

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THEREON
SEPTEMBER 30, 2021 AND 2020

For the convenience of readers and for information purpose only, the independent auditors' review 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' review report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of Advantech Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheet of Advantech Co., Ltd. and subsidiaries (the "Group") as of September 30, 2021, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the following paragraph, we conducted our review in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As explained in Notes 4(3) and 6(7), the financial statements of insignificant consolidated subsidiaries and certain investments accounted for under equity method were not reviewed by independent auditors. Those statements reflect total assets amounting to NT\$11,222,189 thousand (including the balance of investments accounted for under equity method), constituting 20.79% of consolidated total assets as of September 30, 2021, total liabilities amounting to NT\$1,665,294 thousand, constituting 9.10% of consolidated total liabilities as of September 30, 2021, and total comprehensive income amounting to NT\$134,953 thousand and NT\$284,013 thousand, constituting 6.46% and 4.72% of consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. These amounts and the related information disclosed in the accompanying consolidated financial statements were based on the unreviewed financial statements of consolidated subsidiaries and investments

accounted for under equity method.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and certain investments accounted for under the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month period then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Other matter – Prior period financial statements reviewed by other independent auditors

The Group’s consolidated financial statements as of and for the nine-month period ended September 30, 2020 were reviewed by other independent auditors, whose report dated October 30, 2020, expressed a qualified conclusion on those statements, indicating that the financial statements of certain consolidated insignificant subsidiaries and investments accounted for under equity method were not reviewed by independent auditors.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

October 29, 2021

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 review 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’ review 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
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets	Notes	September 30, 2021		December 31, 2020		September 30, 2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 7,036,233	13	\$ 7,497,442	15	\$ 6,379,737	13
1110	Financial assets at fair value through profit or loss - current	6(2)	2,306,816	4	5,493,150	11	2,470,209	5
1136	Financial assets at amortised cost - current	6(4) and 8	124,961	-	162,602	-	946,597	2
1150	Notes receivable, net	6(5)	2,183,463	4	1,893,043	4	1,630,468	4
1170	Accounts receivable, net	6(5)	8,187,614	15	6,858,742	14	7,073,971	15
1180	Accounts receivable - related parties	7	55,931	-	28,750	-	29,138	-
1200	Other receivables		34,856	-	51,885	-	154,875	-
1210	Other receivables - related parties	7	21,449	-	4,633	-	3,084	-
130X	Inventories	6(6)	12,589,572	24	7,813,550	15	8,522,551	18
1470	Other current assets	7	754,308	2	483,739	1	534,718	1
11XX	Total current assets		<u>33,295,203</u>	<u>62</u>	<u>30,287,536</u>	<u>60</u>	<u>27,745,348</u>	<u>58</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	78,179	-	77,950	-	83,284	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,193,408	4	1,814,233	4	1,760,888	4
1550	Investments accounted for under equity method	6(7)	3,747,855	7	3,404,345	7	3,347,632	7
1600	Property, plant and equipment	6(8)	10,007,232	19	9,916,896	20	9,877,138	21
1755	Right-of-use assets	6(9)	647,668	1	599,005	1	646,332	1
1780	Intangible assets	6(10)	3,027,198	6	3,147,346	6	3,429,929	7
1840	Deferred income tax assets		767,040	1	723,627	2	621,119	1
1915	Prepayments for business facilities		158,088	-	167,579	-	208,994	1
1990	Other non-current assets, others	8	63,938	-	60,868	-	54,342	-
15XX	Total non-current assets		<u>20,690,606</u>	<u>38</u>	<u>19,911,849</u>	<u>40</u>	<u>20,029,658</u>	<u>42</u>
1XXX	Total assets		<u>\$ 53,985,809</u>	<u>100</u>	<u>\$ 50,199,385</u>	<u>100</u>	<u>\$ 47,775,006</u>	<u>100</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(11)	\$ 226,600	-	\$ 184,078	-	\$ 293,225	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	2,144	-	21,044	-	7,582	-
2130	Contract liabilities - current	6(20)	989,685	2	887,064	2	874,403	2
2170	Notes and accounts payable	7	7,234,477	13	4,326,447	9	3,737,111	8
2200	Other payables	6(12) and 7	4,067,409	8	3,928,365	8	3,881,704	8
2230	Current income tax liabilities		2,070,918	4	2,315,461	5	2,065,092	4
2250	Provisions for liabilities - current		187,541	-	164,086	-	124,277	-
2280	Lease liabilities - current	6(9)	261,147	-	221,250	-	221,250	-
2300	Other current liabilities		271,607	1	48,413	-	424,144	1
21XX	Total current liabilities		<u>15,311,528</u>	<u>28</u>	<u>12,096,208</u>	<u>24</u>	<u>11,628,788</u>	<u>24</u>
	Non-current liabilities							
2560	Current tax liabilities - non-current		145,981	1	291,961	1	340,621	1
2570	Deferred income tax liabilities		2,168,661	4	2,142,428	4	2,063,476	4
2580	Lease liabilities - non-current	6(9)	107,996	-	87,781	-	143,099	-
2600	Other non-current liabilities		573,049	1	534,584	1	563,354	2
25XX	Total non-current liabilities		<u>2,995,687</u>	<u>6</u>	<u>3,056,754</u>	<u>6</u>	<u>3,110,550</u>	<u>7</u>
2XXX	Total liabilities		<u>18,307,215</u>	<u>34</u>	<u>15,152,962</u>	<u>30</u>	<u>14,739,338</u>	<u>31</u>
	Equity attributable to shareholders of the parent							
	Share capital	6(15)						
3110	Common shares		7,727,295	14	7,719,455	16	7,713,500	16
3140	Advance receipts for share capital		10,933	-	3,090	-	5,955	-
	Capital surplus	6(16)						
3200	Capital surplus		8,334,107	16	7,913,754	16	7,736,781	16
	Retained earnings	6(17)						
3310	Legal reserve		7,737,236	14	7,020,201	14	7,020,201	15
3320	Special reserve		831,850	2	845,993	2	845,993	2
3350	Unappropriated retained earnings		11,401,763	21	11,739,513	23	10,063,885	21
	Other equity	6(18)						
3400	Other equity		(811,723)	(2)	(831,850)	(2)	(962,708)	(2)
31XX	Equity attributable to shareholders of the parent		<u>35,231,461</u>	<u>65</u>	<u>34,410,156</u>	<u>69</u>	<u>32,423,607</u>	<u>68</u>
36XX	Non-controlling interest	6(19)	<u>447,133</u>	<u>1</u>	<u>636,267</u>	<u>1</u>	<u>612,061</u>	<u>1</u>
3XXX	Total equity		<u>35,678,594</u>	<u>66</u>	<u>35,046,423</u>	<u>70</u>	<u>33,035,668</u>	<u>69</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 53,985,809</u>	<u>100</u>	<u>\$ 50,199,385</u>	<u>100</u>	<u>\$ 47,775,006</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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 15,506,864	100	\$ 13,049,851	100	\$ 42,877,954	100	\$ 38,340,209	100
5000	Operating costs	6(6)(8)(9)(10)(13)(14)(24) and 7	(9,800,835)	(63)	(7,857,368)	(60)	(26,745,909)	(62)	(22,986,606)	(60)
5950	Gross profit		<u>5,706,029</u>	<u>37</u>	<u>5,192,483</u>	<u>40</u>	<u>16,132,045</u>	<u>38</u>	<u>15,353,603</u>	<u>40</u>
	Operating expenses	6(8)(9)(10)(13)(14)(24) and 7								
6100	Selling expenses		(1,200,627)	(8)	(1,232,726)	(10)	(3,649,590)	(9)	(3,557,196)	(9)
6200	General and administrative expenses		(781,178)	(5)	(686,321)	(5)	(2,169,709)	(5)	(2,037,616)	(6)
6300	Research and development expenses		(1,123,052)	(7)	(1,013,203)	(8)	(3,215,351)	(7)	(2,990,758)	(8)
6450	Expected credit impairment gain (loss)		<u>6,445</u>	-	<u>4,167</u>	-	(<u>5,572</u>)	-	(<u>8,785</u>)	-
6000	Total operating expenses		(<u>3,098,412</u>)	(<u>20</u>)	(<u>2,928,083</u>)	(<u>23</u>)	(<u>9,040,222</u>)	(<u>21</u>)	(<u>8,594,355</u>)	(<u>23</u>)
6900	Operating profit		<u>2,607,617</u>	<u>17</u>	<u>2,264,400</u>	<u>17</u>	<u>7,091,823</u>	<u>17</u>	<u>6,759,248</u>	<u>17</u>
	Non-operating income and expenses									
7100	Interest income		10,286	-	12,999	-	32,795	-	28,391	-
7010	Other income	6(21) and 7	188,029	1	130,466	1	258,259	1	181,893	1
7020	Other gains (losses)	6(2)(10)(22)	(36,470)	-	5,750	-	21,687	-	(18,649)	-
7050	Finance costs	6(23)	(3,862)	-	(4,981)	-	(11,500)	-	(15,338)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>117,212</u>	<u>1</u>	<u>57,794</u>	<u>1</u>	<u>184,075</u>	-	<u>110,794</u>	-
7000	Total non-operating income and expenses		<u>275,195</u>	<u>2</u>	<u>202,028</u>	<u>2</u>	<u>485,316</u>	<u>1</u>	<u>287,091</u>	<u>1</u>
7900	Profit before income tax		<u>2,882,812</u>	<u>19</u>	<u>2,466,428</u>	<u>19</u>	<u>7,577,139</u>	<u>18</u>	<u>7,046,339</u>	<u>18</u>
7950	Income tax expense	6(25)	(<u>595,901</u>)	(<u>4</u>)	(<u>511,214</u>)	(<u>4</u>)	(<u>1,546,023</u>)	(<u>4</u>)	(<u>1,472,494</u>)	(<u>4</u>)
8200	Profit for the period		<u>\$ 2,286,911</u>	<u>15</u>	<u>\$ 1,955,214</u>	<u>15</u>	<u>\$ 6,031,116</u>	<u>14</u>	<u>\$ 5,573,845</u>	<u>14</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2021		2020		2021		2020		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(18)	(\$ 125,463)	(1)	\$ 57,564	1	\$ 437,136	1	\$ 122,727	-
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(7)(18)	10,031	-	544	-	63,209	-	(2,577)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		(115,432)	(1)	58,108	1	500,345	1	120,150	-
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations	6(18)	(103,850)	(1)	47,671	-	(579,469)	(1)	(306,560)	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(7)(18)	(3,788)	-	(1,835)	-	(60,623)	-	(8,684)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(25)	24,393	-	(9,369)	-	122,962	-	59,635	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		(83,245)	(1)	36,467	-	(517,130)	(1)	(255,609)	-
8300	Total other comprehensive income (loss) for the period		(\$ 198,677)	(2)	\$ 94,575	1	(\$ 16,785)	-	(\$ 135,459)	-
8500	Total comprehensive income for the period		\$ 2,088,234	13	\$ 2,049,789	16	\$ 6,014,331	14	\$ 5,438,386	14
Profit attributable to:										
8610	Shareholders of the parent		\$ 2,274,481	15	\$ 1,941,395	15	\$ 5,977,551	14	\$ 5,543,660	14
8620	Non-controlling interest		12,430	-	13,819	-	53,565	-	30,185	-
			\$ 2,286,911	15	\$ 1,955,214	15	\$ 6,031,116	14	\$ 5,573,845	14
Total comprehensive income attributable to:										
8710	Shareholders of the parent		\$ 2,061,480	13	\$ 2,036,982	16	\$ 5,986,051	14	\$ 5,425,273	14
8720	Non-controlling interest		26,754	-	12,807	-	28,280	-	13,113	-
			\$ 2,088,234	13	\$ 2,049,789	16	\$ 6,014,331	14	\$ 5,438,386	14
Earnings per share (in dollars)										
9750	Basic earnings per share	6(26)	\$ 2.95		\$ 2.52		\$ 7.74		\$ 7.19	
9850	Diluted earnings per share		\$ 2.89		\$ 2.47		\$ 7.62		\$ 7.06	

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Equity attributable to owners of the parent												
	Share capital			Retained earnings				Other Equity Interest					
	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	Others	Total	Non-controlling interest	Total equity
For the nine-month period ended September 30, 2020													
		\$ 6,999,230	\$ 4,870	\$ 7,397,029	\$ 6,285,079	\$ 798,763	\$ 11,515,121	(\$ 878,261)	\$ 30,970	\$ 1,298	\$ 32,154,099	\$ 577,361	\$ 32,731,460
		-	-	-	-	-	5,543,660	-	-	-	5,543,660	30,185	5,573,845
	6(18)	-	-	-	-	-	(1,613)	(238,537)	121,763	(118,387)	(17,072)	(135,459)	
		-	-	-	-	-	5,542,047	(238,537)	121,763	-	5,425,273	13,113	5,438,386
Appropriations of 2019 earnings													
	6(17)	-	-	-	735,122	-	(735,122)	-	-	-	-	-	-
		-	-	-	-	47,230	(47,230)	-	-	-	-	-	-
		-	-	-	-	-	(5,463,198)	-	-	(5,463,198)	-	(5,463,198)	
		700,410	-	-	-	-	(700,410)	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	(11,443)	(11,443)	
	6(14)	13,860	1,085	101,907	-	-	-	-	-	116,852	-	116,852	
	6(14)	-	-	213,170	-	-	-	-	-	213,170	-	213,170	
		-	-	37,990	-	-	-	-	179	38,169	-	38,169	
	6(27)	-	-	(8,678)	-	-	(34,762)	-	-	(43,440)	5,875	(37,565)	
	6(27)	-	-	(4,637)	-	-	(12,681)	-	-	(17,318)	27,155	9,837	
	6(18)	-	-	-	-	-	120	(120)	-	-	-	-	
		\$ 7,713,500	\$ 5,955	\$ 7,736,781	\$ 7,020,201	\$ 845,993	\$ 10,063,885	(\$ 1,116,798)	\$ 152,613	\$ 1,477	\$ 32,423,607	\$ 612,061	\$ 33,035,668
For the nine-month period ended September 30, 2021													
		\$ 7,719,455	\$ 3,090	\$ 7,913,754	\$ 7,020,201	\$ 845,993	\$ 11,739,513	(\$ 1,006,635)	\$ 173,308	\$ 1,477	\$ 34,410,156	\$ 636,267	\$ 35,046,423
		-	-	-	-	-	5,977,551	-	-	-	5,977,551	53,565	6,031,116
	6(18)	-	-	-	-	-	(192)	(491,845)	500,537	8,500	(25,285)	(16,785)	
		-	-	-	-	-	5,977,359	(491,845)	500,537	-	5,986,051	28,280	6,014,331
Appropriations of 2020 earnings													
		-	-	-	717,035	-	(717,035)	-	-	-	-	-	-
		-	-	-	-	(14,143)	14,143	-	-	-	-	-	-
		-	-	-	-	-	(5,480,813)	-	-	(5,480,813)	-	(5,480,813)	
		-	-	-	-	-	-	-	-	-	(25,675)	(25,675)	
	6(14)	7,840	7,843	136,342	-	-	-	-	-	152,025	-	152,025	
	6(14)	-	-	308,240	-	-	-	-	-	308,240	-	308,240	
		-	-	(24,390)	-	-	(115,321)	-	-	(139,711)	-	(139,711)	
	6(27)	-	-	-	-	-	(3,401)	-	-	(3,401)	-	(3,401)	
	6(19)	-	-	-	-	-	-	-	-	-	(70,256)	(70,256)	
	6(19)(27)	-	-	161	-	-	(1,247)	-	-	(1,086)	(121,483)	(122,569)	
	6(3)(18)	-	-	-	-	-	(11,435)	-	11,435	-	-	-	
		\$ 7,727,295	\$ 10,933	\$ 8,334,107	\$ 7,737,236	\$ 831,850	\$ 11,401,763	(\$ 1,498,480)	\$ 685,280	\$ 1,477	\$ 35,231,461	\$ 447,133	\$ 35,678,594

