepayments to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other current assets		
Associates	\$ 5,823	\$ 20,778

Prepayments to related parties mainly pertain to prepaid software usage fee and deposit.

F. Property transactions

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment		
Associates	\$ -	\$ 1,285
Other related parties		
AIDC Investment Corp. (Note)	-	200,000
Acquisition of intangible assets		
Associates	1,575	-
	<u>\$ 1,575</u>	<u>\$ 201,285</u>

Note: The Board of Directors during its meeting on October 30, 2023 adopted a resolution to purchase the land located at the Hwa Ya Technology Park from AIDC Investment Corp. for the purpose of plant construction. The land purchase agreement was signed on November 27, 2023, for a total price of \$1,873,080. The Company has already paid the first installment of \$200,000 on December 12, 2023, with the remaining amount expected to be made within thirty days after the transfer of ownership of the land to the Company.

G. Other related party transactions

(a) Operating expenses

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Selling expenses		
Associates	\$ 1,124	\$ 196
General and administrative expenses		
Associates	\$ 44,187	\$ 44,146
Research and development expense		
Associates	\$ 4,080	\$ 7,910

Main expense transactions between the Group and related parties include research and development expenses, 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) Interest income

	For the years ended December 31,	
	2024	2023
Interest income		
Associates	\$ -	\$ 2

(c) Other income

	For the years ended December 31,	
	2024	2023
Rental income		
Other related parties	\$ 1,203	\$ 1,431
Other income		
Associates	\$ 84	\$ 96
Other related parties	10,429	10,426
	\$ 10,513	\$ 10,522

Lease contracts between the Group and its associates were based on market rental prices and had normal payment terms. Revenue contracts for technical services between the Group and its associates 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.

(d) Dividend income

	For the years ended December 31,	
	2024	2023
Associates (classified as a deduction of investment accounted for under equity method)	\$ 308,687	\$ 199,101

(e) Disposal of equity interest to related parties

On February 23, 2024, the Group sold its 2.4% equity interest in AMX to the management of AMX for a cash consideration of \$1,478. There were no transactions involving the sale of equity interest to related parties during the year ended December 31, 2023.

(4) Key management compensation

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 51,313	\$ 47,969
Post-employment benefits	533	564
Share-based payment	31,417	16,388
	\$ 83,263	\$ 64,921

8. PLEGGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2024	December 31, 2023	
Pledged deposits (classified as financial assets at amortised cost - current)	\$ 11,892	\$ 14,176	Lease mortgage
Demand deposits (classified as financial assets at amortised cost-current)	-	4,343	Performance guarantee
Financial assets at fair value through profit or loss - current	542,517	-	Public Tender Offer Guarantee (Aures)
Property, plant and equipment			
Land	-	99,594	Long-term borrowings
Buildings	-	127,812	Long-term borrowings
	<u>\$ 554,409</u>	<u>\$ 245,925</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2024, the unpaid amount under the contract for the acquisition of land at the Hwa Ya Technology Park from AIDC Investment Corp. was \$1,673,080. Refer to Note 7(3)6.
- B. As of December 31, 2024, the Group has signed a contract for the construction of Linkou Smart Campus Phase III amounting to \$3,394, for which no payment has been made yet.
- C. As of December 31, 2024, the Group has signed a contract for the construction of Hwa Ya Technology Park Phase II amounting to \$3,153,821, for which no payment has been made yet.
- D. As of December 31, 2024, the Group has signed a contract for the construction of ANA factory and buildings amounting to USD 66,891 thousand, for which no payment has been made yet.
- E. As of December 31, 2024, the Group has signed a contract for the construction of a solar power system project of Yan Xu Green Electricity Co., Ltd. amounting to \$498,699, for which no payment has been made yet.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. Refer to Note 6(19) 6.
- B. The Company has obtained the approval of the Autorite des Marches Financiers for its tender offer for all the issued and outstanding ordinary shares of Aures Technologies S.A. (hereinafter referred to as "Aures") (the "Tender Offer"). The offer price under the Tender Offer is €6.31 for each share

of Aures and the total number of shares subject to the Tender Offer is 2,510,622 shares. The offer period commenced on February 13, 2025 and will expire on April 10, 2025. The terms of the Tender Offer are in line with the resolution approved by the Company's board of directors on April 26, 2024.

C. On February 27, 2025, the board of directors of the Company adopted a resolution to increase the capital of the subsidiary, ACI KY, by USD 30,000 thousand.

D. On February 27, 2025, the board of directors of the Company adopted a resolution to increase the capital of the subsidiary, Advantech Corporate Investment, by \$1,000,000.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, issue new shares or borrow debt to balance the overall capital structure. The Group monitors capital structure based on the calculation of net debt (borrowings offset by cash and cash equivalents) divided by total equity (comprising issued capital, reserves, retained earnings, other equity, and non-controlling interests).

During 2024, the Group's strategy was to maintain the ratio within reasonable range, which was unchanged from 2023.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,120,657	\$ 11,525,447
Financial assets at amortised cost (Note 1)	24,826,793	22,070,911
Financial assets at fair value through other comprehensive income		
Equity instruments	2,787,271	2,951,234
<u>Financial liabilities</u>		
Financial liabilities at fair value through other comprehensive income		
Financial liabilities held for trading	\$ 7,902	\$ 635
Financial liabilities at amortised cost (Note 2)	11,802,349	10,840,114
Lease liabilities	1,879,922	1,717,296

Note 1: The balances included cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties and refundable deposits, etc.

Note 2: The balances included short-term borrowings, notes and accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received, etc.

B. Financial risk management policies

- (a) The Group's major financial instruments included equity investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group'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 Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.
- (b) The Group 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 Group'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 Group 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 Group's current derivative instrument management.

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

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

Exchange rate risk

- i. The Group undertook operating activities and investments in foreign operations denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group 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 Group to mitigate but not fully eliminate the effect.

- ii. The maturities of the Group'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 recognized in financial assets or liabilities at fair value through profit or loss. Refer to Note 6(2).
- iii. The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2024			
	Foreign currency amount		Book value (NTD)
	(in thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 192,411	32.785	\$ 6,308,181
CNY:NTD	1,194,247	4.478	5,347,840
EUR:NTD	55,384	34.140	1,890,801
USD:CNY	92,468	7.3213	3,031,575
USD:EUR	35,223	0.9603	1,154,780
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	116,537	32.785	3,820,672
CNY:NTD	456,943	4.478	2,046,189
USD:CNY	32,940	7.3213	1,079,928
USD:EUR	15,630	0.9603	512,433

December 31, 2023

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 213,207	30.705	\$ 6,546,507
CNY:NTD	998,274	4.327	4,319,531
EUR:NTD	22,004	33.980	747,699
USD:CNY	85,547	7.0961	2,626,731
USD:EUR	30,701	0.9036	942,688
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	115,131	30.705	3,535,111
CNY:NTD	475,588	4.327	2,057,868
USD:CNY	29,198	7.0961	896,537
USD:EUR	11,776	0.9036	361,592

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$283,899 and \$28,832, 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 group entities.

