

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THEREON
SEPTEMBER 30, 2022 AND 2021

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 sheets of Advantech Co., Ltd. and subsidiaries (the "Group") as of September 30, 2022 and 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 periods 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 reviews 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 investments accounted for under equity method were not reviewed by independent auditors. Those statements reflect total assets amounting to NT\$12,541,254 thousand and NT\$11,222,189 thousand (including the balance of investments accounted for under equity method), constituting 20% and 21% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to NT\$2,233,542 thousand and NT\$1,665,294 thousand, constituting 11% and 9% of consolidated total

liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income amounting to NT\$524,782 thousand, NT\$134,953 thousand, NT\$940,244 thousand and NT\$284,013 thousand, constituting 15%, 6%, 11% and 5% of consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

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 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, 2022 and 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 periods 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.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

October 28, 2022

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, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets			September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 9,414,099	15	\$ 9,301,152	16	\$ 7,036,233	13
1110	Financial assets at fair value through profit or loss - current	6(2)	454,934	1	2,011,279	4	1,503,891	3
1136	Financial assets at amortised cost - current	6(4) and 8	94,000	-	113,548	-	124,961	-
1150	Notes receivable	6(5)	1,532,355	2	2,038,948	4	2,183,463	4
1170	Accounts receivable	6(5)	11,145,110	18	8,215,075	14	8,187,614	15
1180	Accounts receivable - related parties	7	35,924	-	37,920	-	55,931	-
1200	Other receivables		56,203	-	54,497	-	34,856	-
1210	Other receivables - related parties	7	-	-	-	-	21,449	-
130X	Inventories	6(6)	14,938,046	24	12,517,416	22	12,589,572	23
1470	Other current assets	7	1,065,682	2	831,655	1	754,308	2
11XX	Total current assets		38,736,353	62	35,121,490	61	32,492,278	60
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,471,549	4	1,659,120	3	881,104	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,053,946	3	2,516,420	4	2,193,408	4
1550	Investments accounted for under equity method	6(7)	4,187,195	7	3,856,835	7	3,747,855	7
1600	Property, plant and equipment	6(8) and 8	10,789,753	17	10,246,751	18	10,007,232	19
1755	Right-of-use assets	6(9)	675,667	1	594,368	1	647,668	1
1780	Intangible assets	6(10)	2,830,513	5	2,665,425	4	3,027,198	6
1840	Deferred income tax assets		743,046	1	985,675	2	767,040	1
1915	Prepayments for business facilities		148,055	-	116,347	-	158,088	-
1990	Other non-current assets	8	79,713	-	65,806	-	63,938	-
15XX	Total non-current assets		23,979,437	38	22,706,747	39	21,493,531	40
1XXX	Total assets		\$ 62,715,790	100	\$ 57,828,237	100	\$ 53,985,809	100

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ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity			September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Notes								
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 545,184	1	\$ 255,700	1	\$ 226,600	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	15,444	-	2,687	-	2,144	-
2130	Current contract liabilities	6(21)	1,164,421	2	950,692	2	989,685	2
2170	Notes and accounts payable	7	7,322,044	12	7,486,975	13	7,234,477	13
2200	Other payables	6(12) and 7	4,473,375	7	4,587,492	8	4,067,409	8
2230	Current income tax liabilities		3,029,498	5	2,485,660	4	2,070,918	4
2250	Provisions for liabilities - current		259,323	-	196,498	-	187,541	-
2280	Lease liabilities - current	6(9)	258,175	-	250,338	-	261,147	-
2300	Other current liabilities		353,403	1	287,636	1	271,607	1
21XX	Total current liabilities		<u>17,420,867</u>	<u>28</u>	<u>16,503,678</u>	<u>29</u>	<u>15,311,528</u>	<u>28</u>
Non-current liabilities								
2540	Long-term borrowings	6(13) and 8	110,500	-	-	-	-	-
2560	Current tax liabilities - non-current		721,304	1	97,320	-	145,981	-
2570	Deferred income tax liabilities		2,180,474	4	2,178,209	4	2,168,661	4
2580	Lease liabilities - non-current	6(9)	140,278	-	67,068	-	107,996	-
2600	Other non-current liabilities		507,890	1	619,171	1	573,049	1
25XX	Total non-current liabilities		<u>3,660,446</u>	<u>6</u>	<u>2,961,768</u>	<u>5</u>	<u>2,995,687</u>	<u>6</u>
2XXX	Total liabilities		<u>21,081,313</u>	<u>34</u>	<u>19,465,446</u>	<u>34</u>	<u>18,307,215</u>	<u>34</u>
Equity attributable to shareholders of the parent								
	Share capital	6(16)						
3110	Common shares		7,763,662	12	7,738,228	13	7,727,295	14
3140	Advance receipts for share capital		14,772	-	6,410	-	10,933	-
	Capital surplus	6(17)						
3200	Capital surplus		9,034,346	14	8,388,886	15	8,334,107	16
	Retained earnings	6(18)						
3310	Legal reserve		8,552,226	14	7,737,236	13	7,737,236	14
3320	Special reserve		555,794	1	831,850	1	831,850	2
3350	Unappropriated retained earnings		15,181,444	24	13,705,710	24	11,401,763	21
	Other equity	6(19)						
3400	Other equity		63,773	-	(555,793)	(1)	(811,723)	(2)
31XX	Equity attributable to shareholders of the parent		<u>41,166,017</u>	<u>65</u>	<u>37,852,527</u>	<u>65</u>	<u>35,231,461</u>	<u>65</u>
36XX	Non-controlling interest	6(20)	468,460	1	510,264	1	447,133	1
3XXX	Total equity		<u>41,634,477</u>	<u>66</u>	<u>38,362,791</u>	<u>66</u>	<u>35,678,594</u>	<u>66</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 62,715,790	100	\$ 57,828,237	100	\$ 53,985,809	100