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

(UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 7,577,139	\$ 7,046,339
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(24)	605,621	600,059
Amortisation	6(10)(24)	217,764	137,484
Expected credit impairment loss		5,572	8,785
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(22)	(54,807)	(15,659)
Finance costs	6(23)	11,500	15,338
Interest income		(32,795)	(28,391)
Dividend income	6(21)	(161,913)	(98,588)
Compensation costs of employee share options	6(14)(24)	308,266	213,170
Share of profit of associates accounted for under equity method	6(7)	(184,075)	(110,794)
(Gain) loss on disposal of property, plant and equipment	6(22)	(58,570)	21,751
Loss on disposal of investments	6(22)	-	918
Impairment loss	6(10)(22)	8,554	-
Changes in assets and liabilities related to operating activities			
Changes in assets related to operating activities			
Financial assets at fair value through profit or loss		3,222,012	1,218,346
Notes receivable		(291,341)	(84,128)
Accounts receivable		(1,336,454)	183,582
Accounts receivable due from related parties		(27,181)	(8,964)
Other receivables		213	(56,552)
Inventories		(4,776,022)	(738,768)
Other current assets		(270,569)	153,681
Changes in liabilities related to operating activities			
Contract liabilities - current		102,621	54,685
Notes and accounts payable		2,908,030	(1,062,096)
Other payables		138,675	147,881
Provision for liabilities		23,455	(84,334)
Other current liabilities		223,194	220,955
Other non-current liabilities		39,176	43,781
Cash inflow generated from operations		8,198,065	7,778,481
Interest received		32,795	28,391
Dividends received		161,913	98,588
Interest paid		(641)	(2,858)
Income taxes paid		(1,823,488)	(512,190)
Net cash flows provided by operating activities		<u>6,568,644</u>	<u>7,390,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(4,013)	(627,650)
Proceeds from disposal of financial assets at amortised cost		29,420	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		16	-
Acquisition of investments accounted for under equity method	6(7)	(390,404)	(373,087)
Proceeds from disposal of investment accounted for under equity method		-	7,255
Net cash flow from acquisition of subsidiaries	6(28)	-	(2,724)
Acquisition of property, plant and equipment	6(8)	(680,285)	(789,488)
Proceeds from disposal of property, plant and equipment		131,029	47,380
(Increase) decrease in refundable deposits		(3,093)	3,885
Acquisition of intangible assets	6(10)	(163,288)	(78,318)
Decrease in other non-current assets		23	-
Dividends received from associates		129,207	163,216
(Increase) decrease in prepayments for business facilities		(24,148)	284,938
Net cash flows used in investing activities		<u>(975,536)</u>	<u>(1,364,593)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	58,530	45,000
Repayments of long-term borrowings	6(29)	-	(42,393)
Decrease in guarantee deposits received		(711)	(6)
Payments of lease liabilities	6(9)(29)	(185,370)	(176,837)
Employee share options exercised		143,975	116,852
Dividends paid to non-controlling interests		(25,675)	(11,443)
Liquidating of subsidiary and refund of shares to non-controlling interests		(70,649)	-
Change in non-controlling interests	6(27)	(120,385)	(27,749)
Payments of cash dividends	6(17)	(5,480,813)	(5,463,198)
Net cash flows used in financing activities		<u>(5,681,098)</u>	<u>(5,559,774)</u>
Effect of exchange rate changes		(373,219)	(90,244)
Net (decrease) increase in cash and cash equivalents		(461,209)	375,801
Cash and cash equivalents at beginning of period		7,497,442	6,003,936
Cash and cash equivalents at end of period		<u>\$ 7,036,233</u>	<u>\$ 6,379,737</u>

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

- (1) Advantech Co., Ltd. (the “Company”) was incorporated in September 1981. The Company is primarily engaged in the manufacture and sale of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed on the Taiwan Stock Exchange since December 1999.
- (3) To improve the entire operating efficiency of the Company and its subsidiaries (collectively referred herein as the “Group”), the Company’s Board of Directors during its meeting on June 30, 2009 resolved to have a short-form merger with its wholly-owned subsidiary, Advantech Investment and Management Service (“AIMS”). The effective date was set on July 30, 2009. As the surviving entity, the Company assumed all assets and liabilities of AIMS. On June 26, 2014, the Company’s Board of Directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. (“Netstar”), an indirect 95.51%-owned subsidiary through a wholly-owned subsidiary, Advantech Corporate Investment. The effective date for the merger was set on July 27, 2014. As the surviving entity, the Company assumed all assets and liabilities of Netstar.
- (4) The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

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 October 29, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond June 30, 2021'	April 1, 2021 (Note)

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed and issued into effect by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(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 minus 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 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:

The basis for preparation of consolidated financial statements is consistent with the basis used in the 2020 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Advantech Automation Corp. (BVI) [AAC (BVI)]	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	
	Advantech Technology Co., Ltd. (ATC)	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	
	Advanixs Corporation	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
	Advantech Corporate Investment (ACI)	Investment in marketable securities	100.00	100.00	100.00	
	Advantech Europe Holding B.V. (AEUH)	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	
	Advantech Co., Singapore Pte, Ltd. (ASG)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
	Advantech Australia Pty Ltd. (AAU)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
	Advantech Japan Co., Ltd. (AJP)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
	Advantech Co., Malaysia Sdn. Bhd (AMY)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
	Advantech KR Co., Ltd. (AKR)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Notes 1 and 7

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Advantech Brasil Ltd. (ABR)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Notes 1 and 6
	Advantech Industrial Computing India Private Limited (AIN)	Marketing and trade of industrial use computers	99.99	99.99	99.99	Note 1
	AdvanPOS Technology Co., Ltd. (AdvanPOS)	Manufacturing and trade of endpoint sales system	100.00	100.00	100.00	Note 1
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	59.10	59.10	59.10	Notes 1 and 2
	Advantech Electronics, S. De R.L. De C. V. (AMX)	Marketing and trade of industrial use computers	60.00	60.00	60.00	Notes 1 and 4
	Advantech Innovative Design Co., Ltd.	Product design	-	100.00	100.00	Notes 1 and 15
	B+B Smartworx Inc. (B+B)	Trading of industrial network communications systems	-	-	60.00	Note 8
	Advantech Intelligent Services Co., Ltd. (AiCS) (former AiST)	Design, research and develop and sale of intelligent services	100.00	100.00	100.00	Note 1
	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	51.00	51.00	51.00	Note 1
	Advantech Vietnam Technology Company Limited (AVN)	Marketing and trade of industrial use computers	60.00	60.00	60.00	Note 1
	Advantech Technology Limited Liability Company (ARU)	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical devices	71.39	50.00	50.00	Notes 1 and 12
	Advantech Turkey Teknoloji A.S. (ATR)	Wholesale of computers and peripheral devices	60.00	60.00	60.00	Note 1
	ADVANTECH IOT ISRAEL LTD. (AIL)	Trading of industrial network communications systems	100.00	100.00	100.00	Note 1
	Huan Yan Water Solution Co., Ltd.	Service plan for combination of related technologies of water treatment and applications of Internet of Things	90.00	100.00	-	Notes 1 and 9
Advantech Japan Co., Ltd. (AJP)	Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical devices	28.61	28.61	28.61	Note 1
Advantech Corporate Investment (ACI)	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	55.00	55.00	55.00	Note 1
	Huan Yan, Jhih-Lian Co., Ltd.	Service plan for combination of related technologies of water treatment and applications of Internet of Things	-	-	50.00	Notes 1 and 10
	Yun Yan, Wu-Lian Co., Ltd.	Industrial equipment networking in Greater China	50.00	50.00	50.00	Note 1
	Advantech Corporate Investment Ltd. (ACISM)	Holding company	100.00	100.00	100.00	Note 1

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Advantech Corporate Investment (ACI)	ACI IOT Investment Fund-I Corporation	Investment in marketable securities	-	79.33	79.33	Notes 1 and 13
	Adveln Tech Intelligent Heath Co., Ltd. (AIH)	Servicing of information software and data processing	100.00	-	-	Notes 1 and 3
Advantech Technology Co., Ltd. (ATC)	HK Advantech Technology Co., Ltd. [ATC (HK)]	Overseas investment in manufacturing and services industries	100.00	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	100.00	
Advantech Automation Corp. (BVI) [AAC (BVI)]	Advantech Corp. (ANA)	Marketing, trade and assembly of industrial use computers	100.00	100.00	100.00	
	Advantech Automation Corp. (HK) [AAC (HK)]	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	
	Advantech Service - IoT Co., Ltd. [SIoT (Cayman)]	Design, research and development and trade of IoT intelligent system services	100.00	100.00	100.00	Note 1
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 1
Advantech Corp. (ANA)	B+B Smartworx Inc. (B+B)	Trading of industrial network communication systems	-	-	40.00	Note 8
	Advantech Technology Limited (AIE) (former BBIE)	Trading of industrial network communication systems	100.00	100.00	-	Notes 1 and 11

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Advantech Automation Corp. (HK) [AAC (HK)]	Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	100.00	100.00	100.00	
	Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
Advantech Service - IoT Co., Ltd. [SIoT (Cayman)]	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	99.00	99.00	99.00	Note 1
	Advantech Service-IoT GmbH (A-SIoT)	Design, research and develop and trade of industrial on-board computer products	100.00	100.00	100.00	Note 1
	Advantech Intelligent Health Co., Ltd. (AIH)	Servicing of information software and data processing	-	100.00	100.00	Notes 1 and 3
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	100.00	Note 1
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	1.00	1.00	1.00	Note 1
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	100.00	100.00	100.00	Notes 1 and 5
Advantech Europe Holding B.V. (AEUH)	Advantech Europe B.V. (AEU)	Marketing and trade of industrial use computers	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Advantech Europe Holding B.V. (AEUH)	Advantech Poland Sp z o.o. (APL)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
Advantech Co., Singapore Pte, Ltd. (ASG)	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	49.00	49.00	49.00	Note 1
	Advantech International PT. (AID)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 1
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	100.00	Note 1
LandMark Co., Ltd. (LandMark)	Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	100.00	100.00	100.00	Note 1
	Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	90.00	90.00	90.00	Note 1
LNC Technology Co., Ltd. (LNC)	Better Auto Holdings Limited (Better Auto)	Holding company	100.00	100.00	100.00	Note 1
Better Auto Holdings Limited (Better Auto)	Famous Now Limited (Famous Now)	Holding company	100.00	100.00	100.00	Note 1
Famous Now Limited (Famous Now)	LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	100.00	100.00	100.00	Note 1
B+B Smartworx Inc. (B+B)	Advantech Technology Limited (AIE) (former BBIE)	Trading of industrial network communication systems	-	-	100.00	Note 11

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Advantech Technology Limited (AIE) (former BBIE)	Advantech CZech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	100.00	Note 1
Advantech Industrtal Computer India Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	-	-	Notes 1 and 14

Note 1: The financial statements of the entity as of and for the nine-month periods ended September 30, 2021 and 2020 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 2: In the first and second quarter of 2020, the Group sold its 3.42% and 1.58% equity in LNC, respectively, which decreased the Group's equity investment in LNC from 64.10% to 59.10%.

Note 3: In the first quarter of 2020, SioT (Cayman) acquired 30% equity interest in AIH, which resulted to an increase in ownership from 70% to 100%. In addition, in the first quarter of 2021, the Group adjusted its investment structure. Advantech Corporate Investment held 100% equity interest in AIH.

Note 4: In the second quarter of 2020, the Group did not participate in the capital increase raised by AMX proportionally to its interest, which resulted to a decrease in ownership from 100% to 60%.

Note 5: In the second quarter of 2020, the Group acquired 55% equity interest in AYL, which resulted to an increase in ownership from 45% to 100%.

Note 6: In the third quarter of 2020, the Group acquired 20% equity interest in ABR, which resulted to an increase in ownership from 80% to 100%.

Note 7: In the third quarter of 2020, the Group adjusted its investment structure. Following the capital reduction of AKST to offset against its deficit, AKR directly held 100% equity interest in AKST. AKR and AKST then merged, with AKR as the surviving entity.

Note 8: In the fourth quarter of 2020, after the Group sold its 60% equity interest in B+B to AAC (BVI), AAC (BVI) then sold its equity interest to ANA. ANA directly held 100% equity interest in B+B. ANA and B+B then merged, with ANA as the surviving entity.

Note 9: In the fourth quarter of 2020, the Group founded Huan Yan Water Solution Co., Ltd. In the second quarter of 2021, Huan Yan Water Solution Co., Ltd. increased capital. ITRI acquired 10% equity interest.

Note 10: In the fourth quarter of 2020, Huan Yan, Jhieh-Lian Co., Ltd. filed for liquidation.

Note 11: In the fourth quarter of 2020, the Group adjusted its investment structure. Accordingly ANA held 100% equity interest in AIE.

Note 12: In the first quarter of 2021, the Company acquired 20% equity interest in ATJ, which resulted to an increase in ownership from 50% to 70%. In addition, in the third quarter of 2021, the Company acquired 1.39% equity interest in ATJ, which resulted to an increase in ownership from 70% to 71.39%.

Note 13: ACI IoT Investment Fund-I Corporation filed for liquidation on July 12, 2021.

Note 14: In the second quarter of 2021, the Group founded ARI.

Note 15: In the third quarter of 2021, Advantech Innovative Design Co., Ltd. filed for liquidation.

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

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

E. Significant restrictions: None.

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

(4) Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period.