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

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the year ended December 31, 2024				
Sensitivity Analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	63,082	\$ -
CNY:NTD	1%		53,478	-
EUR:NTD	1%		18,908	-
USD:CNY	1%		30,316	-
USD:EUR	1%		11,548	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		38,207	-
CNY:NTD	1%		20,462	-
USD:CNY	1%		10,799	-
USD:EUR	1%		5,124	-
For the year ended December 31, 2023				
Sensitivity Analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	65,465	\$ -
CNY:NTD	1%		43,195	-
EUR:NTD	1%		7,477	-
USD:CNY	1%		26,267	-
USD:EUR	1%		9,427	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		35,351	-
CNY:NTD	1%		20,579	-
USD:CNY	1%		8,965	-
USD:EUR	1%		3,616	-

Interest rate risk

- i. The Group is exposed to interest rate risk because entities in the Group maintain both floating and fixed interest rates of bank deposits and borrowings. The Group does not operate hedging instruments for interest rates. The Group'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 Group's financial assets and financial liabilities with exposure to interest rates at the end of the balance sheet date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
- Financial assets	\$ 4,585,866	\$ 3,506,951
- Financial liabilities	2,115,319	1,913,786
Cash flow interest rate risk		
- Financial assets	9,958,905	9,135,207
- Financial liabilities	37,000	159,740

- iii. The sensitivity analyses below were determined based on the Group'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 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 Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased by \$49,610 and \$44,877, respectively. Had interest rates been 50 basis points lower, the effects on the Group'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 and borrowings.

Price risk

- i. The Group is exposed to equity price risk through its investments in listed and OTC equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments trading in Taiwan.
- ii. If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2024 and 2023 would have increased by \$6,500 and \$3,255, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would

have increased by \$27,873 and \$29,512, 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 profit and other comprehensive income would have decreased by the same respective amounts.

iii. The Group'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 counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized 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 Group's credit policy, each entity in the Group 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 customers, 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 Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.
- iv. The Group 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. As there were various loss patterns for different customer geographical segments, the Group adopts respective approaches to prepare the provision matrix for loss allowance based on past due status of the Group's different geographical customer base, and sets out the expected credit loss rate for accounts receivable that are overdue and based on geographical economic conditions.

- 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 Group will provide impairment loss in full. However, the Group will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognized in profit or loss.
- vi. The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of notes and accounts receivable from general credit conditions customers. The provision matrix as of December 31, 2024 and 2023 is as follows:

	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<u>December 31, 2024</u>						
Expected credit loss rate	0%~10%	0%~95%	15%~100%	65%~100%	100%	
Total book value	\$ 8,971,338	\$ 1,139,008	\$ 22,832	\$ 10,682	\$ 107,060	\$10,250,920
Loss allowance (lifetime expected credit losses)	(15,772)	(9,576)	(8,660)	(9,120)	(107,060)	(150,188)
Amortised cost	<u>\$ 8,955,566</u>	<u>\$ 1,129,432</u>	<u>\$ 14,172</u>	<u>\$ 1,562</u>	<u>\$ -</u>	<u>\$10,100,732</u>
	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<u>December 31, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 8,220,242	\$ 978,515	\$ 55,847	\$ 82,768	\$ 70,199	\$ 9,407,571
Loss allowance (lifetime expected credit losses)	-	(30,719)	(15,872)	(36,238)	(70,199)	(153,028)
Amortised cost	<u>\$ 8,220,242</u>	<u>\$ 947,796</u>	<u>\$ 39,975</u>	<u>\$ 46,530</u>	<u>\$ -</u>	<u>\$ 9,254,543</u>

- vii. The Group individually assesses the customers that have low credit rating and default. As of December 31, 2024 and 2023, the carrying amount of notes and accounts receivable amounted to \$747 and \$798, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$747 and \$798, respectively.

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

	2024	2023
Balance at January 1	\$ 153,826	\$ 123,291
Provision for impairment loss	44,263	32,131
Amounts written off (Note 1)	(27,103)	(1,648)
Changes due to loss of control of subsidiaries (Note 2)	(36,581)	-
Effect of business combination	13,752	-
Net exchange differences	2,778	52
Balance at December 31	<u>\$ 150,935</u>	<u>\$ 153,826</u>

Note 1: The Group wrote off accounts receivable and related loss allowance for the years ended December 31, 2024 and 2023 amounting to \$27,103 and \$1,648, respectively, as the customers' accounts receivable have aged more than 2 years and the legal attest letters were served without receivables collected.

Note 2: Refer to Note 4(3) for details.

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

	December 31, 2024			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 928,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,283</u>
Financial assets at fair value through profit or loss	<u>\$ 653,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,772</u>
	December 31, 2023			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 1,630,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,630,578</u>
Financial assets at fair value through profit or loss	<u>\$ 402,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,137</u>

The financial assets at amortised cost held by the Group are all time deposits in banks with original maturity period of more than three months. The financial assets at fair value through profit or loss held by the Group are convertible corporate bonds issued by listed and OTC companies and ordinary corporate bonds issued by public company. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

- i. The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.
- ii. The Group relies on bank borrowings as one of the significant source of liquidity. As of December 31, 2024 and 2023, the Group's undrawn bank borrowing facilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured borrowing facilities		
- Amount used (Note)	\$ 44,029	\$ 253,096
- Amount unused	<u>6,968,376</u>	<u>6,893,319</u>
	<u>\$ 7,012,405</u>	<u>\$ 7,146,415</u>
Secured bank overdraft facilities		
- Amount used (Note)	<u>\$ -</u>	<u>\$ 118,500</u>

Note: As of December 31, 2024 and 2023, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$37,000 and \$356,230, respectively, and lease and salary guarantees amounting to \$7,029 and \$15,366, respectively.

- iii. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves of bank borrowing facilities and continuously monitoring forecast and actual cash flows.
- iv. Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group'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 Group 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.

For non-derivative financial liabilities subject to floating interest rates, the undiscounted amounts were derived from the interest rate curve at the balance sheet date.

December 31, 2024

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,861,835	\$ 2,544,842	\$ 1,066,748	\$ -
Lease liability	26,815	58,245	235,931	2,007,345
Floating rate instruments	83	166	746	38,222
Fixed rate instruments	7,777	17,153	95,671	130,743
	<u>\$ 7,896,510</u>	<u>\$ 2,620,406</u>	<u>\$ 1,399,096</u>	<u>\$ 2,176,310</u>

December 31, 2023

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,395,636	\$ 1,766,642	\$ 1,321,606	\$ -
Lease liability	22,603	44,935	181,001	1,916,489
Floating rate instruments	60,015	50,350	50,969	-
Fixed rate instruments	118,815	65,197	12,930	-
	<u>\$ 7,597,069</u>	<u>\$ 1,927,124</u>	<u>\$ 1,566,506</u>	<u>\$ 1,916,489</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the balance sheet date.

v. Liquidity tables for derivative financial liabilities

The following tables detail the Group'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, 2024