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

			For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2022		2021		2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7		\$ 18,613,912	100	\$ 15,506,864	100	\$ 51,557,924	100	\$ 42,877,954	100
5000 Operating costs	6(6)(8)(9)(10)(14)(15)(25) and 7		(11,834,275)	(64)	(9,800,835)	(63)	(32,121,677)	(62)	(26,745,909)	(62)
5950 Gross profit			6,779,637	36	5,706,029	37	19,436,247	38	16,132,045	38
Operating expenses	6(8)(9)(10)(14)(15)(25) and 7									
6100 Selling expenses			(1,428,671)	(8)	(1,200,627)	(8)	(4,184,863)	(8)	(3,649,590)	(9)
6200 General and administrative expenses			(757,412)	(4)	(781,178)	(5)	(2,219,020)	(4)	(2,169,709)	(5)
6300 Research and development expenses			(1,191,397)	(6)	(1,123,052)	(7)	(3,490,398)	(7)	(3,215,351)	(7)
6450 Expected credit impairment (loss) gain			(23,771)	-	6,445	-	(41,279)	-	(5,572)	-
6000 Total operating expenses			(3,401,251)	(18)	(3,098,412)	(20)	(9,935,560)	(19)	(9,040,222)	(21)
6900 Operating profit			3,378,386	18	2,607,617	17	9,500,687	19	7,091,823	17
Non-operating income and expenses										
7100 Interest income	7		8,983	-	10,286	-	21,514	-	32,795	-
7010 Other income	6(22) and 7		271,023	1	188,029	1	352,773	1	258,259	1
7020 Other gains and losses	6(2)(23)		125,161	1	(36,470)	-	143,518	-	21,687	-
7050 Finance costs	6(9)(11)(13)(24)		(6,547)	-	(3,862)	-	(19,047)	-	(11,500)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)		189,841	1	117,212	1	274,657	-	184,075	-
7000 Total non-operating income and expenses			588,461	3	275,195	2	773,415	1	485,316	1
7900 Profit before income tax			3,966,847	21	2,882,812	19	10,274,102	20	7,577,139	18
7950 Income tax expense	6(26)		(790,554)	(4)	(595,901)	(4)	(2,065,983)	(4)	(1,546,023)	(4)
8200 Profit for the period			\$ 3,176,293	17	\$ 2,286,911	15	\$ 8,208,119	16	\$ 6,031,116	14