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

There have been no significant changes as of September 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 1,334	\$ 5,054	\$ 5,482
Checking accounts and demand deposits	6,673,080	5,718,855	5,867,017
Cash equivalents (time deposits with original maturities less than three months)	<u>361,819</u>	<u>1,773,533</u>	<u>507,238</u>
	<u>\$ 7,036,233</u>	<u>\$ 7,497,442</u>	<u>\$ 6,379,737</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</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	\$ 14,518	\$ 90	\$ 4,944
Non-derivative financial assets			
Listed and OTC stocks	155,646	391,032	363,236
Unlisted and non-OTC stocks	56,000	-	-
Beneficiary certificates	<u>2,080,652</u>	<u>5,102,028</u>	<u>2,102,029</u>
	<u>\$ 2,306,816</u>	<u>\$ 5,493,150</u>	<u>\$ 2,470,209</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Unlisted and non-OTC stocks	<u>\$ 78,179</u>	<u>\$ 77,950</u>	<u>\$ 83,284</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	<u>\$ 2,144</u>	<u>\$ 21,044</u>	<u>\$ 7,582</u>

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 three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	(\$ 32,656)	\$ 1,874
Derivative instruments	<u>11,267</u>	<u>(18,244)</u>
	<u>(\$ 21,389)</u>	<u>(\$ 16,370)</u>

	For the nine-month periods ended September 30	
	2021	2020
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 13,567	\$ 20,747
Derivative instruments	41,240	(5,088)
	<u>\$ 54,807</u>	<u>\$ 15,659</u>

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

Derivative financial assets:

<u>September 30, 2021</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2021.10~2022.02	EUR 12,800/NTD 426,985
foreign exchange	JPY/NTD	2021.10~2022.01	JPY 250,000/NTD 63,479
<u>December 31, 2020</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2021.01~2021.05	EUR 13,500/NTD 461,970
foreign exchange	USD/NTD	2021.01	USD 1,500/NTD 42,758
	JPY/NTD	2021.02	JPY 10,000/NTD 2,761
<u>September 30, 2020</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2020.11~2021.01	EUR 7,000/NTD 243,602
foreign exchange	USD/NTD	2020.10	USD 500/NTD 14,568
	JPY/NTD	2020.10~2020.12	JPY 200,000/NTD 55,556
	CNY/NTD	2020.12	CNY 2,000/NTD 8,556

Derivative financial liability:

<u>September 30, 2021</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	CNY/NTD	2021.10~2021.12	CNY 66,000/NTD 281,986
foreign exchange			
<u>December 31, 2020</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2021.01~2021.05	EUR 500/NTD 17,561
foreign exchange	USD/NTD	2021.01~2021.02	USD 4,500/NTD 126,724
	JPY/NTD	2021.01~2021.05	JPY 270,000/NTD 73,633
	CNY/NTD	2021.01~2021.04	CNY 76,000/NTD 324,732
<u>September 30, 2020</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2020.10~2021.02	EUR 6,300/NTD 211,530
foreign exchange	USD/NTD	2020.10	USD 500/NTD 14,508
	JPY/NTD	2020.10~2020.12	JPY 90,000/NTD 24,764
	CNY/NTD	2020.10~2020.12	CNY 64,000/NTD 270,003
	EUR/USD	2020.11~2020.12	EUR 600/USD 682

- 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. The Group had no financial assets at fair value through profit or loss pledged to others as collateral.
- E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Listed, OTC and emerging stocks	\$ 2,068,237	\$ 1,635,056	\$ 1,615,965
Unlisted and non-OTC stocks	<u>125,171</u>	<u>179,177</u>	<u>144,923</u>
	<u>\$ 2,193,408</u>	<u>\$ 1,814,233</u>	<u>\$ 1,760,888</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:

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>125,463</u>)	\$ <u>57,564</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>9,451</u>)	\$ <u>-</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ <u>437,136</u>	\$ <u>122,727</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>11,435</u>)	\$ <u>-</u>

- C. As of September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in

respect of the amount that best represent the financial assets at fair value through other comprehensive income held by Group was \$2,193,408, \$1,814,233 and \$1,760,888, respectively.

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

(4) Financial assets at amortised cost - current

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Time deposits with original maturity period of more than three months	<u>\$ 124,961</u>	<u>\$ 162,602</u>	<u>\$ 946,597</u>

A. As of September 30, 2021, December 31, 2020, and September 30, 2020, 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 was \$124,961, \$162,602 and \$946,597, 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).

(5) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 2,184,384	\$ 1,893,043	\$ 1,630,468
Less: Allowance for uncollectible accounts	(921)	-	-
	<u>\$ 2,183,463</u>	<u>\$ 1,893,043</u>	<u>\$ 1,630,468</u>
Accounts receivable	\$ 8,263,011	\$ 6,933,252	\$ 7,168,107
Less: Allowance for uncollectible accounts	(75,397)	(74,510)	(94,136)
	<u>\$ 8,187,614</u>	<u>\$ 6,858,742</u>	<u>\$ 7,073,971</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not past due	\$ 7,659,184	\$ 6,130,711	\$ 6,480,557
Less than 90 days past due	516,129	707,623	475,682
Between 91 to 180 days past due	29,681	43,446	71,014
Over 181 days past due	58,017	51,472	140,854
	<u>\$ 8,263,011</u>	<u>\$ 6,933,252</u>	<u>\$ 7,168,107</u>

The above aging analysis was based on past due date.

B. The balances of accounts receivable from contracts with customers were \$10,447,395, \$8,826,295, \$8,798,575 and \$8,898,747 as at September 30, 2021, December 31, 2020, September 30, 2020

and January 1, 2020, respectively.

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

D. As of September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amounts that best represent the Group's notes receivable were \$2,183,463, \$1,893,043 and \$1,630,468 and accounts receivable were \$8,187,614, \$6,858,742 and \$7,073,971, respectively.

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

(6) Inventories

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,309,328	(\$ 685,492)	\$ 7,623,836
Work in progress	938,472	(11,951)	926,521
Finished goods	3,495,503	(301,034)	3,194,469
Inventory in transit	844,746	-	844,746
	<u>\$ 13,588,049</u>	<u>(\$ 998,477)</u>	<u>\$ 12,589,572</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,873,109	(\$ 466,861)	\$ 3,406,248
Work in progress	542,060	(4,038)	538,022
Finished goods	3,177,669	(362,896)	2,814,773
Inventory in transit	1,054,507	-	1,054,507
	<u>\$ 8,647,345</u>	<u>(\$ 833,795)</u>	<u>\$ 7,813,550</u>
	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,559,411	(\$ 341,048)	\$ 4,218,363
Work in progress	1,672,153	(25,141)	1,647,012
Finished goods	2,383,416	(499,994)	1,883,422
Inventory in transit	773,754	-	773,754
	<u>\$ 9,388,734</u>	<u>(\$ 866,183)</u>	<u>\$ 8,522,551</u>

The cost of inventories recognized as expense for the period:

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 9,546,225	\$ 7,691,510
Loss on decline in market value	56,283	17,012
Others	198,327	148,846
	<u>\$ 9,800,835</u>	<u>\$ 7,857,368</u>

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 26,032,807	\$ 22,423,663
Loss on decline in market value	189,365	50,305
Others	523,737	512,638
	<u>\$ 26,745,909</u>	<u>\$ 22,986,606</u>

(7) Investments accounted for under equity method

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Associates that are not individually material</u>			
<u>Listed and OTC companies</u>			
Axiomtek Co., Ltd. (Axiomtek)	\$ 765,848	\$ 647,383	\$ 640,598
Winmate Inc. (Winmate)	557,897	557,027	546,113
AzureWave Technologies, Inc. (AzureWave)	573,546	551,457	542,454
Nippon RAD Inc. (Nippon RAD)	265,569	293,440	294,041
Mildex Optical Inc. (Mildex)	154,243	164,589	179,726
Hwacom Systems Inc. (Hwacom)	424,770	376,666	358,572
Information Technology Total Services Co., Ltd. (ITTS)	157,122	156,544	154,067
<u>Unlisted companies</u>			
International Integrated Systems, Inc. (IISI)	257,511	263,747	249,616
AIMobile Co., Ltd. (AIMobile)	33,362	45,217	41,676

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Unlisted companies</u>			
Deneng Scientific Research Co., Ltd. (Deneng)	\$ 13,266	\$ 12,788	\$ 13,060
CDIB Innovation Accelerator Co., Ltd. (CDIB)	182,674	151,529	154,133
DotZero Co., Ltd. (DotZero)	2,385	4,507	5,249
iLink Co., Ltd. (iLink)	2,483	4,290	4,148
GSD Environmental Technology Co., Ltd. (GSD)	6,953	9,904	10,965
Smasoft Technology Co., Ltd. (Smasoft)	19,251	11,033	12,116
Impelex Data Transfer Co., Ltd. (Impelex)	9,802	10,659	8,515
VSO Electronics Co., Ltd. (VSO)	138,577	130,940	130,023
iSAP Solution Corp. (iSAP)	7,254	10,000	-
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	2,581	2,625	2,560
Feng Sang Enterprise Co., Ltd. (Feng Sang)	113,912	-	-
Foshan Technology Co., Ltd. (Foshan Technology)	21,082	-	-
Freedom System Inc. (Freedom System)	37,767	-	-
	<u>\$ 3,747,855</u>	<u>\$ 3,404,345</u>	<u>\$ 3,347,632</u>

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 first quarter of 2020, the Group acquired 20% equity interest in Impelex for a cash consideration of \$10,000.
- (b) In the first quarter of 2020, the Group acquired 14.29% equity interest in VSO for a cash consideration of \$120,000, and holds one seat in the Board of Directors composed of five directors.

- (c) In the second quarter of 2020, the Group acquired 20% equity interest in IISI for a cash consideration of \$243,086.
- (d) In the fourth quarter of 2020, the Group acquired 34.83% equity interest in iSAP for a cash consideration of \$10,000.
- (e) In the first quarter of 2021, the Group participated in the capital increase of Feng Sang for a cash consideration \$64,500 which resulted to an increase in its equity interest from 15% to 36.24%.
- (f) In the first quarter of 2021, the Group acquired 21.67% equity interest in Foshan Technology for a cash consideration of \$2,824. In the third quarter of 2021, the Group participated in the capital increase of Foshan Technology for a cash consideration of \$23,683 which resulted to an increase in its equity interest from 21.67% to 25%.
- (g) In the first three quarters of 2021, the Group invested in Axiomtek for a cash consideration of \$256,677, which resulted to an increase in its equity interest from 24.17% to 26.32%.
- (h) In the second quarter of 2021, the Group invested in Smasoft for a cash consideration of \$5,220, which resulted to an increase in its equity interest from 20% to 24.07%.
- (i) In the second quarter of 2021, the Group acquired 20% equity interest in Freedom System for a cash consideration of \$37,500.

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

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Profit for the period from continuing operations	\$ 117,212	\$ 57,794
Other comprehensive income (loss) after tax	18,369	(1,291)
Total comprehensive income	<u>\$ 135,581</u>	<u>\$ 56,503</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Profit for the period from continuing operations	\$ 184,075	\$ 110,794
Other comprehensive income (loss) after tax	14,712	(11,261)
Total comprehensive income	<u>\$ 198,787</u>	<u>\$ 99,533</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Fair value of associates	<u>\$ 3,867,615</u>	<u>\$ 3,797,958</u>	<u>\$ 3,956,455</u>

- D. Except for Axiomtek’s financial statements for the nine-month period ended September 30, 2021 which were reviewed by independent auditors, the other investments accounted for under equity method were evaluated based on the investees’ unreviewed financial statements. As of September 30, 2021 and 2020, the unreviewed investments accounted for under equity method amounted to \$2,982,007 and \$3,347,632, respectively, and the share of comprehensive income amounted to \$57,118, \$56,503, \$120,324 and \$99,533 for the three-month periods ended September 30, 2021 and 2020, and for the nine-month periods ended September 30, 2021 and 2020, respectively.
- E. The Group is the single largest shareholder of Axiomtek, Winmate, Hwacom, VSO, iSAP and Feng Sang. Given that 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, which indicates that 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	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 3,032,384	\$ 8,052,436	\$ 1,929,938	\$ 906,329	\$ 1,901,434	\$ 380,653	\$ 16,203,174
Additions	-	37,194	152,515	66,532	169,027	255,017	680,285
Disposals	(31,543)	(42,724)	(87,861)	(28,901)	(63,126)	-	(254,155)
Reclassifications	-	306,817	39,712	(7,183)	5,845	(339,754)	5,437
Net exchange differences	(25,303)	(161,014)	(30,903)	(19,254)	(32,565)	(2,927)	(271,966)
Balance at September 30, 2021	<u>\$ 2,975,538</u>	<u>\$ 8,192,709</u>	<u>\$ 2,003,401</u>	<u>\$ 917,523</u>	<u>\$ 1,980,615</u>	<u>\$ 292,989</u>	<u>\$ 16,362,775</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 2,824,136	\$ 1,408,668	\$ 712,689	\$ 1,340,785	\$ -	\$ 6,286,278
Disposals	-	(17,743)	(76,445)	(27,996)	(59,512)	-	(181,696)
Depreciation expenses	-	157,263	85,262	61,377	119,960	-	423,862
Reclassifications	-	3,110	-	(6,999)	3,894	-	5
Net exchange differences	-	(112,217)	(23,250)	(15,491)	(21,948)	-	(172,906)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 2,854,549</u>	<u>\$ 1,394,235</u>	<u>\$ 723,580</u>	<u>\$ 1,383,179</u>	<u>\$ -</u>	<u>\$ 6,355,543</u>
Carrying amount at September 30, 2021	<u>\$ 2,975,538</u>	<u>\$ 5,338,160</u>	<u>\$ 609,166</u>	<u>\$ 193,943</u>	<u>\$ 597,436</u>	<u>\$ 292,989</u>	<u>\$ 10,007,232</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2020	\$ 3,067,589	\$ 8,049,532	\$ 1,866,463	\$ 877,799	\$ 1,874,078	\$ 8,792	\$ 15,744,253
Additions	77	1,165	121,900	66,519	159,761	440,066	789,488
Disposals	(28,417)	(45,787)	(116,548)	(34,302)	(42,011)	-	(267,065)
Acquired from business combinations	-	-	-	121	-	-	121
Reclassifications	-	(646)	29,318	(22,658)	(109,209)	(112,998)	(216,193)
Net exchange differences	(4,779)	(26,212)	(6,812)	(5,547)	(13,846)	(2,852)	(60,048)
Balance at September 30, 2020	<u>\$ 3,034,470</u>	<u>\$ 7,978,052</u>	<u>\$ 1,894,321</u>	<u>\$ 881,932</u>	<u>\$ 1,868,773</u>	<u>\$ 333,008</u>	<u>\$ 15,990,556</u>
Accumulated depreciation and impairment							
Balance at January 1, 2020	\$ -	\$ 2,597,296	\$ 1,378,129	\$ 685,252	\$ 1,351,086	\$ -	\$ 6,011,763
Disposals	-	(5,962)	(122,926)	(29,937)	(39,109)	-	(197,934)
Depreciation expenses	-	149,375	103,729	61,147	122,897	-	437,148
Acquired from business combinations	-	-	-	28	-	-	28
Reclassifications	-	(652)	23,962	(17,533)	(117,259)	-	(111,482)
Net exchange differences	-	(9,262)	(4,382)	(4,097)	(8,364)	-	(26,105)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 2,730,795</u>	<u>\$ 1,378,512</u>	<u>\$ 694,860</u>	<u>\$ 1,309,251</u>	<u>\$ -</u>	<u>\$ 6,113,418</u>
Carrying amount at September 30, 2020	<u>\$ 3,034,470</u>	<u>\$ 5,247,257</u>	<u>\$ 515,809</u>	<u>\$ 187,072</u>	<u>\$ 559,522</u>	<u>\$ 333,008</u>	<u>\$ 9,877,138</u>

The estimated useful lives of the assets depreciated on a straight-line basis are as follows:

Buildings

Main buildings	20 ~ 51 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

(9) Lease agreements

A. The Group's lease subjects include building, transportation equipment, machinery equipment and office equipment and land use right. Rental contracts are typically made for periods of 1 to 15 years, except for the land use rights which cover periods of 38 to 50 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Carrying amount			
Land	\$ 271,976	\$ 282,854	\$ 277,943
Buildings	318,187	283,248	325,462
Machinery and equipment	2,061	2,619	2,840
Office equipment	7,345	6,032	8,689
Transportation equipment	47,801	24,232	31,373
Other equipment	298	20	25
	<u>\$ 647,668</u>	<u>\$ 599,005</u>	<u>\$ 646,332</u>

For the three-month periods ended September 30

	<u>2021</u>	<u>2020</u>
Depreciation expenses		
Land	\$ 2,084	\$ 2,063
Buildings	53,676	42,214
Machinery and equipment	189	221
Office equipment	2,206	2,657
Transportation equipment	10,557	7,142
Other equipment	38	5
	<u>\$ 68,750</u>	<u>\$ 54,302</u>

For the nine-month periods ended September 30

	<u>2021</u>	<u>2020</u>
Depreciation expenses		
Land	\$ 6,308	\$ 6,195
Buildings	141,157	126,643
Machinery and equipment	569	664
Office equipment	6,494	7,971
Transportation equipment	27,118	21,423
Other equipment	113	15
	<u>\$ 181,759</u>	<u>\$ 162,911</u>

C. The additions to right-of-use assets for the nine-month periods ended September 30, 2021 and 2020 were \$149,628 and \$39,556, respectively.