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Total</u>
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 416,958	\$ 366,064	\$ -	\$ 783,022
- Outflows	(420,600)	(369,578)	-	(790,178)
	<u>(\$ 3,642)</u>	<u>(\$ 3,514)</u>	<u>\$ -</u>	<u>(\$ 7,156)</u>

December 31, 2023

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Total</u>
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 609,957	\$ 380,431	\$ -	\$ 990,388
- Outflows	(596,280)	(377,583)	-	(973,863)
	<u>\$ 13,677</u>	<u>\$ 2,848</u>	<u>\$ -</u>	<u>\$ 16,525</u>

- vi. The Group does not expect the timing of occurrence 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, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortised cost (current and non-current), refundable deposits, short-term borrowings, notes and accounts payable, other payables (including related parties), other current liabilities, guarantee deposits received, lease liabilities and long-term borrowings (including current portion) 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:

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - recurring fair value measurements				
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 746	\$ -	\$ 746
Listed, OTC and emerging stocks	345,013	-	231,417	576,430
Unlisted and non-OTC stocks	-	-	73,573	73,573
Ordinary corporate bonds	653,772	-	-	653,772
Fund beneficiary certificates	<u>5,651,332</u>	<u>-</u>	<u>2,164,804</u>	<u>7,816,136</u>
	<u>6,650,117</u>	<u>746</u>	<u>2,469,794</u>	<u>9,120,657</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 2,620,028	\$ -	\$ -	\$ 2,620,028
Unlisted and non-OTC stocks	<u>-</u>	<u>-</u>	<u>167,243</u>	<u>167,243</u>
	<u>2,620,028</u>	<u>-</u>	<u>167,243</u>	<u>2,787,271</u>
	<u>\$ 9,270,145</u>	<u>\$ 746</u>	<u>\$ 2,637,037</u>	<u>\$ 11,907,928</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 7,902</u>	<u>\$ -</u>	<u>\$ 7,902</u>

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - recurring fair value measurements				
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 17,160	\$ -	\$ 17,160
Listed and OTC stocks	186,017	-	-	186,017
Unlisted and non-OTC stocks	-	-	139,496	139,496
Convertible corporate bonds	34,965	109,184	-	144,149
Ordinary corporate bonds	257,988	-	-	257,988
Fund beneficiary certificates	8,566,902	-	2,213,735	10,780,637
	<u>9,045,872</u>	<u>126,344</u>	<u>2,353,231</u>	<u>11,525,447</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 2,465,721	\$ -	\$ -	\$ 2,465,721
Unlisted and non-OTC stocks	-	-	485,513	485,513
	<u>2,465,721</u>	<u>-</u>	<u>485,513</u>	<u>2,951,234</u>
Assets - non-recurring fair value measurements				
Non-current assets held for sale (Note)	-	-	495,124	495,124
	<u>\$ 11,511,593</u>	<u>\$ 126,344</u>	<u>\$ 3,333,868</u>	<u>\$ 14,971,805</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 635	\$ -	\$ 635

Note: Under IFRS 5, assets held for sale must be measured at fair value less costs to sell when the fair value less the cost to sell is lower than the carrying amount.

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

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

	<u>Listed and OTC stocks</u>	<u>Open-end fund</u>	<u>Corporate bonds</u>
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 Group 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 Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group'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 consolidated 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, 2024 and 2023.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

For the year ended December 31, 2024

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 2,353,231	\$ 485,513	\$ 2,838,744
Purchases	303,140	-	303,140
Acquired from business combinations	-	20,000	20,000
Recognized in profit or loss	(39,081)	-	(39,081)
Recognized in other comprehensive income	-	(338,270)	(338,270)
Others	(147,496)	-	(147,496)
Balance at December 31	<u>\$ 2,469,794</u>	<u>\$ 167,243</u>	<u>\$ 2,637,037</u>

For the year ended December 31, 2023

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 2,182,173	\$ 551,359	\$ 2,733,532
Purchases	211,949	-	211,949
Recognized in profit or loss	(40,891)	-	(40,891)
Recognized in other comprehensive income	-	(65,846)	(65,846)
Balance at December 31	<u>\$ 2,353,231</u>	<u>\$ 485,513</u>	<u>\$ 2,838,744</u>

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

Derivatives held by the Group 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; Convertible bonds are evaluated using a binomial tree model. Parameters utilized in the calculation include: stock price, conversion price, stock price volatility, remaining term, risk-free interest rate, and number of periods to maturity. Discounting is performed based on the time of maturity and risk discount rate.

G. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Emerging stocks	<u>\$ 23,607</u>	Market comparable companies	Price-to-book ratio	2.11~3.97	The higher the value multiple, the higher the fair value
Unlisted and non-OTC stocks	<u>\$ 240,816</u>	Net asset value	Not applicable	Not applicable	Not applicable
Private placement shares (listed companies)	<u>\$ 207,810</u>	Market price method	Discount for lack of marketability	Not applicable	The higher the discount for lack of marketability, the lower the fair value
Beneficiary certificates	<u>\$ 2,164,804</u>	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	\$ 625,009	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 2,213,735	Net asset value	Not applicable	Not applicable	Not applicable
Non-financial instrument:					
Non-current assets held for sale	\$ 495,124	Sales comparison approach and income approach	Not applicable	Not applicable	Not applicable

(4) Others

Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$59.786 billion for the year ended December 31, 2024, a decrease of 7% over the same period last year. The gross profit was NT\$24.376 billion (gross profit margin was 40.8%), the consolidated net profit after tax was NT\$9.005 billion (a decreased of 17% YoY), and the basic earnings per share was \$10.45 (in dollars) for the year ended December 31, 2024.

The Group's consolidated operating revenue reached NT\$16.314 billion for the three-month period ended December 31, 2024, an increase of 8% over the same period last year. The gross profit was NT\$6.724 billion (gross profit margin was 41.2%), the consolidated net profit after tax was NT\$2.641 billion (net profit margin was 16.2%), and the basic earnings per share was \$3.06 (in dollars) for the three-month period ended December 31, 2024.

Regarding the operating results of the Group for the year ended December 31, 2024, in US dollar, the Group achieved an overall revenue of US\$1,869 million, a decrease of 10% YoY. In terms of a geographic overview, Taiwan was the best performer with a 18% YoY growth; North America and Europe experienced double-digit decline YoY; while China, North Asia and Emerging markets declined in single-digit YoY. In terms of business units, only Industrial-IoT Group (IIoT) grew by 1% compared to the same period last year, though the rest of the business units declined YoY with weaker performances.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

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

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): 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: Refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2) and 12.
- J. Significant inter-company transactions during the reporting periods: Refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 11.

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 unrealized gains or losses: Refer to tables 7, 8 and 9.

(4) Major shareholders information

Major shareholders information: Refer to table 12.