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ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	(\$ 139,203)	(1)	(\$ 125,463)	(1)	(\$ 465,330)	(1)	\$ 437,136	1
8320 Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(19)	60,657	1	10,031	-	66,985	-	63,209	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		(78,546)	-	(115,432)	(1)	(398,345)	(1)	500,345	1
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Financial statements translation differences of foreign operations	6(19)	535,892	3	(103,850)	(1)	1,219,396	2	(579,469)	(1)
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(19)	28,824	-	(3,788)	-	55,394	-	(60,623)	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(26)	(116,580)	(1)	24,393	-	(257,076)	-	122,962	-
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		448,136	2	(83,245)	(1)	1,017,714	2	(517,130)	(1)
8300 Total other comprehensive income (loss) for the period		<u>\$ 369,590</u>	<u>2</u>	<u>(\$ 198,677)</u>	<u>(2)</u>	<u>619,369</u>	<u>1</u>	<u>(\$ 16,785)</u>	<u>-</u>
8500 Total comprehensive income for the period		<u>\$ 3,545,883</u>	<u>19</u>	<u>\$ 2,088,234</u>	<u>13</u>	<u>8,827,488</u>	<u>17</u>	<u>\$ 6,014,331</u>	<u>14</u>
Profit attributable to:									
8610 Shareholders of the parent		\$ 3,184,397	17	\$ 2,274,481	15	\$ 8,214,278	16	\$ 5,977,551	14
8620 Non-controlling interest		(8,104)	-	12,430	-	(6,159)	-	53,565	-
		<u>\$ 3,176,293</u>	<u>17</u>	<u>\$ 2,286,911</u>	<u>15</u>	<u>8,208,119</u>	<u>16</u>	<u>\$ 6,031,116</u>	<u>14</u>
Total comprehensive income attributable to:									
8710 Shareholders of the parent		\$ 3,572,172	19	\$ 2,061,480	13	\$ 8,844,236	17	\$ 5,986,051	14
8720 Non-controlling interest		(26,289)	-	26,754	-	(16,748)	-	28,280	-
		<u>\$ 3,545,883</u>	<u>19</u>	<u>\$ 2,088,234</u>	<u>13</u>	<u>\$ 8,827,488</u>	<u>17</u>	<u>\$ 6,014,331</u>	<u>14</u>
Basic earnings per share	6(27)								
9750 Profit for the period		<u>\$ 4.10</u>		<u>\$ 2.95</u>		<u>\$ 10.59</u>		<u>\$ 7.74</u>	
Diluted earnings per share	6(27)								
9850 Profit for the period		<u>\$ 4.07</u>		<u>\$ 2.89</u>		<u>\$ 10.48</u>		<u>\$ 7.62</u>	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity
		Capital			Retained Earnings			Other Equity Interest						
		Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total			
<u>For the nine-month period ended September 30, 2021</u>														
Balance at January 1, 2021		\$ 7,719,455	\$ 3,090	\$ 7,913,754	\$ 7,020,201	\$ 845,993	\$ 11,739,513	(\$ 1,006,635)	\$ 173,308	\$ 1,477	\$ 34,410,156	\$ 636,267	\$ 35,046,423	
Consolidated profit for the period		-	-	-	-	-	5,977,551	-	-	-	5,977,551	53,565	6,031,116	
Other comprehensive income (loss) for the period	6(19)(20)	-	-	-	-	-	(192)	(491,845)	500,537	-	8,500	(25,285)	(16,785)	
Total comprehensive income (loss) for the period		-	-	-	-	-	5,977,359	(491,845)	500,537	-	5,986,051	28,280	6,014,331	
Appropriations of 2020 earnings	6(18)													
Legal reserve		-	-	-	717,035	-	(717,035)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	(14,143)	14,143	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(5,480,813)	-	-	-	(5,480,813)	-	(5,480,813)	
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	(25,675)	(25,675)	
Recognition of employee share options	6(15)	7,840	7,843	136,342	-	-	-	-	-	-	152,025	-	152,025	
Compensation costs recognized for employee share options	6(15)	-	-	308,240	-	-	-	-	-	-	308,240	-	308,240	
Changes in associates and joint ventures accounted for under equity method		-	-	(24,390)	-	-	(115,321)	-	-	-	(139,711)	-	(139,711)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(28)	-	-	-	-	-	(3,401)	-	-	-	(3,401)	-	(3,401)	
Changes in non-controlling interest	6(20)	-	-	-	-	-	-	-	-	-	-	(70,256)	(70,256)	
Changes in ownership interests in subsidiaries	6(20)(28)	-	-	161	-	-	(1,247)	-	-	-	(1,086)	(121,483)	(122,569)	
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	(11,435)	-	11,435	-	-	-	-	
Balance at September 30, 2021		\$ 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	
<u>For the nine-month period ended September 30, 2022</u>														
Balance at January 1, 2022		\$ 7,738,228	\$ 6,410	\$ 8,388,886	\$ 7,737,236	\$ 831,850	\$ 13,705,710	(\$ 1,575,937)	\$ 1,018,667	\$ 1,477	\$ 37,852,527	\$ 510,264	\$ 38,362,791	
Consolidated profit for the period		-	-	-	-	-	8,214,278	-	-	-	8,214,278	(6,159)	8,208,119	
Other comprehensive income (loss) for the period	6(19)(20)	-	-	-	-	-	-	1,028,303	(398,345)	-	629,958	(10,589)	619,369	
Total comprehensive income (loss) for the period		-	-	-	-	-	8,214,278	1,028,303	(398,345)	-	8,844,236	(16,748)	8,827,488	
Appropriations of 2021 earnings	6(18)													