D. Lease liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Carrying amount			
Current	\$ 261,147	\$ 221,250	\$ 221,250
Non-current	107,996	87,781	143,099
	<u>\$ 369,143</u>	<u>\$ 309,031</u>	<u>\$ 364,349</u>

E. Other lease information

	For the three-month periods ended September 30	
	2021	2020
Expense on short-term lease contracts	\$ 8	\$ 3,490
Expense on leases of low-value assets	\$ 362	\$ 3,046
Total cash outflow for leases	\$ 62,160	\$ 65,483

	For the nine-month periods ended September 30	
	2021	2020
Expense on short-term lease contracts	\$ 389	\$ 10,470
Expense on leases of low-value assets	\$ 1,072	\$ 9,135
Total cash outflow for leases	\$ 186,831	\$ 196,442

(10) Intangible assets

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 475,390	\$ 572,805	\$ 402,751	\$ 2,837,680	\$ 548,524	\$ 4,837,150
Acquired separately	-	-	-	-	163,288	163,288
Disposals	-	-	-	-	(20,211)	(20,211)
Reclassifications	-	-	-	-	7,915	7,915
Net exchange differences	(14,752)	(26,526)	(17,438)	(59,477)	(20,331)	(138,524)
Balance at September 30, 2021	\$ 460,638	\$ 546,279	\$ 385,313	\$ 2,778,203	\$ 679,185	\$ 4,849,618
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2021	\$ 330,368	\$ 283,883	\$ 332,924	\$ 373,365	\$ 369,264	\$ 1,689,804
Amortisation expenses	33,495	26,232	17,166	-	140,871	217,764
Disposals	-	-	-	-	(20,211)	(20,211)
Reclassifications	-	-	-	-	(20,292)	(20,292)
Impairment loss	-	-	-	8,554	-	8,554
Net exchange differences	(7,567)	(17,360)	(15,877)	-	(12,395)	(53,199)
Balance at September 30, 2021	\$ 356,296	\$ 292,755	\$ 334,213	\$ 381,919	\$ 457,237	\$ 1,822,420
Carrying amount at September 30, 2021	\$ 104,342	\$ 253,524	\$ 51,100	\$ 2,396,284	\$ 221,948	\$ 3,027,198

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 493,225	\$ 593,770	\$ 413,853	\$ 2,892,879	\$ 625,449	\$ 5,019,176
Acquired separately	-	-	-	-	78,318	78,318
Disposals	-	-	-	-	(98,672)	(98,672)
Acquired from business combinations	-	-	-	3,081	-	3,081
Reclassifications	-	-	-	-	60,961	60,961
Net exchange differences	(11,078)	(16,687)	(7,293)	(40,096)	(44,135)	(119,289)
Balance at September 30, 2020	<u>\$ 482,147</u>	<u>\$ 577,083</u>	<u>\$ 406,560</u>	<u>\$ 2,855,864</u>	<u>\$ 621,921</u>	<u>\$ 4,943,575</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2020	\$ 98,934	\$ 239,688	\$ 315,238	\$ 373,365	\$ 492,376	\$ 1,519,601
Amortisation	-	35,054	18,557	-	83,873	137,484
Disposals	-	-	-	-	(98,672)	(98,672)
Net exchange differences	(2,222)	(2,245)	(5,555)	-	(34,745)	(44,767)
Balance at September 30, 2020	<u>\$ 96,712</u>	<u>\$ 272,497</u>	<u>\$ 328,240</u>	<u>\$ 373,365</u>	<u>\$ 442,832</u>	<u>\$ 1,513,646</u>
Carrying amount at September 30, 2020	<u>\$ 385,435</u>	<u>\$ 304,586</u>	<u>\$ 78,320</u>	<u>\$ 2,482,499</u>	<u>\$ 179,089</u>	<u>\$ 3,429,929</u>

- A. The impairment assessment of goodwill relies on the subjective judgment of the management, including identifying the cash-generating unit and determining its recoverable amount. The recoverable amount is assessed based on the value-in-use.
- B. The value-in-use calculations use cash flow projections based on financial budgets approved by the management. Management determined the budgeted gross margin and growth rate based on past performance and the expectations of market development. The market valuation used is consistent with the similar industries. The discount rates used reflect specific risks relating to the relevant operating segments and the time value of currency in real market.
- C. LNC recognized impairment loss on goodwill arising from mergers of subsidiaries in previous years, in the amount of \$8,554 for the nine-month period ended September 30, 2021.
- D. The details of goodwill are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
B+B	\$ 1,246,670	\$ 1,274,871	\$ 1,302,625
LNC	227,127	227,127	227,127
AdvanPOS	215,068	215,068	215,068
A-SIoT	158,507	171,800	167,548
AEU	128,945	140,514	137,023
Others	419,967	434,935	433,108
	<u>\$ 2,396,284</u>	<u>\$ 2,464,315</u>	<u>\$ 2,482,499</u>

- E. The estimated useful lives of the assets amortised on a straight-line basis are as follows:

Customer relationships	2 ~ 15 years
Technology licenses	5 ~ 8 years
Others	1 ~ 5 years

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

(11) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Unsecured borrowings</u>			
Credit borrowings	\$ 226,600	\$ 184,078	\$ 293,225

The range of interest rates on bank loans was 0.23% ~ 1.09%, 0.22% ~ 3.05% and 0.22% ~ 3.05% per annum as of September 30, 2021, December 31, 2020 and September 20, 2020, respectively.

(12) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Wages and salaries and bonuses payable	\$ 2,798,706	\$ 2,742,495	\$ 2,575,723
Employee benefits payable	152,777	185,523	188,374
Dividend payable	-	-	119,266
Others (Note)	1,115,926	1,000,347	998,341
	<u>\$ 4,067,409</u>	<u>\$ 3,928,365</u>	<u>\$ 3,881,704</u>

Note: Including marketing expenses and freight expenses, etc.

(13) Pension

A. Defined benefit pension plans

- (a) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) The subsidiary, ATJ, calculates 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.

- (c) For the aforementioned pension plan, the Group recognized pension costs of \$2,416, \$2,484, \$7,505 and \$7,457 for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 30, 2021 and 2020, respectively.
- (d) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$9,196.

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 \$106,015, \$74,668, \$290,650 and \$202,805 for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 30, 2021 and 2020, respectively.

(14) Share-based payment

A. Employee share options granted by the Company

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

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

	For the nine-month periods ended September 30			
	2021		2020	
	Unit of options	Weighted-average exercise price (in dollars)	Unit of options	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the period	19,404	\$ 175.66	14,250	\$ 149.88
Options granted	-	-	7,500	200.00
Options exercised	(1,568)	91.80	(1,495)	78.19
Options expired	-	-	(543)	70.50
Options outstanding at the end of the period	<u>17,836</u>	168.69	<u>19,712</u>	174.07
Options exercisable at the end of the period	<u>10,335</u>	145.97	<u>8,212</u>	136.54
Weighted-average fair value of options granted	<u>-</u>		<u>125.77</u>	

(c) The weighted-average stock price of share options at exercise dates for the nine-month periods ended September 30, 2021 and 2020 was \$329 ~ \$372 (in dollars) and \$258 ~ \$326 (in dollars), respectively.

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

	September 30, 2021		December 31, 2020		September 30, 2020	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2020	\$ 200.00	4.83	\$ 200.00	5.58	\$ 200.00	5.83
Issuance in 2018	171.20	2.83	202.50	3.58	202.50	3.83
Issuance in 2016	73.90	0.70	73.90	1.45	73.90	1.70

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

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

Expected price volatility was based on the historical share price volatility over the past 5

years.

- (f) Compensation cost recognized for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 30, 2021 and 2020 was \$89,594, \$89,593, \$308,240 and \$213,170, respectively.

B. Employee share options granted by the subsidiary - LNC

- (a) Qualified employees of LNC, a subsidiary of the Company, were granted 108 options in May 2018 and 1,092 options in June 2017. Each option entitles the holder to subscribe for one thousand common shares of LNC. The options were granted to employees of LNC, who meet specific conditions. These options are valid for five years. All are exercisable at certain percentages after the first anniversary year from the grant date.

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

	For the nine-month periods ended September 30			
	2021		2020	
	Unit of options	Weighted-average exercise price (in dollars)	Unit of options	Weighted-average exercise price (in dollars)
<u>Employee share options</u>				
Options outstanding at the beginning of the period	676	\$ 20	740	\$ 20
Options expired	(40)	-	(32)	-
Options outstanding at the end of the period	<u>636</u>	20	<u>708</u>	20
Options exercisable at the end of the period	<u>631</u>	20	<u>526</u>	20

- (c) Information on outstanding options on balance sheet date is as follows:

	September 30, 2021		December 31, 2020		September 30, 2020	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2018	\$ 20	1.58	\$ 20	2.33	\$ 20	2.58
Issuance in 2017	20	0.67	20	1.42	20	1.67

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

	<u>Issuance in 2018</u>	<u>Issuance in 2017</u>
Grant-date valuation price (in dollars)	\$ 17.29	\$ 16.11
Exercise price (in dollars)	\$ 20	\$ 20
Expected price volatility	21.36~25.43%	25.6~29.45%
Expected option life (in years)	2.5~4	2.5~4
Expected dividends yield	1.04%	0%
Risk-free interest rate	0.60~0.67%	0.64~0.74%
Fair value per unit	\$1.28~2.35	\$1.42~2.66

Expected volatility was based on the annualized standard deviation of historical rate of investment with the similar industries during the same expected option life periods.

- (e) In August 2018, the subsidiary - LNC modified the terms of its outstanding options. The validity was adjusted from 4 to 5 years. The average incremental fair value of \$0.38 (in dollars) in June 2017 and \$0.34 (in dollars) in May 2018 will be recognized as expense over the remaining vesting period of 2.42 and 3.33 years, respectively. LNC used the inputs noted above to measure the fair value of the old and new options.

Issuance in 2018

	<u>Before modification</u>	<u>After modification</u>
Grant-date valuation price (in dollars)	\$ 17.86	\$ 17.86
Exercise price (in dollars)	\$ 20	\$ 20
Expected price volatility	20.04~23.67%	21.57~24.70%
Expected option life (in years)	2.17~3.67	2.67~4.17
Expected dividends yield	1.01%	1.01%
Risk-free interest rate	0.57~0.65%	0.61~0.67%
Fair value per unit	\$1.23~2.26	\$1.60~2.59

Issuance in 2017

	<u>Before modification</u>	<u>After modification</u>
Grant-date valuation price (in dollars)	\$ 17.86	\$ 17.86
Exercise price (in dollars)	\$ 20	\$ 20
Expected price volatility	19.35~21.61%	19.89~23.34%
Expected option life (in years)	1.38~2.76	1.88~3.26
Expected dividends yield	-	-
Risk-free interest rate	0.49~0.61%	0.54~0.64%
Fair value per unit	\$0.89~1.86	\$1.22~2.33

- (f) Compensation cost recognized by the subsidiary, LNC, for the three-month periods and for the nine-month periods ended September 30, 2021 and 2020 was \$1, \$35, \$26 and \$139, respectively.

(15) Share capital

As of September 30, 2021, the Company's authorised capital was \$10,000,000, consisting of 1,000,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee shares options and corporate bonds with warrant), and the paid-in capital was \$7,738,228 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 is as follows (in thousand shares):

	<u>2021</u>	<u>2020</u>
At January 1	772,255	700,410
Employee share options exercised	1,568	1,495
Shareholders' stock dividends	-	70,041
At September 30	<u>773,823</u>	<u>771,946</u>

(16) 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</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	\$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499	1,636,499
Changes in equity of associates accounted for under equity method	674	674	675
Employees' share compensation	78,614	78,614	78,614

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>May be used to offset a deficit</u>			
<u>only</u>			
Changes in ownership interests in subsidiaries	161	-	-
Premium on issuance of ordinary shares for employee share options	2,545,341	2,297,403	2,192,645
Changes in equity of associates accounted for under equity method	30,492	54,882	49,731
Employee share options forfeited	87,266	87,266	87,266
<u>Not to be used for any purpose</u>			
Employee share options	<u>1,262,822</u>	<u>1,066,178</u>	<u>999,113</u>
	<u>\$ 8,334,107</u>	<u>\$ 7,913,754</u>	<u>\$ 7,736,781</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.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside or reversed from the legal reserve. The remainder, if any, shall be distributed as dividends to be proposed by the Board of Directors. The distribution of cash dividends shall be resolved by the Board of Directors while stock dividends shall be resolved by the shareholders during their meeting.
- B. The Company's dividend policy which takes into consideration the Company's future funding requirements and long-term financial planning as well as the interest of shareholders is to distribute at least 30% of the available profits as dividends to shareholders annually. The distribution of cash dividends shall not be less than 20% of the total dividends distributed.
The Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividends policy, the Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interests, and the sustainability of the Company's growth. The policy also requires that share dividends shall be less than 75% of total dividends to retain internally generated cash within the Company to finance future capital

- expenditures and working capital requirements.
- C. An appropriation of earnings for legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset against deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.
- D. Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.
- E. The appropriations of earnings for 2020 and 2019 have been approved by the shareholders during their meeting on August 19, 2021 and May 28, 2020, respectively.

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

(18) Other equity items

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

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	(\$ 1,006,635)	(\$ 878,261)
Recognised for the period		
Exchange differences on translation of the financial statements of foreign operations	(443,348)	(231,590)
Share of loss of associates accounted for under equity method	(48,497)	(6,947)
Other comprehensive loss recognized for the period	(491,845)	(238,537)
Balance at September 30	(\$ 1,498,480)	(\$ 1,116,798)

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

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 173,308	\$ 30,970
Recognised for the period		
Unrealised gain or loss		
Equity instrument	437,136	122,727
Share of profit (loss) of associates accounted for under equity method	<u>63,401</u>	<u>(964)</u>
Other comprehensive income	500,537	121,763
Realised gain or loss		
Transfer of evaluation adjustments to retained earnings	11,435	-
Transfer of evaluation adjustments to retained earnings - share of loss of associates accounted for under equity method	<u>-</u>	<u>(120)</u>
Other comprehensive income (loss)	<u>11,435</u>	<u>(120)</u>
Balance at September 30	<u>\$ 685,280</u>	<u>\$ 152,613</u>

C. Unearned employee benefits compensation

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 1,477	\$ 1,298
Share of profit of associates accounted for under equity method	<u>-</u>	<u>179</u>
Balance at September 30	<u>\$ 1,477</u>	<u>\$ 1,477</u>

(19) Non-controlling interest

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 636,267	\$ 577,361
Profit for the period	53,565	30,185
Other comprehensive income		
Exchange differences on translation of the financial statements of foreign operations	(25,285)	(17,072)
Increase in non-controlling interests arising from decrease in investment in subsidiaries	2,785	53,634
Decrease in non-controlling interests arising from increase in investment in subsidiaries	(121,483)	(20,708)
Increase in non-controlling interests arising from acquisition of subsidiaries	3,802	-
Cash dividends distributed by subsidiaries	(25,675)	(11,443)
Employees' holding outstanding vesting share options related to non-controlling interests issued by subsidiaries	-	104
Liquidated subsidiaries	(76,843)	-
Balance at September 30	<u>\$ 447,133</u>	<u>\$ 612,061</u>

(20) Operating revenue

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	<u>\$ 15,506,864</u>	<u>\$ 13,049,851</u>

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	<u>\$ 42,877,954</u>	<u>\$ 38,340,209</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 three-month period ended September 30, 2021

	<u>Industrial Interest of Things Services (IIoT)</u>	<u>Boards and Design-in Services (EIoT)</u>	<u>Allied Design Manufacture Services (ACG & CIoT)</u>	<u>Intelligent Services (SIoT)</u>	<u>Advantech Service Plus (AS+)</u>	<u>Others</u>	<u>Total</u>
Timing of revenue recognition							
At a point in time	<u>\$ 5,040,755</u>	<u>\$ 3,669,785</u>	<u>\$ 3,460,801</u>	<u>\$ 1,527,269</u>	<u>\$ 1,784,865</u>	<u>\$ 23,389</u>	<u>\$ 15,506,864</u>

For the three-month period ended September 30, 2020

	Industrial Interest of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	\$ 3,912,689	\$ 3,131,032	\$ 3,220,045	\$ 1,197,655	\$ 1,445,638	\$ 142,792	\$ 13,049,851

For the nine-month period ended September 30, 2021

	Industrial Interest of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	\$ 14,947,744	\$ 10,036,572	\$ 8,804,936	\$ 3,810,403	\$ 5,206,418	\$ 71,881	\$ 42,877,954

For the nine-month period ended September 30, 2020

	Industrial Interest of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	\$ 11,804,975	\$ 9,455,519	\$ 9,316,006	\$ 3,175,098	\$ 4,336,989	\$ 251,622	\$ 38,340,209

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$989,685, \$887,064, \$874,403 and \$819,718 as of September 30, 2021, December 31, 2020, September 30, 2020 and January 1, 2020, respectively.