14. SEGMENT INFORMATION

(1) General information

Information is reported to the chief operating decision maker for the assessment of segment performance, business analysis, and the resource deployment judgment. Reportable segments are as follows:

- A. Industrial-IoT Group (IIoT): Focus on the market of industrial internet-of-things;
- B. Embedded-IoT Group (EIoT): Provide services involving embedded boards, systems and peripheral hardware and software;
- C. Applied Computing Group (ACG): Includes Networks and Communications, data acquisition and control, and provide the customized collaboration designs and services;
- D. Edge Server Group (ESG) (Formerly ICVG): Responsible for the Industrial cloud related market, specializing in video streaming, enterprise network, communication and cloud platform application products.
- E. Service-IoT Group (SIoT): Provide services involving digital logistics, digital healthcare and intelligent retail, etc;
- F. Advantech Service Plus and Others (AS+ and Others): Global repair, technical support and warranty services, etc.

(2) Measurement of segment information

The chief operating decision maker considers each service as separate operating segment. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- A. These operating segments have similar long-term gross profit margins; and
- B. The nature of the products and production processes are similar.

The following is an analysis about reportable segment provided to the chief operating decision maker.

For the year ended December 31, 2024

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Avantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 17,563,629	\$ 14,921,669	\$ 9,030,403	\$ 5,894,191	\$ 5,780,101	\$ 6,596,300	\$ 59,786,293
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 17,563,629</u>	<u>\$ 14,921,669</u>	<u>\$ 9,030,403</u>	<u>\$ 5,894,191</u>	<u>\$ 5,780,101</u>	<u>\$ 6,596,300</u>	59,786,293
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,786,293</u>
Segment income	<u>\$ 5,272,849</u>	<u>\$ 2,986,103</u>	<u>\$ 1,741,183</u>	<u>\$ 849,198</u>	<u>\$ 480,438</u>	<u>\$ 611,823</u>	11,941,594
Interest and other income							973,384
Other unamortised expenses							(2,891,825)
Other gains and losses							646,476
Finance costs							(94,357)
Share of profit of associates accounted for under equity method							<u>399,256</u>
Profit from continuing operations before tax							<u>\$ 10,974,528</u>

For the year ended December 31, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 16,880,074	\$ 16,600,587	\$ 9,865,845	\$ 7,444,691	\$ 6,173,251	\$ 7,603,249	\$ 64,567,697
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 16,880,074</u>	<u>\$ 16,600,587</u>	<u>\$ 9,865,845</u>	<u>\$ 7,444,691</u>	<u>\$ 6,173,251</u>	<u>\$ 7,603,249</u>	64,567,697
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	64,567,697
Segment income	<u>\$ 5,383,259</u>	<u>\$ 3,893,919</u>	<u>\$ 2,279,025</u>	<u>\$ 1,287,581</u>	<u>\$ 809,282</u>	<u>\$ 506,838</u>	14,159,904
Interest and other income							670,010
Other unamortised expenses							(2,031,654)
Other gains and losses							125,480
Finance costs							(45,554)
Share of profit of associates accounted for under equity method							388,513
Profit from continuing operations before tax							<u>\$ 13,266,699</u>

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' remuneration, share of profits of associates accounted for under equity method, gain or loss recognized on the disposal of associates, rental income, interest income, gain or loss on disposal of property, plant and equipment, gains or losses on disposal of investments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(3) Revenue from major products and services

The following is an analysis of the Group's major products and services:

	For the years ended December 31,	
	2024	2023
Embedded boards and chassis	\$ 24,481,581	\$ 34,679,628
Industrial computer and industrial control	29,136,515	22,911,585
After-sales service and others	6,168,197	6,976,484
	<u>\$ 59,786,293</u>	<u>\$ 64,567,697</u>

(4) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Revenue from external customers		Non-current assets	
	For the years ended December 31,			
	2024	2023	December 31, 2024	December 31, 2023
Taiwan	\$ 3,858,601	\$ 3,209,762	\$ 9,269,229	\$ 9,250,312
Asia	22,130,131	22,146,470	3,201,009	3,091,860
USA	19,003,633	21,150,806	4,128,948	3,307,654
Europe	9,931,332	12,068,545	965,024	560,594
Others	4,862,596	5,992,114	4,765	5,628
	<u>\$ 59,786,293</u>	<u>\$ 64,567,697</u>	<u>\$ 17,568,975</u>	<u>\$ 16,216,048</u>

(5) Major customer information

No single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2024 and 2023.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2024

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 D)	Ending Balance (Note D)	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		Limit on loans granted to a single party (Note G)	Ceiling on total loans granted
													Item	Value		
0	ADVANTECH CO., LTD.	AKR	Other receivable - related parties	Yes	\$ 164,175	\$ 163,925	\$ -	3%~4%	Short-term financing	\$ -	Operating need	\$ -	None	\$ -	\$ 5,142,835 (Note B)	\$ 10,285,670 (Note B)
0	ADVANTECH CO., LTD.	Aures RTG	Other receivable - related parties	Yes	98,355	98,355	98,355	3%~4%	Short-term financing	-	Operating need	-	None	-	5,142,835 (Note B)	10,285,670 (Note B)
1	LNC (Note F)	LNCMac	Other receivable - related parties	Yes	60,000	60,000	25,000	Note E	Short-term financing	-	Operating need	-	None	-	95,328 (Note C)	95,328 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	49,178	49,178	49,067	7.00%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	86,623	86,623	86,623	2.07%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	9,836	9,836	9,836	3.35%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	9,836	9,836	9,836	4.03%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	3,279	3,279	3,279	4.03%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	6,557	6,557	6,557	4.19%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	4,918	4,918	4,918	4.46%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	13,114	13,114	13,114	4.52%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	11,475	11,475	11,475	4.10%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	147,533	147,533	147,533	7.00%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	47,538	47,538	47,538	1.86%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	86,623	86,623	86,623	2.07%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	4,590	4,590	4,590	1.46%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	13,114	13,114	13,114	1.92%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	4,847	4,847	4,847	4.34%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	9,836	9,836	9,836	3.35%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	9,836	9,836	9,836	4.03%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	3,279	3,279	3,279	4.03%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	6,557	6,557	6,557	4.19%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	4,918	4,918	4,918	4.46%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	13,114	13,114	13,114	4.52%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the period (Note D)	Ending Balance (Note D)	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		Limit on loans granted to a single party (Note G)	Ceiling on total loans granted
													Item	Value		
3	Aures	Aures AGH	Other receivable - related parties	Yes	11,475	11,475	11,475	4.10%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)

Note A: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note B: The financing limit for each borrower and for the aggregate financing were 10% and 20%, respectively of ADVANTECH CO., LTD.'s net worth based on the latest audited or reviewed report.

Note C: The financing limit for each borrower and for the aggregate financing were both 40% of LNC's net worth based on the latest audited or reviewed report.

Note D: The maximum balance for the period and ending balance are approved by the board of directors of creditors.

Note E: The interest rate is calculated according to the actual bank borrowing rate based on mutual agreement.

Note F: The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Thus, the above information only pertains to transactions when the Group had control over LNC and its subsidiaries.

Note G: The total amount of loans lent by Aures to Aures AGH and by Aures AGH to Aures RTG exceeded their respective limits on loans granted to a single party.