Legal reserve		-	-	-	814,990	-	(814,990)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	(276,056)	276,056	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(6,195,710)	-	-	-	(6,195,710)	-	(6,195,710)	
Cash dividends distributed by subsidiaries	6(20)	-	-	-	-	-	-	-	-	-	-	(40,607)	(40,607)	
Recognition of employee share options	6(15)	25,434	8,362	378,079	-	-	-	-	-	-	411,875	-	411,875	
Compensation costs recognized for employee share options	6(15)	-	-	195,899	-	-	-	-	-	-	195,899	-	195,899	
Changes in associates and joint ventures accounted for under equity method	6(19)	-	-	62,740	-	-	-	-	-	(9,678)	53,062	-	53,062	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(28)	-	-	8,428	-	-	(4,614)	-	-	-	3,814	-	3,814	
Changes in non-controlling interest	6(20)	-	-	-	-	-	-	-	-	-	-	17,675	17,675	
Changes in ownership interests in subsidiaries	6(28)	-	-	314	-	-	-	-	-	-	314	(2,124)	(1,810)	
Disposal of financial assets at fair value through other comprehensive income owned by associates		-	-	-	-	-	714	-	(714)	-	-	-	-	
Balance at September 30, 2022		\$ 7,763,662	\$ 14,772	\$ 9,034,346	\$ 8,552,226	\$ 555,794	\$ 15,181,444	(\$ 547,634)	\$ 619,608	(\$ 8,201)	\$ 41,166,017	\$ 468,460	\$ 41,634,477	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 10,274,102	\$ 7,577,139
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	649,214	605,621
Amortisation	6(10)(25)	138,522	217,764
Expected credit impairment loss		41,279	5,572
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(23)	123,000	(54,807)
Finance costs	6(24)	19,047	11,500
Interest income		(21,514)	(32,795)
Dividend income	6(22)	(237,261)	(161,913)
Compensation costs of employee share options	6(15)(25)	195,900	308,266
Share of profit of associates accounted for under equity method	6(7)	(274,657)	(184,075)
Loss (gain) on disposal of property, plant and equipment	6(23)	1,183	(58,570)
Gain on disposal of investment	6(23)	(409)	-
Impairment loss	6(10)(23)	-	8,554
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		1,334,639	4,032,536
Notes receivable		506,553	(291,341)
Accounts receivable		(2,971,533)	(1,336,454)
Accounts receivable – related parties		1,996	(27,181)
Other receivables (including related parties)		(1,706)	213
Inventories		(2,420,630)	(4,776,022)
Other current assets		(234,027)	(270,569)
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		12,757	-
Contract liabilities - current		213,729	232,633
Notes and accounts payable		(164,931)	2,908,030
Other payables		(114,324)	138,675
Provision for liabilities - current		62,825	23,455
Other current liabilities		65,767	93,182
Other non-current liabilities		(111,192)	39,176
Cash inflow generated from operations		7,088,329	9,008,589
Interest received		21,514	32,795
Dividends received		237,261	161,913
Interest paid		(18,840)	(641)
Income taxes paid		(901,165)	(1,823,488)
Net cash flows provided by operating activities		6,427,099	7,379,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(36,072)	(4,013)
Proceeds from disposal of financial assets at amortised cost		58,926	29,420
Acquisition of financial assets at fair value through profit or loss		(547,168)	(810,524)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	16
Acquisition of investments accounted for under equity method	6(7)	(53,050)	(309,404)
Proceeds from disposal of investment accounted for under equity method	6(7)	940	-
Dividends received from associates		172,843	129,207
Acquisition of property, plant and equipment	6(8)	(849,134)	(680,285)
Proceeds from disposal of property, plant and equipment		6,456	131,029
Increase in refundable deposits		(10,343)	(3,093)
Acquisition of intangible assets	6(10)	(81,432)	(163,288)
(Increase) decrease in other non-current assets		(3,564)	23
Increase in prepayments for business facilities		(104,912)	(24,148)
Net cash flows used in investing activities		(1,446,510)	(1,786,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	304,184	58,530
Increase in long-term borrowings	6(29)	110,500	-
Decrease in guarantee deposits received		(89)	(711)
Payments of lease liabilities	6(9)(29)	(188,433)	(185,370)
Payments of cash dividends	6(17)	(6,195,710)	(5,480,813)
Employee share options exercised		411,875	143,975
Dividends paid to non-controlling interests	6(20)	(40,607)	(25,675)
Liquidation of subsidiary and refund of shares to non-controlling interests		-	(70,649)
Change in non-controlling interests	6(20)(28)	2,004	(120,385)
Net cash flows used in financing activities		(5,596,276)	(5,681,098)
Effect of exchange rate changes		728,634	373,219
Net increase in cash and cash equivalents		112,947	461,209
Cash and cash equivalents at beginning of period		9,301,152	7,497,442
Cash and cash equivalents at end of period		\$ 9,414,099	\$ 7,036,233