(21) Other income

	For the three-month periods ended September 30	
	2021	2020
Rental income	\$ 8,910	\$ 4,412
Dividend income	160,501	97,807
Others (Note)	18,618	28,247
	<u>\$ 188,029</u>	<u>\$ 130,466</u>
	For the nine-month periods ended September 30	
	2021	2020
Rental income	\$ 20,570	\$ 12,560
Dividend income	161,913	98,588
Others (Note)	75,776	70,745
	<u>\$ 258,259</u>	<u>\$ 181,893</u>

Note: For the three-month periods ended September 30, 2021 and 2020, and for the nine-month periods ended September 30, 2021 and 2020, the Group received government grants of

\$6,861, \$6,720, \$15,620 and \$21,029 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$31, \$26,082, \$1,282 and \$80,898 for the three-month periods ended September 30, 2021 and 2020, and for the nine-month periods ended September 30, 2021 and 2020, respectively, and were deducted from the recorded expenses.

(22) Other gains and losses

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Losses on disposal of property, plant and equipment	(\$ 7,335)	(\$ 2,406)
Currency exchange losses	(6,747)	25,599
Losses on financial assets (liabilities) at fair value through profit or loss	(21,389)	(16,370)
Others	(999)	(1,073)
	<u>(\$ 36,470)</u>	<u>\$ 5,750</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Gains (losses) on disposal of property, plant and equipment	\$ 58,570	(\$ 21,751)
Losses on disposals of investment	-	(918)
Currency exchange losses	(80,663)	(9,885)
Gains on financial assets (liabilities) at fair value through profit or loss	54,807	15,659
Impairment loss	(8,554)	-
Others	(2,473)	(1,754)
	<u>\$ 21,687</u>	<u>(\$ 18,649)</u>

(23) Finance costs

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Interest expense on bank borrowings	\$ 241	\$ 892
Interest expense on lease liabilities	3,496	3,625
Others	125	464
	<u>\$ 3,862</u>	<u>\$ 4,981</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Interest expense on bank borrowings	\$ 663	\$ 2,574
Interest expense on lease liabilities	10,490	10,881
Others	347	1,883
	<u>\$ 11,500</u>	<u>\$ 15,338</u>

(24) Expenses by nature

A. Depreciation and amortisation expenses

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Depreciation categorised by function		
Operating costs	\$ 52,394	\$ 41,839
Operating expenses	<u>159,631</u>	<u>169,063</u>
	<u>\$ 212,025</u>	<u>\$ 210,902</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 424	\$ 505
Operating expenses	<u>85,672</u>	<u>42,186</u>
	<u>\$ 86,096</u>	<u>\$ 42,691</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Depreciation categorised by function		
Operating costs	\$ 147,727	\$ 121,471
Operating expenses	<u>457,894</u>	<u>478,588</u>
	<u>\$ 605,621</u>	<u>\$ 600,059</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 1,267	\$ 1,800
Operating expenses	<u>216,497</u>	<u>135,684</u>
	<u>\$ 217,764</u>	<u>\$ 137,484</u>

B. Employee benefit expense

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 2,952,931	\$ 2,572,839
Post-employment benefits		
Defined contribution plan	106,015	74,668
Defined benefit plan	<u>2,416</u>	<u>2,484</u>
	108,431	77,152
Share-based payment		
Equity-settled	89,595	89,607
Other employee benefits	<u>219,432</u>	<u>248,987</u>
Total employee benefit expense	<u>\$ 3,370,389</u>	<u>\$ 2,988,585</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 701,173	\$ 578,955
Operating expenses	<u>2,669,216</u>	<u>2,409,630</u>
	<u>\$ 3,370,389</u>	<u>\$ 2,988,585</u>

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 8,024,744	\$ 7,242,381
Post-employment benefits		
Defined contribution plan	290,650	202,805
Defined benefit plan	7,505	7,457
	<u>298,155</u>	<u>210,262</u>
Share-based payment		
Equity-settled	308,266	213,309
Other employee benefits	445,855	503,136
Total employee benefit expense	<u>\$ 9,077,020</u>	<u>\$ 8,169,088</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,932,124	\$ 1,724,153
Operating expenses	7,144,896	6,444,935
	<u>\$ 9,077,020</u>	<u>\$ 8,169,088</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 three-month periods ended September 30, 2021 and 2020, and for the nine-month periods ended September 30, 2021 and 2020, employees' compensation and the directors' remuneration were accrued based on a certain percentage of net profit after income tax.

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Employees' compensation	<u>\$ 142,500</u>	<u>\$ 150,000</u>
Directors' remuneration	<u>\$ 3,000</u>	<u>\$ 3,000</u>

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Employees' compensation	<u>\$ 427,500</u>	<u>\$ 450,000</u>
Directors' remuneration	<u>\$ 9,000</u>	<u>\$ 9,000</u>

- (b) The appropriations of employees' compensation and remuneration of directors for 2020 and 2019 having been resolved by the Board of Directors on March 5, 2021 and March 6, 2020, respectively, are as follows:

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Employees' compensation	\$ 570,000	\$ 600,000
Directors' remuneration	11,700	12,000

Employees' compensation and directors' remuneration actual allotment amount for 2020 and 2019 is no difference between the amount recognized in the consolidated financial statements as of 2020 and 2019.

- (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.

(25) Income taxes

A. Income tax expense:

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

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the period	\$ 598,367	\$ 383,281
Prior year income tax overestimation	<u>-</u>	<u>(6,525)</u>
Total current tax	598,367	376,756
Deferred tax:		
Origination and reversal of temporary differences	<u>(2,466)</u>	<u>134,458</u>
Income tax expense	<u>\$ 595,901</u>	<u>\$ 511,214</u>

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the period	\$ 1,390,909	\$ 1,314,308
Tax on undistributed earnings	49,332	18,149
Prior year income tax overestimation	<u>-</u>	<u>(109,978)</u>
Total current tax	1,440,241	1,222,479
Deferred tax:		
Origination and reversal of temporary differences	<u>105,782</u>	<u>250,015</u>
Income tax expense	<u>\$ 1,546,023</u>	<u>\$ 1,472,494</u>

- (b) Income tax recognized in other comprehensive income

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Translation of foreign operations	<u>(\$ 24,393)</u>	<u>\$ 9,369</u>

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Translation of foreign operations	<u>(\$ 122,962)</u>	<u>(\$ 59,635)</u>

B. The Company's income tax returns through 2018 have been assessed and approved by the tax authority.

(26) Earnings per share

Unit: expressed in dollars per share

	For the three-month periods ended September 30	
	2021	2020
Basic earnings per share	\$ 2.95	\$ 2.52
Diluted earnings per share	\$ 2.89	\$ 2.47

	For the nine-month periods ended September 30	
	2021	2020
Basic earnings per share	\$ 7.74	\$ 7.19
Diluted earnings per share	\$ 7.62	\$ 7.06

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

<u>Profit for the period</u>	For the three-month periods ended September 30	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ 2,274,481	\$ 1,941,395
Earnings used in the computation of diluted earnings per share	\$ 2,274,481	\$ 1,941,395

	For the nine-month periods ended September 30	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ 5,977,551	\$ 5,543,660
Earnings used in the computation of diluted earnings per share	\$ 5,977,551	\$ 5,543,660

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

	For the three-month periods ended September 30	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	773,028	771,537
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	10,382	12,637
Employees' compensation	1,171	515
Weighted average number of ordinary shares used in the computation of diluted earnings per share	784,581	784,689

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	772,683	771,018
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	10,081	12,203
Employees' compensation	<u>1,544</u>	<u>2,047</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>784,308</u>	<u>785,268</u>

As the Group offered to settle compensation paid to employees in cash or shares, the Group assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(27) Transactions with non-controlling interest

- A. The following transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.
- (a) In the first quarter of 2020, the Group acquired 30% of the equity of AIH, which increased the Group's equity investment in AIH from 70% to 100%.
 - (b) In the first and second quarter of 2020, the Group sold 3.42% and 1.58% of the equity of LNC, which decreased the Group's equity investment in LNC from 64.10% to 59.10%.
 - (c) In the second quarter of 2020, the Group did not participate in the cash capital increase of AMX proportionately, which decreased the Group's equity investment in AMX from 100% to 60%.
 - (d) In the third quarter of 2020, the Group acquired 20% equity of ABR, which increased the Group's equity investment in ABR from 80% to 100%.
 - (e) In the first quarter of 2021, the Group acquired 20% equity interest in ATJ, which increased the Group's equity investment in ATJ from 78.61% to 98.61%. And in the third quarter of 2021, the Group acquired another 1.39% equity interest in ATJ, which increased the Group's equity investment in ATJ from 98.61% to 100%.

B. The effect of changes in the equity attributable to shareholders of the parent is shown below:

	For the nine-month period ended September 30, 2021	
	<u>ATJ</u>	
Consideration paid	(\$	128,435)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests		<u>121,483</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$	<u>6,952)</u>
<u>Line items adjusted for equity transactions</u>		
Unappropriated retained earnings	(\$	<u>3,401)</u>
Exchange differences on translation of foreign financial statements	(\$	<u>3,551)</u>

	For the nine-month period ended September 30, 2020				
	<u>LNC</u>	<u>AIH</u>	<u>AMX</u>	<u>ABR</u>	<u>Total</u>
Cash consideration received (paid)	\$ 26,919	(\$ 4,554)	\$ 9,816	(\$ 59,930)	(\$ 27,749)
The proportionate share of the carrying amount of the net assets of the subsidiaries transferred to (from) non - controlling interests	(26,583)	<u>2,481</u>	(27,051)	<u>18,227</u>	(32,926)
Differences recognized from equity transactions	<u>\$ 336</u>	<u>(\$ 2,073)</u>	<u>(\$ 17,235)</u>	<u>(\$ 41,703)</u>	<u>(\$ 60,675)</u>
<u>Line items adjusted for equity transactions</u>					
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 336	\$ -	\$ -	(\$ 9,014)	(\$ 8,678)
Capital surplus - changes in ownership interests of subsidiaries	-	-	(4,554)	-	(4,554)
Unappropriated retained earnings	<u>-</u>	<u>(2,073)</u>	<u>(12,681)</u>	<u>(32,689)</u>	<u>(47,443)</u>
	<u>\$ 336</u>	<u>(\$ 2,073)</u>	<u>(\$ 17,235)</u>	<u>(\$ 41,703)</u>	<u>(\$ 60,675)</u>

(28) Business combinations

A. The Group plans to expand the smart retail market in mainland China and decided to acquire AYL on May 31, 2020. The Group originally held AYL 45%, and increased its ownership to 100%.

B. Consideration of acquisition

	<u>AYL</u>
Cash	\$ 5,071
Equity interest in AYL before acquisition	<u>1,627</u>
	<u>\$ 6,698</u>

C. Assets acquired and liabilities assumed at the acquisition date

	<u>AYL</u>
Current assets	
Cash and cash equivalents	\$ 2,347
Inventories	959
Other current assets	232
Non-current assets	
Property, plant and equipment	93
Current liabilities	
Accounts payable and other payables	(11)
Other current liability	<u>(3)</u>
	<u>\$ 3,617</u>

D. Goodwill arising from acquisition

	<u>AYL</u>
Consideration of acquisition	\$ 6,698
Less: Fair value of the identifiable net assets acquired	<u>(3,617)</u>
Goodwill arising from acquisition	<u>\$ 3,081</u>

E. Net cash outflows due to acquisition of subsidiary

	<u>AYL</u>
Consideration paid in cash	\$ 5,071
Less: Cash and cash equivalent balances acquired	<u>(2,347)</u>
	<u>\$ 2,724</u>

F. Effects on operating results due to business combination

Operating results of acquired subsidiary starting from the acquisition date is as follows:

	For the nine-month period ended <u>September 30, 2020</u>
	<u>AYL</u>
Operating revenue	<u>\$ -</u>
Loss for the period	<u>(\$ 398)</u>

(29) Changes in liabilities from financing activities

	2021			
	Short-term		Lease liabilities	Total
	borrowings			
At January 1	\$ 184,078	\$	309,031	\$ 493,109
Changes in cash flow from financing activities	58,530	(185,370)	(126,840)
Others (Note)	(16,008)		245,482	229,474
At September 30	<u>\$ 226,600</u>	<u>\$</u>	<u>369,143</u>	<u>\$ 595,743</u>

	2020			
	Short-term	Long-term	Lease	Total
	borrowings	borrowings	liabilities	
At January 1	\$ 250,678	\$ 44,089	\$ 441,756	\$ 736,523
Changes in cash flow from financing activities	45,000	(42,393)	(176,837)	(174,230)
Others (Note)	(2,453)	(1,696)	99,430	95,281
At September 30	<u>\$ 293,225</u>	<u>\$ -</u>	<u>\$ 364,349</u>	<u>\$ 657,574</u>

Note: Including exchange differences, lease modification and new addition of lease contracts.

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.