The conversion of the related loan amounts into equity in the borrowing entities had been approved by the board of directors on February 27, 2025.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD and foreign currencies
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	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
		Company name	Relationship with the endorser/guarantor										
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 5,142,835	\$ 656,700	\$ -	\$ -	\$ -	0.00	\$ 15,428,506	Y	N	Y
					USD 20,000								
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	5,142,835	656,700	-	-	-	0.00	15,428,506	Y	N	N
					USD 20,000								
0	ADVANTECH CO., LTD.	AJP	Subsidiary	5,142,835	333,000	-	-	-	0.00	15,428,506	Y	N	N
					JPY 1,500,000								
0	ADVANTECH CO., LTD.	AEU	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	ANA	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	AAC MT	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	ACI	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	5,142,835	197,010	-	-	-	0.00	15,428,506	Y	N	Y
					USD 6,000								
0	ADVANTECH CO., LTD.	AKR	Subsidiary	5,142,835	197,010	-	-	-	0.00	15,428,506	Y	N	N
					USD 6,000								
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	5,142,835	98,505	-	-	-	0.00	15,428,506	Y	N	N
					USD 3,000								
0	ADVANTECH CO., LTD.	AIH	Subsidiary	5,142,835	98,505	-	-	-	0.00	15,428,506	Y	N	N
					USD 3,000								
0	ADVANTECH CO., LTD.	ABR	Subsidiary	5,142,835	49,253	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,500								
0	ADVANTECH CO., LTD.	AVN	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	ARU	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	Y
					USD 1,000								
0	ADVANTECH CO., LTD.	ATR	Subsidiary	5,142,835	16,418	-	-	-	0.00	15,428,506	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	5,142,835	16,418	-	-	-	0.00	15,428,506	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	5,142,835	16,418	-	-	-	0.00	15,428,506	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	AAU	Subsidiary	5,142,835	6,567	-	-	-	0.00	15,428,506	Y	N	N
					USD 200								
0	ADVANTECH CO., LTD.	AMY	Subsidiary	5,142,835	3,284	-	-	-	0.00	15,428,506	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	ASG	Subsidiary	5,142,835	3,284	-	-	-	0.00	15,428,506	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	ATH	Subsidiary	5,142,835	3,284	-	-	-	0.00	15,428,506	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	AID	Subsidiary	5,142,835	1,642	-	-	-	0.00	15,428,506	Y	N	N
					USD 50								
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary	5,142,835	526,680	526,680	37,000	-	1.02	15,428,506	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, 2024 were USD\$1= NT\$32.785, and JPY\$1=NT\$0.21.

Note D: The net equity is from the latest audited or reviewed report.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Holding Company Name	Marketable Securities		Relationship with the securities issuer	General ledger account	As of December 31, 2024				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	3,639,461	\$ 2,241,908	0.49	\$ 2,241,908	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	144,000	2.35	144,000	Note A
ADVANTECH CO., LTD.	Stock	AIMobile	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,566,000	-	9.81	-	Note C
ADVANTECH CO., LTD.	Bond	Taiwan Power Company 7th Unsecured Corporate Bond in 2022 - Tranche A	None	Financial assets at fair value through profit or loss - current	1,000,000	100,281	-	100,281	Note A
ADVANTECH CO., LTD.	Bond	CRP NVDA 3.2 091626	None	Financial assets at fair value through profit or loss - non-current	-	160,751	-	160,751	Note A
ADVANTECH CO., LTD.	Bond	TSMC 1st Unsecured Corporate Bond in 2024 - Tranche B	None	Financial assets at fair value through profit or loss - non-current	1,000,000	98,165	-	98,165	Note A
ADVANTECH CO., LTD.	Bond	Johnson & Johnson 4.9% S/A 06/01/31	None	Financial assets at fair value through profit or loss - non-current	-	99,100	-	99,100	Note A
ADVANTECH CO., LTD.	Bond	Meta Platforms Inc - Class A 4.8% S/A 05/15/30	None	Financial assets at fair value through profit or loss - non-current	-	99,137	-	99,137	Note A
ADVANTECH CO., LTD.	Bond	TSMC Global Ltd. 4.625% S/A 07/22/32	None	Financial assets at fair value through profit or loss - non-current	-	96,338	-	96,338	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	141,328,727	2,256,567	-	2,256,567	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	95,849,709	1,565,389	-	1,565,389	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	None	Financial assets at fair value through profit or loss - current	43,593,499	500,248	-	500,248	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	22,178,094	313,765	-	313,765	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	BNP PAR. MOIS	None	Financial assets at fair value through profit or loss - current	7,471	271,175	-	271,175	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	BNPP MONEY	None	Financial assets at fair value through profit or loss - current	322	271,342	-	271,342	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	81,802	6.94	81,802	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	464,695	23,607	0.65	23,607	Note A
ACI	Stock	TXC CORPORATION	None	Financial assets at fair value through profit or loss - non-current	588,000	59,094	0.17	59,094	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	45,390	0.04	45,390	Note A
ACI	Stock	Apacer Technology Inc.	None	Financial assets at fair value through profit or loss - non-current	6,041,000	207,810	4.69	207,810	Note D
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,951,000	234,120	3.83	234,120	Note A
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	Note C
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,758	6.82	3,758	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	Stock	DotZero	None	Financial assets at fair value through other comprehensive income or loss - non-current	415,245	-	7.55	-	Note C
ACI	Stock	ITTS	None	Financial assets at fair value through profit or loss - current	3,527,273	158,727	12.91	158,727	Note A
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	15,843,498	224,146	-	224,146	Note B
ACI	Beneficiary certificates	GB-IX JAPAN FUND	None	Financial assets at fair value through profit or loss - non-current	-	13,292	5.54	13,292	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	73,573	6.07	73,573	Note B
Advanix Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	10,597,433	163,949	-	163,949	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	548,770	8,489	-	8,489	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	112,468	1,739	-	1,739	Note B
Expotech Co., Ltd.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	1,893,043	26,782	-	26,782	Note B
Expotech Co., Ltd.	Stock	JiaTech International Investment Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,000,000	20,000	3.25	20,000	Note C
Cermate (Taiwan)	Beneficiary certificates	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	3,649,783	47,741	-	47,741	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	879,577	-	879,577	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	590,241	-	590,241	Note B
ACI CN	Stock	Shanghai Shangchuang Xinwei Investment Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	-	134,976	8.33	134,976	Note C
ACI CN	Beneficiary certificates	Tianying Heyan (Hengqin) Investment Management Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	477,287	-	477,287	Note B
ACI CN	Beneficiary certificates	Tianying Hehua (Ningbo) Venture Investment Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	204,407	-	204,407	Note B

Note A: Market value was based on the closing price on December 31, 2024.

Note B: Market value was based on the net asset values of the open-ended funds on December 31, 2024.

Note C: The fair values are estimated from the net worth from the latest financial statements.

Note D: The fair values are estimated from the closing price on December 31, 2024.