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, 2022 AND 2021
(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 sales of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed on the Taiwan Stock Exchange since December 1999.
- (3) To improve the entire operating efficiency of the Company and its subsidiaries (collectively referred herein as the “Group”), the Company’s Board of Directors during its meeting on June 30, 2009 resolved to have a short-form merger with its wholly-owned subsidiary, Advantech Investment and Management Service (“AIMS”). The effective date was set on July 30, 2009. As the surviving entity, the Company assumed all assets and liabilities of AIMS. On June 26, 2014, the Company’s Board of Directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. (“Netstar”), an 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.

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 28, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.	

(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 2023 are as follows:

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.

(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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	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, 2021, 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, 2021.

(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 2021 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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 2
	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 2
	Advantech Australia Pty Ltd. (AAU)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech Japan Co., Ltd. (AJP)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Notes 2 and 5
	Advantech Co., Malaysia Sdn. Bhd (AMY)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech KR Co., Ltd. (AKR)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech Brasil Ltd. (ABR)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	Advantech Industrial Computing India Private Limited (AIN)	Marketing and trade of industrial use computers	99.99	99.99	99.99	Note 2
	AdvanPOS Technology Co., Ltd. (AdvanPOS)	Manufacturing and trade of endpoint sales system	-	100.00	100.00	Notes 2 and 9
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	44.60	48.10	59.10	Notes 2 and 3
	Advantech Electronics, S.A.P.I DE C. V. (AMX)	Marketing and trade of industrial use computers	99.90	60.00	60.00	Notes 2 and 14
	Advantech Intelligent Services Co., Ltd. (AiCS) (former AiST)	Design, research and development and sales of intelligent services	100.00	100.00	100.00	Note 2
	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	51.00	51.00	51.00	Note 2
	Advantech Vietnam Technology Company Limited (AVN)	Marketing and trade of industrial use computers	60.00	60.00	60.00	Note 2
	Advantech Technology Limited Liability Company (ARU)	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical devices	-	71.39	71.39	Notes 2 and 5
	Advantech Turkey Teknoloji A.S. (ATR)	Wholesale of computers and peripheral devices	60.00	60.00	60.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	ADVANTECH IOT ISRAEL LTD. (AIL)	Trading of industrial network communications systems	100.00	100.00	100.00	Note 2
	Huan Yan Water Solution Co., Ltd.	Service plan for combination of related technologies of water treatment and applications of Internet of Things	90.00	90.00	90.00	Notes 2 and 4
Advantech Japan Co., Ltd. (AJP)	Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical devices	-	28.61	28.61	Notes 2 and 5
Advantech Corporate Investment (ACI)	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	55.00	55.00	55.00	Note 2
	Advantech Corporate Investment Ltd. (ACISM)	Holding company	-	-	100.00	Notes 2 and 8
	Advantech Intelligent Health Co., Ltd. (AIH)	Servicing of information software and data processing	100.00	100.00	100.00	Note 2
	Yan Xu Green Electricity Co., Ltd.	Green energy power plant development	82.50	-	-	Notes 2 and 12
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	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
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 Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	0.10	-	-	Notes 2 and 14
	Advantech Service - IoT Co., Ltd. [ACI (Cayman)]	Design, research and development and trade of IoT intelligent system services	100.00	100.00	100.00	Note 2
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2
Advantech Corp. (ANA)	Advantech Technology Limited (AIE) (former BBIE)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2
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. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	82.00	100.00	100.00	Notes 2 and 10
Advantech Service - IoT Co., Ltd. [ACI (Cayman)]	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	-	99.00	99.00	Notes 2 and 15