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
AzureWave Technologies, Inc.	Associate
Nippon RAD Inc.	Associate
Shanghai Yanle Co., Ltd.	Associate (the subsidiary of the Group starting from June 2020)
i-Link Co., Ltd.	Associate
DotZero Co., Ltd.	Associate
Mildex Optical Inc.	Associate
CDIB Capital Innovation Accelerator Co., Ltd.	Associate

Names of related parties	Relationship with the Group
Information Technology Total Services Co., Ltd.	Associate
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate
VSO Electronics Co., Ltd.	Associate
VSO Electronics (Suzhou) Co., Ltd.	Associate
International Integrated System, Inc.	Associate
VSO Electronics (Jian) Co., Ltd.	Associate
Freedom System Inc.	Associate
iSAP Solution Corp.	Associate
K&M Investment Co., Ltd.	Other related party
AIDC Investment Corp.	Other related party
Advantech Foundation	Other related party
Tran-Fei Development Co., Ltd.	Other related party

(3) Significant related party transactions

A. Operating revenue

	For the three-month periods ended September 30	
	2021	2020
Associates	\$ 29,401	\$ 23,523
Other related parties	1,641	1,533
	<u>\$ 31,042</u>	<u>\$ 25,056</u>
	For the nine-month periods ended September 30	
	2021	2020
Associates	\$ 92,912	\$ 83,662
Other related parties	2,400	2,325
	<u>\$ 95,312</u>	<u>\$ 85,987</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

	For the three-month periods ended September 30	
	2021	2020
Associates	\$ 96,845	\$ 57,152
	For the nine-month periods ended September 30	
	2021	2020
Associates	\$ 286,250	\$ 230,995

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)

<u>Accounts</u>	Category of related party	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable	Associates			
- related parties		\$ 55,931	\$ 28,750	\$ 29,118
	Other related parties	-	-	20
		<u>\$ 55,931</u>	<u>\$ 28,750</u>	<u>\$ 29,138</u>

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

D. Other receivables due from related parties

<u>Accounts</u>	Category of related party	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other receivables	Associates			
- related parties		\$ 21,449	\$ 3,018	\$ 3,084
	Other related parties	-	1,615	-
		<u>\$ 21,449</u>	<u>\$ 4,633</u>	<u>\$ 3,084</u>

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

<u>Accounts</u>	Category of related party	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes and accounts payable	Associates	\$ 79,483	\$ 46,360	\$ 39,674
Other payables	Associates	<u>\$ 526</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding payables to related parties are unsecured.

F. Prepayments to related parties

<u>Accounts</u>	Category of related party	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other current assets	Associates	\$ 38,502	\$ 36,286	\$ 36,812

G. Other related party transactions

	Operating expenses	
	For the three-month periods ended September 30	
	2021	2020
Selling expense		
Associates	\$ 56	\$ -
Administration expense		
Associates	\$ 723	\$ -
Research and development expense		
Associates	\$ 3,599	\$ 5,768

	Operating expenses	
	For the nine-month periods ended September 30	
	2021	2020
Selling expense		
Associates	\$ 56	\$ 92
Administration expense		
Associates	\$ 723	\$ -
Research and development expense		
Associates	\$ 4,620	\$ 6,608

Research and development expenses were charged based on agreed remuneration and payment terms under 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.

	Other income	
	For the three-month periods ended September 30	
	2021	2020
Rental income		
Other related parties	\$ 358	\$ 15
Other income		
Other related parties	\$ 676	\$ 676

	Operating income	
	For the nine-month periods ended September 30	
	2021	2020
Rental income		
Associates	\$ -	\$ 243
Other related parties	1,074	45
	\$ 1,074	\$ 288
Other income		
Associates	\$ 571	\$ -
Other related parties	2,777	2,027
	\$ 3,348	\$ 2,027

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.

(4) Key management compensation

	For the three-month periods ended September 30	
	2021	2020
Short-term employee benefits	\$ 9,275	\$ 11,398
Post-employment benefits	36	41
Share-based payment	6,966	4,957
	<u>\$ 16,277</u>	<u>\$ 16,396</u>
	For the nine-month periods ended September 30	
	2021	2020
Short-term employee benefits	\$ 27,825	\$ 34,070
Post-employment benefits	107	121
Share-based payment	26,058	22,003
	<u>\$ 53,990</u>	<u>\$ 56,194</u>

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

8. PLEGGED ASSETS

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Pledged deposits (classified as financial assets at amortised cost)	\$ 10,005	\$ 2,307	\$ -
Demand deposits (classified as other non-current assets)	2,049	-	-
	<u>\$ 12,054</u>	<u>\$ 2,307</u>	<u>\$ -</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Group has signed a contract amounting to \$1,136,470 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of September 30, 2021.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change during the reporting period. Please refer to Note 30 in the consolidated financial statements for the year ended December 31, 2020.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</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	\$ 2,384,995	\$ 5,571,100	\$ 2,553,493
Financial assets at amortised cost (Note 1)	17,707,570	16,497,097	16,272,212
Financial assets at fair value through other comprehensive income			
Equity instruments	2,193,408	1,814,233	1,760,888
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	2,144	21,044	7,582
Financial assets at amortised cost (Note 2)	11,528,486	8,438,890	7,912,040

Note 1: The balances included cash and cash equivalents, financial assets at amortised cost - current, 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 payable, accounts payable and other payables, etc.

B. Financial risk management policies

(a) The Group's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's Corporate treasury function

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 function 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. Please 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:

September 30, 2021			
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 153,827	27.850	\$ 4,284,080
CNY:NTD	500,694	4.305	2,155,487
EUR:NTD	40,655	32.320	1,313,974
USD:CNY	69,955	6.4692	1,948,258
USD:EUR	36,596	0.8617	1,019,211
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	111,631	27.850	3,108,912
CNY:NTD	221,220	4.305	952,351
USD:CNY	43,032	6.4692	1,198,439
December 31, 2020			
Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 131,212	28.535	\$ 3,744,125
CNY:NTD	641,853	4.344	2,788,210
EUR:NTD	26,753	33.48	895,678
USD:CNY	65,367	6.5688	1,865,240
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	95,298	28.535	2,719,330
CNY:NTD	205,771	4.344	893,870
USD:CNY	35,244	6.5688	1,005,102

September 30, 2020			
	Foreign currency		Book value
	amount	Exchange rate	
(Foreign currency: functional currency)	(in thousands)		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 169,393	29.1	\$ 4,929,343
CNY:NTD	395,274	4.269	1,687,425
EUR:NTD	33,410	34.15	1,140,966
USD:CNY	12,304	6.8166	358,040
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	58,935	29.1	1,714,995
CNY:NTD	149,500	4.269	638,214
USD:CNY	25,432	6.8166	740,071

For the three-month periods ended September 30, 2021 and 2020, and for the nine-month periods ended September 30, 2021 and 2020, realised and unrealised net foreign exchange gains (losses) were (\$6,747), \$25,599, (\$80,663) and (\$9,885), 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 was mainly exposed to the exchange rate fluctuation of USD, EUR and CNY.
- v. The following table details the Group's sensitivity to a 5% increase in New Taiwan dollars (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in exchange rates. The range of the sensitivity analysis included cash and cash equivalents, accounts receivable and accounts payable. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Dollar Impact (Note)	
	For the nine-month periods ended September 30	
	2021	2020
Profit or loss	\$ 123,030	\$ 141,617

	EUR Impact (Note)	
	For the nine-month periods ended September 30	
	2021	2020
Profit or loss	\$ 86,093	\$ 55,848

	CNY Impact (Note)	
	For the nine-month periods ended September 30	
	2021	2020
Profit or loss	\$ 46,358	\$ 39,679

Note: This was mainly attributable to the exposure outstanding on USD, EUR and CNY denominated cash, receivables and payables, which were not hedged at the end of the reporting period.

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 reporting period were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
- Financial assets	\$ 486,780	\$ 1,936,135	\$ 1,453,835
- Financial liabilities	475,743	467,031	151,800
Cash flow interest rate risk			
- Financial assets	5,769,909	4,648,178	4,757,859
- Financial liabilities	120,000	26,078	141,425

- iii. The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period 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 nine-month periods ended September 30, 2021 and 2020 would have increased by \$21,187 and \$17,312, 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.

Other price risk

- i. The Group was 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 was mainly concentrated on equity instruments trading in Taiwan.
- ii. If equity prices had been 1% higher, pre-tax profit for the nine-month periods ended September 30, 2021 and 2020 would have increased by \$2,898 and \$4,465, 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 nine-month periods ended September 30, 2021 and 2020 would have increased by \$21,934 and \$17,609, 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 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.
- 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. 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 following table details the loss allowance of accounts receivable based on the Group's provision matrix:

	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<u>September 30, 2021</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 7,650,853	\$ 516,129	\$ 29,681	\$ 21,982	\$ 44,366	\$8,263,011
Loss allowance (lifetime expected credit losses)	-	(13,784)	(7,055)	(10,192)	(44,366)	(75,397)
Amortised cost	<u>\$ 7,650,853</u>	<u>\$ 502,345</u>	<u>\$ 22,626</u>	<u>\$ 11,790</u>	<u>\$ -</u>	<u>\$8,187,614</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, 2020</u>						
Expected credit loss rate	-	2.79%	15.53%	49.91%	100%	
Total book value	\$ 6,130,711	\$ 707,623	\$ 43,446	\$ 6,961	\$ 44,511	\$6,933,252
Loss allowance (lifetime expected credit losses)	-	(19,776)	(6,749)	(3,474)	(44,511)	(74,510)
Amortised cost	<u>\$ 6,130,711</u>	<u>\$ 687,847</u>	<u>\$ 36,697</u>	<u>\$ 3,487</u>	<u>\$ -</u>	<u>\$6,858,742</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>September 30, 2020</u>						
Expected credit loss rate	-	0.52%	9%	37%	100%	
Total book value	\$ 6,480,557	\$ 475,682	\$ 71,014	\$ 87,466	\$ 53,388	\$7,168,107
Loss allowance (lifetime expected credit losses)	-	(2,487)	(6,304)	(31,957)	(53,388)	(94,136)
Amortised cost	<u>\$ 6,480,557</u>	<u>\$ 473,195</u>	<u>\$ 64,710</u>	<u>\$ 55,509</u>	<u>\$ -</u>	<u>\$7,073,971</u>

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

	<u>For the nine-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 74,510	\$ 87,301
Impairment loss	5,572	8,785
Amounts written off (Note)	(10)	(718)
Net exchange differences	(3,754)	(1,232)
Balance at September 30	<u>\$ 76,318</u>	<u>\$ 94,136</u>

Note: The Group wrote off accounts receivable and related loss allowance for the nine-month periods ended September 30, 2021 and 2020 amounting to \$10 and \$718, respectively, as the customers' accounts receivable have been aged more than 2 years and the legal attest letters were served without receivables collected.

viii. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	<u>September 30, 2021</u>			
	<u>12 months</u>	<u>Lifetime</u>		<u>Total</u>
		<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	
Financial assets at amortised cost	<u>\$ 124,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,961</u>
	<u>December 31, 2020</u>			
	<u>12 months</u>	<u>Lifetime</u>		<u>Total</u>
		<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	
Financial assets at amortised cost	<u>\$ 162,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,602</u>

	September 30, 2020			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 946,597	\$ -	\$ -	\$ 946,597

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 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 September 30, 2021, December 31, 2020 and September 30, 2020, the Group's undrawn bank borrowing facilities are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured borrowing facilities			
- Amount used (Note)	\$ 233,254	\$ 191,288	\$ 300,256
- Amount unused	5,315,336	6,666,617	6,674,157
	<u>\$ 5,548,590</u>	<u>\$ 6,857,905</u>	<u>\$ 6,974,413</u>
Secured bank overdraft facilities			
- Amount used	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: As of September 30, 2021, December 31, 2020 and September 30, 2020, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$226,600, \$184,078 and \$293,225, respectively, and lease guarantees amounting to \$6,654, \$7,210 and \$7,031, 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 borrowings 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.

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

September 30, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 5,558,211	\$ 4,324,263	\$ 1,419,412	\$ -
Lease liability	38,454	25,841	201,277	155,745
Floating rate instruments	120,096	-	-	-
Fixed rate instruments	7,021	99,619	-	-
	<u>\$ 5,723,782</u>	<u>\$ 4,449,723</u>	<u>\$ 1,620,689</u>	<u>\$ 155,745</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 years
Lease liability	<u>\$ 265,572</u>	<u>\$ 135,461</u>	<u>\$ 20,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 5,025,633	\$ 2,078,394	\$ 1,150,785	\$ -
Lease liability	66,367	41,515	110,795	94,839
Floating rate instruments	56	112	26,426	-
Fixed rate instruments	47,632	110,441	-	-
	<u>\$ 5,139,688</u>	<u>\$ 2,230,462</u>	<u>\$ 1,288,006</u>	<u>\$ 94,839</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 years
Lease liability	\$ 218,677	\$ 80,571	\$ 14,268	\$ -	\$ -	\$ -

September 30, 2020

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 4,244,546	\$ 1,754,646	\$ 1,619,623	\$ -
Lease liability	55,489	33,214	135,575	153,286
Floating rate instruments	102,706	176	39,294	-
Fixed rate instruments	110,450	41,402	-	-
	<u>\$ 4,513,191</u>	<u>\$ 1,829,438</u>	<u>\$ 1,794,492</u>	<u>\$ 153,286</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	Over 20 years
Lease liability	\$ 224,278	\$ 138,393	\$ 14,893	\$ -	\$ -	\$ -

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 balance sheet date.

v. Liquidity tables for derivative financial liabilities

The following tables detailed 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.

September 30, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 229,745	\$ 407,918	\$ 134,787	\$ 772,450
- Outflows	(224,505)	(402,795)	(132,776)	(760,076)
	<u>\$ 5,240</u>	<u>\$ 5,123</u>	<u>\$ 2,011</u>	<u>\$ 12,374</u>

December 31, 2020

	<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	\$ 352,690	\$ 432,246	\$ 265,203	\$ 1,050,139
- Outflows	(357,623)	(443,024)	(270,446)	(1,071,093)
	<u>(\$ 4,933)</u>	<u>(\$ 10,778)</u>	<u>(\$ 5,243)</u>	<u>(\$ 20,954)</u>

September 30, 2020

	<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	\$ 253,022	\$ 488,647	\$ 121,272	\$ 862,941
- Outflows	(257,336)	(488,718)	(119,525)	(865,579)
	<u>(\$ 4,314)</u>	<u>(\$ 71)</u>	<u>\$ 1,747</u>	<u>(\$ 2,638)</u>

(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

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

September 30, 2021

	<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	\$ -	\$ 14,518	\$ -	\$ 14,518
Listed, OTC and emerging stocks	155,646	-	-	155,646
Unlisted and non-OTC stocks	-	-	134,179	134,179
Fund beneficiary certificates	<u>2,080,652</u>	<u>-</u>	<u>-</u>	<u>2,080,652</u>
	<u>2,236,298</u>	<u>14,518</u>	<u>134,179</u>	<u>2,384,995</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed, OTC and emerging stocks	\$ 2,068,237	\$ -	\$ -	\$ 2,068,237
Unlisted and non-OTC stocks	<u>-</u>	<u>-</u>	<u>125,171</u>	<u>125,171</u>
	<u>2,068,237</u>	<u>-</u>	<u>125,171</u>	<u>2,193,408</u>
	<u>\$ 4,304,535</u>	<u>\$ 14,518</u>	<u>\$ 259,350</u>	<u>\$ 4,578,403</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 2,144</u>	<u>\$ -</u>	<u>\$ 2,144</u>

December 31, 2020

	<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	\$ -	\$ 90	\$ -	\$ 90
Listed, OTC and emerging stocks	391,032	-	-	391,032
Unlisted and non-OTC stocks	-	-	77,950	77,950
Fund beneficiary certificates	<u>5,102,028</u>	<u>-</u>	<u>-</u>	<u>5,102,028</u>
	<u>5,493,060</u>	<u>90</u>	<u>77,950</u>	<u>5,571,100</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed, OTC and emerging stocks	\$ 1,635,056	\$ -	\$ -	\$ 1,635,056
Unlisted and non-OTC stocks	<u>-</u>	<u>-</u>	<u>179,177</u>	<u>179,177</u>
	<u>1,635,056</u>	<u>-</u>	<u>179,177</u>	<u>1,814,233</u>
	<u>\$ 7,128,116</u>	<u>\$ 90</u>	<u>\$ 257,127</u>	<u>\$ 7,385,333</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 21,044</u>	<u>\$ -</u>	<u>\$ 21,044</u>

September 30, 2020

	<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	\$ -	\$ 4,944	\$ -	\$ 4,944
Listed, OTC and emerging stocks	363,236	-	-	363,236
Unlisted and non-OTC stocks	-	-	83,284	83,284
Fund beneficiary certificates	<u>2,102,029</u>	<u>-</u>	<u>-</u>	<u>2,102,029</u>
	<u>2,465,265</u>	<u>4,944</u>	<u>83,284</u>	<u>2,553,493</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed, OTC and emerging stocks	\$ 1,615,965	\$ -	\$ -	\$ 1,615,965
Unlisted and non-OTC stocks	<u>-</u>	<u>-</u>	<u>144,923</u>	<u>144,923</u>
	<u>1,615,965</u>	<u>-</u>	<u>144,923</u>	<u>1,760,888</u>
	<u>\$ 4,081,230</u>	<u>\$ 4,944</u>	<u>\$ 228,207</u>	<u>\$ 4,314,381</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 7,582</u>	<u>\$ -</u>	<u>\$ 7,582</u>

C. The methods and assumptions the Group used to measure fair value are as follows:

- (a) 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>
Market quoted price	Closing price	Net asset value

- (b) 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.
- (c) 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.