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, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable Securities			General ledger account	Counterparty	Relationship	Balance as at January 1, 2024		Acquisition		Disposal			Balance as at December 31, 2024			
Company Name	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation (Note B)	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	127,399,045	\$ 2,005,070	18,990,347	\$ 300,000	5,060,665	\$ 80,000	\$ 79,511	\$ 489	\$ 31,008	141,328,727	\$ 2,256,567
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market Fund	Note A	None	None	42,642,722	550,070	250,776,868	3,250,003	293,419,590	3,812,230	3,800,004	12,226 (	69)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	Note A	None	None	142,874,321	2,369,842	-	-	142,874,321	2,388,930	2,356,784	32,146 (	13,058)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	Note A	None	None	46,707,871	752,155	138,423,613	2,250,000	89,281,775	1,450,000	1,441,783	8,217	5,017	95,849,709	1,565,389
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	Note A	None	None	177,439,819	2,007,767	43,593,499	500,000	177,439,819	2,024,145	2,000,006	24,139 (	7,513)	43,593,499	500,248
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	-	-	22,178,094	310,002	-	-	-	-	3,763	22,178,094	313,765
ACI	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	50,071,292	698,119	20,461,946	287,500	54,689,740	769,000	763,935	5,065	2,462	15,843,498	224,146

Note A: It is recorded as financial assets at fair value through profit or loss - current.

Note B: Includes gain (loss) on valuation and effect of exchange rate changes.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
December 31, 2024

Table 5

Expressed in thousands of NTD and foreign currencies
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship	Information on prior transaction if the counterparty is a related party				Pricing Reference	Purpose of Acquisition	Other commitments
							Property Terms Owner	Relationship	Transfer date	Amount			
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Based on percentage of construction completed; as of December 31, 2024, a total of \$1,406,606 had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	Contract price	For the Company's expansion	None
Yan Xu Green Electricity Co., Ltd.	Real estate	2022.12.15	627,000	Based on percentage of construction completed; as of December 31, 2024, a total of \$128,301 had been paid.	RFD Micro Electricity Co., Ltd.	The same chairperson	-	-	-	\$ -	Contract price	For the Group's green electricity commitment	None
ADVANTECH CO., LTD.	Real estate	2023.10.30	1,873,080	As of December 31, 2024, a total of \$200,000 had been paid.	AIDC Investment Corp.	Other related party	-	-	-	\$ -	Market conditions and valuation reports	For operational use	None
ADVANTECH CO., LTD.	Real estate	2024.04.08	3,560,000	Based on percentage of construction completed; as of December 31, 2024, a total of \$406,179 had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	Contract price	For the Company's expansion	None
ANA	Real estate	2024.06.07	USD 71,200	Based on percentage of construction completed; as of December 31, 2024, a total of USD 4,409 had been paid.	Uprite Construction Corporation	None	-	-	-	\$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
December 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate disposed	Date of the event	Date of acquisition	Book value	Transaction amount	Status of payment	Gain on disposal	Counterparty	Relationship	Reason for disposal	Basis or reference used in setting the price	Other commitments
ADVANTECH CO., LTD.	Real estate	2024.08.01	1999.10.11~2000.03.16	\$ 182,034	\$ 450,000	Paid in installments based on the contract	\$ 267,966	EVERBIZ INDUSTRIAL CO., LTD.	Non-related party	For asset optimization	Reference to the appraisal amount provided by professional valuers and the market price	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2024

Table 7

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	\$ 13,712,277	32.18%	60 days after month-end	Contract price	No significant difference	\$ 2,923,639	24.29%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	8,498,401	19.94%	120 days after month-end	Contract price	No significant difference	4,599,426	38.22%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	6,890,960	16.17%	45 days after month-end	Contract price	No significant difference	1,564,520	13.00%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,802,316	4.23%	60 days after month-end	Contract price	No significant difference	322,436	2.68%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	1,193,316	2.80%	30 days after month-end	Contract price	No significant difference	314,915	2.62%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	386,842	0.91%	30 days after month-end	Contract price	No significant difference	52,756	0.44%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	351,447	0.82%	45 days after month-end	Contract price	No significant difference	53,295	0.44%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	247,039	0.58%	45 days after month-end	Contract price	No significant difference	58,558	0.49%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	209,038	0.49%	45 days after month-end	Contract price	No significant difference	12,556	0.10%
ADVANTECH CO., LTD.	AMX	Subsidiary	Sales	184,006	0.43%	30 days after month-end	Contract price	No significant difference	19,713	0.16%
ADVANTECH CO., LTD.	AIN	Subsidiary	Sales	147,090	0.35%	45 days after month-end	Contract price	No significant difference	22,564	0.19%
ADVANTECH CO., LTD.	ABR	Subsidiary	Sales	164,831	0.39%	30 days from the invoice date	Contract price	No significant difference	44,068	0.37%
ADVANTECH CO., LTD.	ATH	Subsidiary	Sales	107,765	0.25%	45 days after month-end	Contract price	No significant difference	16,122	0.13%
ADVANTECH CO., LTD.	AVN	Subsidiary	Sales	126,530	0.30%	45 days after month-end	Contract price	No significant difference	22,664	0.19%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	12,458,285	93.65%	90 days after month-end	Contract price	No significant difference	3,331,094	94.41%
AKMC	ACN	Fellow subsidiary	Sales	720,731	5.42%	60 days after month-end	Contract price	No significant difference	185,677	5.26%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	250,331	1.36%	30 days from the invoice date	Contract price	No significant difference	31,817	1.26%
ACZ	AEU	Fellow subsidiary	Sales	242,621	73.82%	60 days from the invoice date	Contract price	No significant difference	38,851	75.54%
LNC (Note B)	LNC Dong Guan	Sub-subsiary	Sales	102,365	83.10%	150 days after month-end	Contract price	No significant difference	-	0.00%

Note A: All intercompany transactions have been eliminated during consolidation.

Note B: The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Thus, the above information only pertains to transactions when the Group had control over LNC and its subsidiaries.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Counterparty	Relationship	Ending balance	Turnover rate	Overdue receivables		Amounts received in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
ADVANTECH CO., LTD.	ACN	Subsidiary	\$ 4,599,426	2.08	\$ 1,869,434	Monthly reconciliation and collection	\$ 917,990	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,942,015	5.16	46,422	Monthly reconciliation and collection	1,245,273	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,570,836	5.50	235,498	Monthly reconciliation and collection	1,344,817	-
ADVANTECH CO., LTD.	AKR	Subsidiary	324,115	4.63	23,264	Monthly reconciliation and collection	1,040	-
ADVANTECH CO., LTD.	AJP	Subsidiary	316,340	3.89	117,905	Monthly reconciliation and collection	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	570,766	Note	87	Monthly reconciliation and collection	354,422	-
AKMC	ADVANTECH CO., LTD.	Parent company	3,331,094	3.90	-	-	1,544,076	-
AKMC	ACN	Fellow subsidiary	185,844	5.96	-	-	292,329	-
Aures	Aures US	Sub-subsidiary	153,236	0.42	12,819	Monthly reconciliation and collection	25,052	-

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			Percentage of consolidated total operating revenues or total assets (Note C)
				General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	\$ 247,039	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ABR	1	Sales revenue	164,831	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	4,599,426	120 days after month-end	6%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	8,498,401	Usual trade terms	14%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,564,520	45 days after month-end	2%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	6,890,960	Usual trade terms	12%
0	ADVANTECH CO., LTD.	AIN	1	Sales revenue	147,090	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	314,915	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	1,193,316	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	570,766	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	322,436	60 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,802,316	Usual trade terms	3%
0	ADVANTECH CO., LTD.	AMX	1	Sales revenue	184,006	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	209,038	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,923,639	60 days after month-end	4%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	13,712,277	Usual trade terms	23%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	351,447	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ATH	1	Sales revenue	107,765	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AVN	1	Sales revenue	126,530	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	386,842	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	3,331,094	90 days after month-end	5%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	12,458,285	Usual trade terms	21%
1	AKMC	ACN	3	Receivables from related parties	185,677	60 days after month-end	0%
1	AKMC	ACN	3	Sales revenue	720,731	Usual trade terms	1%
2	ANA	ADVANTECH CO., LTD.	2	Sales revenue	250,331	Usual trade terms	0%
3	ACZ	AEU	3	Sales revenue	242,621	Usual trade terms	0%
4	LNC (Note E)	LNC Dong Guan	3	Sales revenue	102,365	Usual trade terms	0%
5	Aures	Aures US	1	Receivables from related parties	153,236	60 days after month-end	0%

Note A: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note B: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of December 31, 2024, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2024.

Note D: All intercompany transactions have been eliminated during consolidation.

Note E: The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Thus, the above information only pertains to transactions when the Group had control over LNC and its subsidiaries.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the year ended December 31, 2024

Table 10

Expressed in thousands of NTD and foreign currencies
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended		Footnote
				Balance as at December 31, 2024	Balance as at January 1, 2024	Number of shares	Ownership (%)	Carrying value		December 31, 2024 (Note C)	December 31, 2024 (Note C)	
ADVANTECH CO., LTD.	AAC MT	Malta	Overseas investment in manufacturing and services industries	\$ 247,275	\$ 247,275	11,126,887	100.00	\$ 8,526,762	\$ 577,504	\$ 567,340	Subsidiary	
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	5,847,516	377,287	369,173	Subsidiary	
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	249,780	56,370	56,370	Subsidiary	
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	3,991,847	217,463	217,488	Subsidiary	
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	28,080,142	27.37	1,281,900	769,442	210,999	Investments accounted for under equity method	
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	188,826	188,826	13,380,000	40.55	233,713 (	39,706) (	17,912)	Note F
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	91,861	93,338	16,250,003	97.50	104,267	17,147	16,311	Subsidiary	
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,119,665 (	409,697) (	413,944)	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	294,177	67,992	66,551	Subsidiary	
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	63,607	15,954	7,415	Subsidiary	
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	36,463	7,921	7,531	Subsidiary	
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,252,468	162,473	153,819	Subsidiary	
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	131,000	25,951	25,888	Subsidiary	
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	567,279	16,504	14,845	Subsidiary	
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,846	89,846	15,373,031	100.00	113,862	23,594	23,434	Subsidiary	
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	85,821	162	162	Subsidiary	
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	29,590	7,351	6,832	Subsidiary	
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use wireless hand-held mobile systems	-	180,000	-	-	-	- (	5,128)	Note D
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	15.05	697,986	559,134	83,056	Investments accounted for under equity method	
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	81,000	60.00	59,696	9,691	5,718	Subsidiary	
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	211,841	53,166	10,101	Investments accounted for under equity method	
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	-	72,416	-	0.00	- (	1,017) (	1,025)	Note I
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	138,123	105,608	462,535	100.00	33,180	3,290	2,741	Subsidiary	
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	11,547	712	712	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	8,063	27,000	270,000	90.00	2,238 (	513) (	462)	Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	50	100.00	4,537	473	473	Subsidiary	
ADVANTECH CO., LTD.	AID	Indonesia	Marketing and trade of industrial use computers	48	48	30	1.00	-	2,986	-	Subsidiary	
ADVANTECH CO., LTD.	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,471,031	1,471,031	15,230,001	100.00	584,567 (	305,938) (	306,439)	Subsidiary
ADVANTECH CO., LTD.	ACI KY	Cayman Islands	General investment	2,156,908	2,156,908	100,000,000	100.00	2,238,664	14,213	14,213	Subsidiary	
ADVANTECH CO., LTD.	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	157,275	189,000	1,327,500	45.00	92,723	135,114	60,808	Subsidiary	
ADVANTECH CO., LTD.	Aures	France	Retail electronic and computer products marketing and sales	320,775	-	1,430,381	36.32	266,192 (	106,252) (	35,652)	Note K
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	32,725	71,500	1,622,500	55.00	146,071	135,114	-	Subsidiary	
ACI	Deneng	Taiwan	Installation and sale of electronic components and software	18,095	18,095	658,000	39.69	12,860 (	799)	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	23,663,143	17.86	245,537 (	31,032)	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	481,179	502,837	28,282,000	18.54	813,355	417,524	-	Investments accounted for under equity method	
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,455	53,166	-	Investments accounted for under equity method	
ACI	DotZero	Taiwan	Intelligent metal processing integration	-	10,928	-	-	-	-	-	Note H	
ACI	Mildex	Taiwan	Electronic component manufacturing	176,168	202,948	9,874,313	12.70	153,543	21,778	-	Investments accounted for under equity method	
ACI	ITTS	Taiwan	Electronic Information Service	-	123,867	-	-	-	-	-	Note E	
ACI	Smasoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	73,270	33,270	1,088,271	40.03	25,860 (	21,366)	-	Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	16.67	7,021 (	5,910)	-	Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	116,400	4,694,800	11.25	219,688	179,213	-	Investments accounted for under equity method	
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	17.42	442,563	16,368	-	Investments accounted for under equity method	
ACI	AIH	Taiwan	Servicing of information software and data processing	-	15,369	-	-	- (	10)	-	Note J
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	126,970	25,639	-	Investments accounted for under equity method	
ACI	iSAP	Taiwan	Information software service	10,000	10,000	696,667	34.83	-	-	-	Investments accounted for under equity method	