- (d) 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.
- (e) 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 nine-month periods ended September 30, 2021 and 2020.
- E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the nine-month period ended September 30, 2021

<u>Financial assets</u>	<u>Financial assets</u>	<u>Financial assets at fair</u>	<u>Total</u>
	<u>at fair value</u>	<u>value through other</u>	
	<u>through profit or loss</u>	<u>comprehensive income</u>	
	<u>Investments in</u>	<u>Investments in</u>	
	<u>equity instruments</u>	<u>equity instruments</u>	
Balance at January 1	\$ 77,950	\$ 179,177	\$ 257,127
Purchase	56,000	-	56,000
Disposal/transfer	-	(55,698)	(55,698)
Recognized in profit or loss	229	-	229
Recognized in other comprehensive income	-	1,692	1,692
Balance at September 30	<u>\$ 134,179</u>	<u>\$ 125,171</u>	<u>\$ 259,350</u>

For the nine-month period ended September 30, 2020

<u>Financial assets</u>	<u>Financial assets</u>	<u>Financial assets at fair</u>	<u>Total</u>
	<u>at fair value</u>	<u>value through other</u>	
	<u>through profit or loss</u>	<u>comprehensive income</u>	
	<u>Investments in</u>	<u>Investments in</u>	
	<u>equity instruments</u>	<u>equity instruments</u>	
Balance at January 1	\$ 101,156	\$ 149,830	\$ 250,986
Recognized in profit or loss	(17,872)	-	(17,872)
Recognized in other comprehensive income	-	(4,907)	(4,907)
Balance at September 30	<u>\$ 83,284</u>	<u>\$ 144,923</u>	<u>\$ 228,207</u>

E. 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.

F. Valuation techniques and inputs applied for Level 3 fair value measurement fund

The domestic and foreign unlisted stocks and funds acquired by the subsidiary use the net asset method, which calculates the present value of the investment expected to be held with fair value.

(4) Others

A. Information on the impact of Covid-19

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

B. Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$15.507 billion for the three-month period ended September 30, 2021, a single quarter growth of 9% QoQ and 19% YoY. The operating profit was NT\$5.706 billion (gross profit margin was 36.8%), the consolidated net profit after tax was NT\$2.274 billion (increased 17% YoY and 27% QoQ), and the basic earnings per share was \$2.95 (in dollars) for the three-month period ended September 30, 2021.

The cumulative consolidated operating revenue of the Group for the nine-month period ended September 30, 2021, reached NT\$42.878 billion, an increase of 12% over the same period last year. The operating profit was NT\$16.132 billion (gross profit margin was 37.6%), the consolidated net profit after tax was NT\$5.977 billion (increased 8% YoY) and the basic earnings per share was \$7.74 (in dollars) for the nine-month period ended September 30, 2021. The cumulative consolidated operating revenue of the Group for the three-month period ended September 30, 2021 and for the nine-month period ended September 30, 2021 both reached its record high. The consolidated net profit after tax for the three-month period ended September 30, 2021 also reached its second highest record.

Regarding the operating results of the Group for the nine-month period ended September 30, 2021 in US dollar, the Group achieved an overall revenue of US\$1,525 million, increased 19% YoY, beating previous estimates. The best performing business groups for the nine-month period ended September 30, 2021 were the Industrial-IoT Group (IIoT), the Service-IoT Group (SIoT)

and Advantech Service Plus (AS+), which reported YoY growth of 35%, 27%, and 28%, respectively. However, the Applied Computing Group (ACG) saw a decline by 7% YoY. In terms of a geographic overview, most markets have reported YoY revenue growth for the nine-month period ended September 30, 2021. The best performing market for the nine-month period ended September 30, 2021 was China and Emerging market with 37% and 51% YoY growth, respectively. Europe, Taiwan and South Korea markets also had double-digit growth. Meanwhile, Japan market return to growth with 1.2% YoY increase.

Benefitting from the strong demand for new energy and new-infra upgrade in major markets, the Group delivered outstanding financial results for the nine-month period ended September 30, 2021. The Orders to Shipments ratio (BB ratio) reached 1.45 for the three-month period ended September 30, 2021, while BB ratio for the nine-month period ended September 30, 2021 was 1.55. Though the impact of material shortages still exists, with procurement optimization and contribution of pricing adjustment, gross profit rate gradually recovered.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

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

Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

Please refer to tables 6, 7 and 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

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

- A. Industrial internet of thing services (IIoT): Focus on the market of industrial internet-of-things;
- B. Embedded board and design-in services (EIoT): Provide services involving embedded boards, systems and peripheral hardware and software;
- C. Allied design manufacture services (ACG & CIoT): Including Networks and Communications, data acquisition and control, and provide the customized collaboration designs and services;
- D. Intelligent services (SIoT): Provide services involving digital logistic, digital healthcare and intelligent retail;
- E. Advantech Service Plus (AS+): 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 nine-month period ended September 30, 2021

	Industrial internet of things services (IIoT)	Embedded boards and design-in services (EIoT)	Allied design manufacture services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Revenue							
Revenue from external customers	\$ 14,947,744	\$ 10,036,572	\$ 8,804,936	\$ 3,810,403	\$ 5,206,418	\$ 71,881	\$ 42,877,954
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 14,947,744</u>	<u>\$ 10,036,572</u>	<u>\$ 8,804,936</u>	<u>\$ 3,810,403</u>	<u>\$ 5,206,418</u>	<u>\$ 71,881</u>	<u>42,877,954</u>
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	-	-	-	-	-	-	<u>42,877,954</u>
Segment income (loss)	<u>\$ 4,500,675</u>	<u>\$ 1,768,746</u>	<u>\$ 1,238,416</u>	<u>\$ 345,788</u>	<u>\$ 739,067</u>	<u>\$ 1,374</u>	8,594,066
Other income							291,054
Other unamortised expenses							(1,502,243)
Other gains and losses							21,687
Finance costs							(11,500)
Share of profit (loss) of associates accounted for under equity method							<u>184,075</u>
Profit from continuing operations before tax							<u>\$ 7,577,139</u>

For the nine-month period ended September 30, 2020

	Industrial internet of things services (IIoT)	Embedded boards and design-in services (EIoT)	Allied design manufacture services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Revenue							
Revenue from external customers	\$ 11,804,975	\$ 9,455,519	\$ 9,316,006	\$ 3,175,098	\$ 4,336,989	\$ 251,622	\$ 38,340,209
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 11,804,975</u>	<u>\$ 9,455,519</u>	<u>\$ 9,316,006</u>	<u>\$ 3,175,098</u>	<u>\$ 4,336,989</u>	<u>\$ 251,622</u>	38,340,209
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	-	-	-	-	-	-	<u>38,340,209</u>
Segment income (loss)	<u>\$ 3,633,700</u>	<u>\$ 1,815,922</u>	<u>\$ 1,754,949</u>	<u>\$ 314,302</u>	<u>\$ 582,015</u>	<u>\$ 44</u>	8,100,932
Other income							210,284
Other unamortised expenses							(1,341,684)
Other gains and losses							(18,649)
Finance costs							(15,338)
Share of profit (loss) of associates accounted for under equity method							<u>110,794</u>
Profit from continuing operations before tax							<u>\$ 7,046,339</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.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Loans to others
For the nine-month period ended September 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note C)	Ending Balance (Note C)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note B)
													Item	Value		
1	LNC	LNC Dong Guan	Accounts receivable - related parties	Yes	\$ 70,000	\$ 30,000	\$ -	-	Short-term financing	\$ -	Operating need	\$ -	None	None	\$ 36,715 (Note B)	\$ 146,858 (Note B)

Note A: Investee companies are numbered sequentially from 1.

Note B: The financing limit for each borrower and for the aggregate financing were 10% and 40%, respectively, of the LNC's net worth of the latest audited or reviewed report.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
 Provision of endorsements and guarantees to others
 For the nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD
 (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 September 30, 2021	Outstanding endorsement/ guarantee amount at September 30, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note B)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship with the endorser/guarantor										
0	ADVANTECH CO., LTD.	AiSC	Subsidiary	\$ 3,523,146	\$ 570,700	\$ 557,000	\$ -	\$ -	1.58	\$ 10,569,438	Y	N	Y
	ADVANTECH CO., LTD.	AEU	Subsidiary	3,523,146	USD 20,000	USD 20,000	-	-	0.79	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ANA	Subsidiary	3,523,146	USD 10,000	USD 10,000	-	-	0.79	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	3,523,146	USD 851,700	USD 278,500	-	-	0.79	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ACI	Subsidiary	3,523,146	USD 285,350	USD 278,500	-	-	0.79	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ATJ	Subsidiary	3,523,146	USD 10,000	USD 10,000	-	-	0.79	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AKMC	Subsidiary	3,523,146	USD 272,000	JPY 249,000	JPY 99,600	-	0.71	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AKMC	Subsidiary	3,523,146	JPY 1,000,000	JPY 1,000,000	JPY 400,000	-	0.47	10,569,438	Y	N	Y
	ADVANTECH CO., LTD.	SiOT(Cayman)	Subsidiary	3,523,146	USD 171,210	USD 167,100	-	-	0.47	10,569,438	Y	N	Y
	ADVANTECH CO., LTD.	AJP	Subsidiary	3,523,146	USD 6,000	USD 6,000	-	-	0.40	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AiCS	Subsidiary	3,523,146	USD 142,675	USD 139,250	-	-	0.40	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AiCS	Subsidiary	3,523,146	USD 5,000	USD 5,000	-	-	0.35	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AiCS	Subsidiary	3,523,146	JPY 136,000	JPY 124,500	-	-	0.35	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AiCS	Subsidiary	3,523,146	JPY 500,000	JPY 500,000	-	-	0.24	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AiCS	Subsidiary	3,523,146	USD 85,605	USD 83,550	-	-	0.24	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AiH	Subsidiary	3,523,146	USD 3,000	USD 3,000	-	-	0.24	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ABR	Subsidiary	3,523,146	USD 85,605	USD 83,550	-	-	0.12	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ABR	Subsidiary	3,523,146	USD 42,803	USD 41,775	-	-	0.12	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	A-SiOT	Subsidiary	3,523,146	USD 1,500	USD 1,500	-	-	0.09	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AVN	Subsidiary	3,523,146	EUR 34,370	EUR 32,320	-	-	0.09	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AVN	Subsidiary	3,523,146	EUR 1,000	EUR 1,000	-	-	0.08	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ARU	Subsidiary	3,523,146	USD 28,535	USD 27,850	-	-	0.08	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ARU	Subsidiary	3,523,146	USD 1,000	USD 1,000	-	-	0.08	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	3,523,146	USD 28,535	USD 27,850	NTD 7,000	-	0.08	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	3,523,146	USD 1,000	USD 1,000	NTD 7,000	-	0.08	10,569,438	Y	N	Y
	ADVANTECH CO., LTD.	ACZ	Subsidiary	3,523,146	USD 28,535	USD 27,850	-	-	0.08	10,569,438	Y	N	Y
	ADVANTECH CO., LTD.	ACZ	Subsidiary	3,523,146	USD 1,000	USD 1,000	-	-	0.04	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ATR	Subsidiary	3,523,146	USD 14,268	USD 13,925	-	-	0.04	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ATR	Subsidiary	3,523,146	USD 500	USD 500	-	-	0.04	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	3,523,146	USD 14,268	USD 13,925	-	-	0.04	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	SiOT (Cayman)	Subsidiary	3,523,146	USD 500	USD 500	-	-	0.04	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	SiOT (Cayman)	Subsidiary	3,523,146	USD 141,950	USD 13,925	-	-	0.04	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	3,523,146	USD 5,000	USD 500	-	-	0.02	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AAU	Subsidiary	3,523,146	USD 5,707	USD 5,570	-	-	0.02	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AAU	Subsidiary	3,523,146	USD 200	USD 200	-	-	0.02	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AMY	Subsidiary	3,523,146	USD 5,707	USD 5,570	-	-	0.02	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AMY	Subsidiary	3,523,146	USD 200	USD 200	-	-	0.01	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AKR	Subsidiary	3,523,146	USD 2,854	USD 2,785	-	-	0.01	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AKR	Subsidiary	3,523,146	USD 100	USD 100	-	-	0.01	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AKR	Subsidiary	3,523,146	USD 171,760	USD 1,393	-	-	0.00	10,569,438	Y	N	N
	ADVANTECH CO., LTD.	AKR	Subsidiary	3,523,146	USD 6,050	USD 50	-	-	0.00	10,569,438	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 September 30, 2021 were USD\$1= NT\$27.85, EUR\$1= NT\$32.32, and JPY1=NT\$0.249.

Note D: The latest net equity is from the financial statements for the nine-month period ended September 30, 2021.

Note E: On July 12, 2021, ACI IOT Investment Fund-I Corporation filed for liquidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2021

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 September 30, 2021				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	4,739,461	\$ 1,542,695	0.64	\$ 1,542,695	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	170,400	2.41	170,400	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	21,266,167	328,830	-	328,830	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	12,074,507	153,006	-	153,006	Note B
ACI	Stock	Contec	None	Financial assets at fair value through profit or loss - current	26,500	12,603	0.41	12,603	Note A
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - current	2,518,358	143,043	6.91	143,043	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - current	200,000	56,000	0.65	56,000	Note C
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,501,000	355,142	5.03	355,142	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,200	7.50	3,200	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.79	-	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,303	10.33	8,303	Note C
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	19,053,819	260,483	-	260,483	Note B
ACI	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	18,767,576	290,196	-	290,196	Note B
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	None	Financial assets at fair value through profit or loss - current	30,000,000	292,500	-	292,500	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	78,179	4.38	78,179	Note B
Advanix Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,466,890	96,870	-	96,870	Note B
Advanix Corporation	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,343,515	17,025	-	17,025	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	387,142	5,799	-	5,799	Note B
AdvanPOS	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,142,020	14,472	-	14,472	Note B
SIoT (Cayman)	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - current	-	275,715	-	275,715	Note B
SIoT (Cayman)	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - current	-	21,582	-	21,582	Note B
SIoT (Cayman)	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	6,621,726	90,508	-	90,508	Note B
AiSC	Stock	Shanghai Shangchuang Xinwei Investment Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	-	113,668	8.43	113,668	Note C
AiSC	Beneficiary certificates	Tianying Heyan (Hengqin) Investment Management Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - current	-	213,128	-	213,128	Note B
Huan Yan Water Solution Co., Ltd.	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	1,371,115	20,538	-	20,538	Note B

Note A: Market value was based on the closing price on September 30, 2021.