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note C)	Footnote
				Balance as at December 31, 2024	Balance as at January 1, 2024	Number of shares	Ownership (%)	Carrying value			
ACI	IISI	Taiwan	Computer system integration service	\$ 236,524	\$ 243,086	13,913,205	19.08	\$ 267,450	\$ 42,582	\$ -	Investments accounted for under equity method
ACI	Freedom Systems	Taiwan	Electronic information service	37,500	37,500	1,769,999	20.00	42,744	15,750	-	Investments accounted for under equity method
ACI	Yan Xu Green Electricity Co., Ltd.	Taiwan	Green energy power plant development	83,325	83,325	8,332,500	82.50	80,800 (	15)	-	Subsidiary
ACI	Expotech	Taiwan	Computer system integration service	80,000	40,000	6,000,000	59.23	69,087 (	19,510)	-	Note G
ACI	EncoreMed	Malaysia	Wise Information Technology of med cloud service	54,274	54,274	66,700	30.00	52,128 (	8,105)	-	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	5,887,799	377,416	-	Subsidiary
AAC MT	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	8,996,255	577,224	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,435,108 (	400,881)	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	53,739 (	8,064)	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	62,201	15,954	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,749	4,749	2,970	99.00	16,830	2,986	-	Subsidiary
ASG	AMX	Mexico	Marketing and trade of industrial use computers	98	98	16,667	0.10	100	17,147	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	148,861	6,633	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	3,315	559	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	327,585	37,044	-	Subsidiary
ANA	ABO	USA	High-end image acquisition and AI machine vision technology, and core technologies in high speed image acquisition	108,360	108,360	210,000	100.00	72,530 (	26,101)	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	309,382	34,602	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00 (	579) (	5,670)	-	Subsidiary
Aures	Aures UK	UK	Retail electronic and computer products marketing and sales	9,965	9,965	5,000	100.00	115,110 (	9,051)	-	Subsidiary
Aures	Aures DE	Germany	Retail electronic and computer products marketing and sales	768	768	25,000	90.00	72,517 (	26,865)	-	Subsidiary
Aures	Aures AGH	USA	Holding Company	84,306	84,306	1,000	100.00	72,973 (	8,237)	-	Subsidiary
Aures	Aures J2SYSTEMS	UK	Holding Company	259,704	259,704	42,229	100.00	3,273	-	-	Subsidiary
Aures AGH	Aures RTG	USA	Maintenance, installation and technical support for Retail services	291,783	291,783	500	100.00 (	137,791) (	95,971)	-	Subsidiary
Aures J2SYSTEMS	Aures US	USA	Retail electronic and computer products marketing and sales	328	328	10,000	100.00 (	59,941) (	2,493)	-	Subsidiary
Aures J3SYSTEMS	Aures AU	Australia	Retail electronic and computer products marketing and sales	-	-	10	100.00	100	12,340	-	Subsidiary

Note A: All intercompany gains and losses from investments have been eliminated during 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.

Note D: In the second quarter of 2024, AIMobile made a capital reduction to offset the deficit and a capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27% to 9.81%, as the Group lost significant influence over AIMobile, the investment in AIMobile accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income or loss - non-current.

Note E: In the second quarter of 2024, the Group disposed part of its equity interest in ITTS, which resulted to a decrease in its equity interest from 14.61% to 14.01%.

As the Group no longer remains as ITTS's directors and lost significant influence over ITTS, the investment in ITTS accounted for under equity method was reclassified to financial assets at fair value through profit or loss - current.

Note F: In the second quarter of 2024, the Group lost control over LNC, but still has significant influence over it, and accordingly, the investment in LNC as subsidiary was reclassified to investments accounted for under equity method since the second quarter of 2024.

Note G: In the second quarter of 2024, the Group acquired 21.51% equity interest in Expotech for a cash consideration of \$40,000. As the Group obtained control over Expotech, the investment in Expotech accounted for under equity method was reclassified and accounted for as a subsidiary.

Note H: In the third quarter of 2024, as the Group no longer remains as DotZero's directors and lost significant influence over DotZero, the investment in DotZero accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income or loss - non-current.

Note I: In the fourth quarter of 2024, ARU was dissolved and liquidated.

Note J: In the fourth quarter of 2024, AIH was dissolved and liquidated.

Note K: In the fourth quarter of 2024, the Group invested \$320,775 in cash in Aures and acquired 36.32% of the shares. Since the Group acquired control over Aures, it was listed as a subsidiary.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2024

Table 11

Expressed in thousands of NTD and foreign currencies
(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, 2024		Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024		Net profit (loss) of the investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31,
				Outflow	Inflow	Outflow	Inflow							
Advantech Technology (China) Company Ltd. (AKMC) (Note D)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,434,344 USD 43,750	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,222,881 USD 37,300	\$ -	\$ -	\$ 1,222,881 USD 37,300	\$ -	\$ 377,416	100.00	\$ 369,302	\$ 5,879,685	\$ -	
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	138,681 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	174,810 USD 5,332	-	-	174,810 USD 5,332	(441,385)	100.00	(441,870)	(491,289)	3,381,773 USD 103,150		
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	298,315 CNY 66,618	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	262,280 USD 8,000	-	-	262,280 USD 8,000	135,871	100.00	135,843	1,927,369	-		
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	32,785 USD 1,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note C	-	-	Note C	502	100.00	502	30,966	-		
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,596 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	10,098 USD 308	-	-	10,098 USD 308	15,878	90.00	14,321	127,299	82,579 CNY 18,441		
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	17,048 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	18,753 USD 572	-	-	Note N	-	Note N	-	-	52,231 CNY 11,664		
Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	67,170 CNY 15,000	Other	Note E	-	-	Note E	1,504	100.00	1,504	55,304	-		
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,852 CNY 2,200	Other	Note F · I	-	-	Note F · I	(353)	Note I	(353)	-	-		
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	35,824 CNY 8,000	Other	Note F	-	-	Note F	(17,097)	21.88	(3,741)	11,393	-		
Suzhou AIIST Intelligent Technology Co., Ltd (AAY)	Smart operating room total solution	44,282 CNY 9,889	Other	Note F	-	-	Note F	(19,654)	28.09	(6,216)	102,362	-		
Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	18,360 CNY 4,100	Other	Note L	-	-	Note L	(74,985)	53.98	(40,523)	44,344	-		
Adveco Management Consulting Co., Ltd. (Adveco Management)	Enterprise management consulting, information consulting, planning, service	8,956 CNY 2,000	Other	Note L	-	-	Note L	(3)	60.00	(2)	5,327	-		
Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Enterprise management consulting, information consulting, planning, service	4,478 CNY 1,000	Other	Note M	-	-	Note M	(1)	59.94	(1)	2,684	-		
Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2)	Enterprise management consulting, information consulting, planning, service	4,478 CNY 1,000	Other	Note M	-	-	Note M	(1)	59.94	(1)	2,684	-		
Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA												
\$ 1,714,492 (USD 52,295 thousand) (Note H)	\$ 2,490,447 (USD 75,963 thousand)	\$ 30,857,011 (Note J)												

Note A: All intercompany gains and losses from investment have been eliminated during consolidation.

Note B: 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 C: Remittance by ACN.

Note D: For AKMC, there was a capital increase of US\$6,450 thousand out of earnings.

Note E: Remittance by AAC MT and ACI CN.

Note F: Remittance by ACI CN.

Note G: In the first quarter of 2022, ACN acquired 18% equity interest in ACI CN for a cash consideration of CNY\$50,000 thousand.

Note H: 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 I: In the second quarter of 2024, AYL was dissolved and liquidated.

Note J: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company.

Note K: The exchange rates as of December 31, 2024 were USD\$1=NT\$32.785, and CNY\$1=NT\$4.478.

Note L: Remittance by ACI CN.

Note M: Remittance by Adveco Management.

Note N: In the third quarter of 2024, Cermate Shanghai was dissolved and liquidated.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2024

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	113,483,106	13.14%
K&M Investment Co., Ltd.	100,494,794	11.63%
AIDC Investment Corp.	99,314,136	11.50%

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.