Note B: Market value was based on the net asset values of the open-ended mutual funds on September 30, 2021.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the nine-month period ended September 30, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable Securities						Balance as at January 1, 2021		Acquisition		Disposal			Balance as at September 30, 2021			
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying	Gain (Loss) on	Gain (Loss) on	Shares/Units	Amount
												Amount	Disposal	Valuation		
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market	Note A	None	None	9,225,566	\$ 150,057	39,947,223	\$ 650,003	49,172,789	\$ 800,779	\$ 800,060	\$ 719	\$ -	-	\$ -
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Money Market	Note A	None	None	2,508,127	451,087	3,972,385	715,004	6,480,512	1,167,049	1,166,091	958	-	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	103,735,038	1,600,995	21,040,753	325,002	103,509,624	1,600,000	1,596,921	3,079	(246)	21,266,167	328,830
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	114,671,962	1,450,589	39,493,475	500,003	142,090,930	1,800,000	1,797,282	2,718	(304)	12,074,507	153,006
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	Note A	None	None	-	-	30,000,000	300,000	-	-	-	-	(7,500)	30,000,000	292,500
SIoT (Cayman)	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	32,246,377	440,031	-	-	25,624,651	350,000	348,072	1,928	(1,451)	6,621,726	90,508

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
 Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
 September 30, 2021

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Payment Status	Counterparty	Relationship	Information on previous title transfer, if counterparty is a related party				Pricing Reference	Purpose of Acquisition	Other Property Terms
							Property Terms	Owner	Relationship	Transfer date			
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of \$273,530 should be made by September 30, and was paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the nine-month period ended September 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction Details			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total sales/(purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	\$ 7,417,072	25.28%	30 days after month-end	Contract price	No significant difference	\$ 1,324,102	20.81%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	7,525,336	25.65%	30 days after month-end	Contract price	No significant difference	1,394,590	21.92%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	3,841,277	13.09%	45 days after month-end	Contract price	No significant difference	1,309,056	20.58%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	973,824	3.32%	30 days after month-end	Contract price	No significant difference	135,628	2.13%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	706,708	2.41%	30 days after month-end	Contract price	No significant difference	165,449	2.60%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	467,220	1.59%	Usual trade terms	Contract price	No significant difference	44,720	0.70%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	211,519	0.72%	45 days after month-end	Contract price	No significant difference	66,057	1.04%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	219,715	0.75%	45 days after month-end	Contract price	No significant difference	109,995	1.73%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	145,369	0.50%	45 days after month-end	Contract price	No significant difference	49,038	0.77%
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	Sales	735,343	2.51%	30 days after month-end	Contract price	No significant difference	267,687	4.21%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	9,772,905	93.56%	Usual trade terms	Contract price	No significant difference	1,460,291	92.88%
AKMC	ACN	Related enterprise	Sales	372,771	3.57%	Usual trade terms	Contract price	No significant difference	59,671	3.80%
AKMC	Cermate (Shenzhen)	Related enterprise	Sales	130,983	1.25%	Usual trade terms	Contract price	No significant difference	43,615	2.77%
ACZ	AEU	Related enterprise	Sales	271,639	86.65%	60 days since invoice date	Contract price	No significant difference	62,731	84.59%
LNC	LNC Dong Guan	Related enterprise	Sales	476,505	82.29%	150 - 180 days after month-end	Contract price	No significant difference	268,713	86.16%

Note: All intercompany transactions have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
September 30, 2021

Table 7

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	\$ 1,394,590	6.23	\$ -	-	\$ 202,363	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	1,327,342	7.04	-	-	-	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,311,531	4.94	-	-	185,411	-
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	268,776	4.30	-	-	34,587	-
ADVANTECH CO., LTD.	AJP	Subsidiary	167,519	7.97	-	-	28,978	-
ADVANTECH CO., LTD.	AKR	Subsidiary	136,608	11.04	-	-	41,774	-
ADVANTECH CO., LTD.	ASG	Subsidiary	111,136	3.28	-	-	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	616,763	Note	-	-	265,079	-
AKMC	ADVANTECH CO., LTD.	Parent company	1,460,291	8.15	-	-	607,747	-
LNC	LNC Dong Guan	Related enterprise	268,713	2.54	-	-	51,093	-

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2021

Table 8

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		
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	\$ 211,519	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	7,525,336	Usual trade terms	18%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	1,394,590	30 days after month-end	3%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	3,841,277	Usual trade terms	9%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,309,056	45 days after month-end	2%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	706,708	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	165,449	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	973,824	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	135,628	30 days after month-end	0%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	7,417,072	Usual trade terms	17%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	1,324,102	30 days after month-end	2%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	219,715	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ASG	1	Receivables from related parties	109,995	45 days after month-end	0%
0	ADVANTECH CO., LTD.	A-SIoT	1	Sales revenue	735,343	Usual trade terms	2%
0	ADVANTECH CO., LTD.	A-SIoT	1	Receivables from related parties	267,687	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	145,369	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	467,220	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	1,460,291	30 days after month-end	3%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	9,772,905	Usual trade terms	23%
1	AKMC	ACN	3	Sales revenue	372,771	Usual trade terms	1%
1	AKMC	Cermate (Shenzhen)	3	Sales revenue	130,983	Usual trade terms	0%
2	ACZ	AEU	3	Sales revenue	271,639	Usual trade terms	1%
3	LNC	LNC Dong Guan	3	Sales revenue	476,505	Usual trade terms	1%
3	LNC	LNC Dong Guan	3	Receivables from related parties	268,713	150 days after month-end	0%

Note A: The parent company and its subsidiaries are numbered as follows:

1. "0" for Advantech Co., Ltd.
2. Subsidiaries are numbered from "1".

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

1. From the parent company to its subsidiary.
2. From the subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of September 30, 2021, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the nine-month period ended September 30, 2021.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the nine-month period ended September 30, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2021 (Note A)	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Shares	Ownership (%)	Carrying Value			
ADVANTECH CO., LTD.	AAC (BVI)	British Virgin Islands	Overseas investment in manufacturing and services industries	\$ 3,875,214	\$ 3,875,214	128,496,207	100.00	\$ 9,763,677	\$ 931,575	\$ 938,383	Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	4,267,575	168,646	164,710	Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	226,047	24,085	24,085	Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	2,900,000	2,900,000	300,000,000	100.00	3,827,695	120,165	120,593	Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	505,736	249,059	25,428,984	26.32	765,848	301,249	78,463	Investments accounted for under equity method
ADVANTECH CO., LTD.	AdvanPOS	Taiwan	Manufacturing and trade of endpoint sales system	266,192	266,192	1,000,000	100.00	297,718	(8)	(8)	Subsidiary
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	277,946	277,946	17,730,000	59.10	368,862	63,992	37,801	Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	61,909	61,909	10,000,002	60.00	36,331	(1,260)	(756)	Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,219,124	1,219,124	25,961,250	100.00	911,330	88,406	87,643	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	95,307	25,102	25,017	Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	47,067	4,079	2,020	Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	29,703	16,721	16,581	Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	15,472	15,472	1,200	100.00	404,233	34,392	32,707	Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	57,966	17,558	17,540	Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	416,963	122,038	121,878	Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	103,146	103,146	12,723,038	100.00	86,861	12,138	12,138	Subsidiary
ADVANTECH CO., LTD.	Advantech Innovative Design Co., Ltd.	Taiwan	Product design	10,000	10,000	-	-	-	3	3	Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	80,000	(14,699)	(14,699)	Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	19,754	4,999,999	99.99	38,971	6,560	6,430	Subsidiary
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use mobile systems	180,000	180,000	6,750,000	27.00	33,362	(43,908)	(11,855)	Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.55	557,897	290,096	45,773	Investments accounted for under equity method
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	8,100	60.00	52,444	9,380	5,594	Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	1,004,310	16.08	220,460	(10,868)	(2,978)	Investments accounted for under equity method
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	44,676	44,676	1	100.00	2,456	(9,494)	(9,494)	Subsidiary
ADVANTECH CO., LTD.	ATJ	Japan	Production and sale of electronic and mechanical devices	451,564	323,130	713,900	71.39	477,082	7,757	1,692	Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	35,663	3,077	(31)	Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	8,684	100	100	Subsidiary
ADVANTECH CO., LTD.	Huan Yan Water Solution Co., Ltd.	Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	27,000	27,000	2,700,000	100.00	23,822	(3,339)	(3,339)	Subsidiary
AJP	ATJ	Japan	Production and sale of electronic and mechanical devices	184,649	184,649	286,100	28.61	211,488	7,757	-	Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	136,262	35,926	-	Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	13,266	1,205	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	182,674	(19,277)	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	578,563	578,563	29,599,000	19.67	573,546	164,517	-	Investments accounted for under equity method
ACI	Yun Yan, Wu-Lian Co., Ltd.	Taiwan	Industrial equipment networking in Greater China	5,000	5,000	500,000	50.00	2,595	4	-	Subsidiary
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	45,109	-	-	Investments accounted for under equity method
ACI	i-Link	Taiwan	Integration of intelligent medical	9,091	9,091	845,000	21.13	2,483	(8,981)	-	Investments accounted for under equity method
ACI	DotZero	Taiwan	Intelligent metal processing integration	8,100	8,100	490,000	27.00	2,385	(7,858)	-	Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	15,710,000	15.37	154,243	(40,822)	-	Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	147,444	147,444	5,084,273	18.61	157,122	59,134	-	Investments accounted for under equity method
ACI	ACI IOT Investment Fund-I Corporation	Taiwan	Investment in marketable securities	-	238,000	-	-	-	19,246	-	Subsidiary
ACI	ACISM	Samoa	Holding company	18,214	18,214	1	100.00	6,953	(2,809)	-	Subsidiary
ACI	Samssoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	20,220	15,000	431,455	24.07	19,251	15,789	-	Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	2,500,000	20.00	9,802	(4,285)	-	Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	120,000	120,000	28,000,000	14.29	138,577	100,357	-	Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	20.73	424,770	81,909	-	Investments accounted for under equity method
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	257,511	78,681	-	Investments accounted for under equity method
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	7,254	(7,883)	-	Investments accounted for under equity method
ACI	AIH	Taiwan	Servicing of information software and data processing	12,254	12,254	1,100,000	100.00	2,799	(317)	-	Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	-	6,088,750	36.24	113,912	22,684	-	Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2021 (Note A)	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Shares	Ownership (%)	Carrying Value			
				\$	\$			\$			
ACI	Freedom Systems	Taiwan	Electronic information service	\$ 37,500	\$ -	1,500,000	20.00	\$ 37,767	\$ 7,659	\$ -	Investments accounted for under equity method
ATC	ATC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,212,730	1,212,730	57,890,679	100.00	4,311,559	168,717	-	Subsidiary
AAC(BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,606	100.00	4,962,103	395,636	-	Subsidiary
AAC(BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	3,057,654	514,503	-	Subsidiary
AAC(BVI)	ADB	United Arab Emirates	Trading of industrial network communications systems	-	-	-	100.00	2,525	276	-	Subsidiary
AAC(BVI)	SlIoT(Cayman)	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,392,500	1,392,500	30,000,000	100.00	1,978,540	21,160	-	Subsidiary
SlIoT(Cayman)	A-SIoT	Germany	Design, research and develop and trade of industrial on-board computer products	522,719	522,719	1	100.00	457,207	(13,337)	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	431,963	431,963	32,315,215	100.00	1,018,887	84,604	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	40,201	4,139	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	46,160	4,079	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,797	4,797	300,000	100.00	7,086	(754)	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	150,717	28,634	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	89,390	36,633	-	Subsidiary
Better Auto	Famous Now	Hong Kong	Holding company	136,632	136,632	4,906,096	100.00	100,424	36,633	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,099,546	1,099,546	-	100.00	367,697	56,341	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	342,412	54,318	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	-	1,237,500	55.00	4,356	(527)	-	Subsidiary

Note A: The financial statements used as basis of net asset values had not been reviewed by independent auditors, except AAC (BVI), AAC (HK), ANA, ATC, ATC (HK), AEUH, AEU and ACI.

Note B: All intercompany gains and losses from investments have been eliminated from consolidation.

Note C: Refer to Table 10 for investments in mainland China

Note D: The investment gains and losses recognized in the current period only disclose the part recognized by Advantech Co., Ltd., and the rest are exempted according to regulations.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the nine-month period ended September 30, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan		Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)	Investment net profit (loss)(Note A)	Carrying Value as of September 30, 2021	Remittance of Earnings as of September 30, 2021	
				as of January 1, 2021	Outflow	Inflow	USD						CNY	USD
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,218,438 USD 43,750 (Note D)	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,038,805 USD 37,300	\$ -	\$ -	\$ 1,038,805 USD 37,300	\$ 168,717	100.00	\$ 164,781	\$ 4,311,559	\$ -		
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	117,806 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	148,496 USD 5,332	-	-	148,496 USD 5,332	515,022	100.00	514,729	2,411,598	312,811 USD 11,232		
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Manufacturing, marketing and trade of industrial use computers	222,800 USD 8,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	222,800 USD 8,000	-	-	222,800 USD 8,000	442	100.00	443	621,200	-		
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	27,850 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	48	100.00	48	28,913	-		
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	111,400 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	88,953 USD 3,194	-	-	88,953 USD 3,194	45,187	100.00	46,138	100,424	-		
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,610 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	8,578 USD 308	-	-	8,578 USD 308	22,463	90.00	20,648	104,738	38,603 USD 717 CNY 4,328		
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	14,482 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	15,930 USD 572	-	-	15,930 USD 572	8,422	100.00	8,420	50,405	-		
Advantech Service-IoT (Shanghai) Co., Ltd. [(IoT (China)]	Technology development, consulting and services in the field of intelligent technology	64,575 CNY 15,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note E	-	-	Note E	8,872	100.00	8,872	48,562	-		
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,471 CNY 2,200	Other	Note F	-	-	Note F	2	100.00	2	5,110	-		
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	12,915 CNY 3,000	Other	Note F	-	-	Note F	(9)	20.00	(2)	2,581	-		
GSD Environmental Technology Co., Ltd. (GSD)	Development, consulting and services in environmental technology	43,050 CNY 10,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	16,237 USD 583	-	-	16,237 USD 583	(7,023)	40.00	(2,809)	6,953	-		
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	14,637 CNY 3,400	Other	Note F	-	-	Note F	(30,213)	25.00	(5,436)	21,082	-		
Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA												
\$ 1,545,369 (USD 55,489 thousand) (Note G)	\$ 2,205,163 (USD 79,180 thousand)	\$ 21,138,877 (Note I)												

Note A: Except for the financial statements of AKMC and ACN, the respective entity is an immaterial subsidiary; its financial statements have not been reviewed.

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 (BVI) and AiSC.

Note F: Remittance by AiSC; AiSC's investments in associate accounted for under equity method.

Note G: 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 H: The exchange rate was US\$1=NT\$27.85 and CNY\$1=NT\$4.305.

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

Note J: All intercompany gains and losses from investment have been eliminated upon consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2021

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.33%
K&M Investment Co., Ltd.	91,369,108	11.80%
AIDC Investment Corp.	90,295,663	11.66%

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.