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Advantech Service - IoT Co., Ltd. [ACI (Cayman)]	Advantech Service-IoT GmbH (A-SIoT)	Design, research and development and trade of industrial on-board computer products	-	-	100.00	Notes 2 and 7
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 2
	Shanghai Advantech Intelligent Service Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	18.00	-	-	Notes 2 and 10
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	100.00	1.00	1.00	Notes 2 and 15
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	100.00	100.00	100.00	Note 2
Advantech Europe Holding B.V. (AEUH)	Advantech Europe B.V. (AEU)	Marketing and trade of industrial use computers	100.00	100.00	100.00	
	Advantech Poland Sp z o.o. (APL)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
Advantech Europe B.V. (AEU)	Advantech Service - IoT GmbH (A-SIoT)	Design, research and development and trade of industrial on-board computer products	-	100.00	-	Note 7
Advantech Co., Singapore Pte, Ltd. (ASG)	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	49.00	49.00	49.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Advantech Co., Singapore Pte, Ltd. (ASG)	PT Advantech International (AID)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	100.00	Note 2
LandMark Co., Ltd. (LandMark)	Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	100.00	100.00	100.00	Note 2
	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 2
	Cermate software Inc. (CSI)	Software development	100.00	-	-	Notes 2 and 11
LNC Technology Co., Ltd. (LNC)	Better Auto Holdings Limited (Better Auto)	Holding company	100.00	100.00	100.00	Note 2
	NANOMAC Co., Ltd.	System integration and application	87.27	-	-	Notes 2 and 13
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	-	-	Notes 2 and 16
Better Auto Holdings Limited (Better Auto)	Famous Now Limited (Famous Now)	Holding company	100.00	100.00	100.00	Note 2
BEST PLC LTD. (BEST PLC)	BEST SERVO LTD. (BEST SERVO)	Holding company	100.00	-	-	Notes 2 and 17
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 2
Advantech Technology Limited (AIE) (former BBIE)	Advantech CZech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Advantech Industrial Computer Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	55.00	55.00	Notes 2 and 6

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

Note 2: The financial statements of the entity as of and for the nine-month periods ended September 30, 2022 and 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 3: In the fourth quarter of 2021 and the third quarter of 2022, the Group sold its 11% and 3.5% equity interest in LNC, respectively, which resulted to a decrease in ownership to 44.60%. After the disposal, the Group is still the single largest shareholder of LNC. Given that the degree of other shareholders involvement in prior shareholders' meeting and record of voting rights for major proposals, which indicates that the Group still has substantial ability to direct the relevant activities, the Group has control over LNC.

Note 4: In the second quarter of 2021, Huan Yan Water Solution Co., Ltd. increased capital. Industrial Technology Research Institute acquired 10% equity interest. As a result, the shareholding ratio of the Group decreased to 90%.

Note 5: 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 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%. In the first quarter of 2022, ATJ merged with AJP, with AJP as the surviving company and ATJ as the dissolved company.

Note 6: In the second quarter of 2021, the Group founded ARI.

Note 7: In the fourth quarter of 2021, the Group adjusted its investment structure, Accordingly, AEU held 100% equity interest in A-SIoT. In the third quarter of 2022, A-SIoT merged with AEU, with AEU as the surviving company and A-SIoT as the dissolved company.

Note 8: In the fourth quarter of 2021, ACISM filed for liquidation.

Note 9: In the second quarter of 2022, AdvanPOS filed for liquidation.

Note 10: In the first quarter of 2022, ACN acquired 18% equity interest in ACI CN, which resulted to a decrease in AAC (HK)'s equity interest in ACI CN to 82%.

Note 11: In the first quarter of 2022, the Group established a wholly-owned subsidiary, Cermate Software Inc.

Note 12: In the first quarter of 2022, the Group established Yan Xu Green Electricity Co., Ltd., and the Group held 82.5% equity interest in Yan Xu Green Electricity Co., Ltd.

Note 13: In the first quarter of 2022, the Group established a wholly-owned subsidiary, NANOMACCo., LTD., and in the third quarter of 2022, the Group did not participate in the capital increase proportionally to its interest, which resulted to a decrease in ownership from 100% to 87.27%.

Note 14: In the first quarter of 2022, the Group acquired 40% equity interest in AMX, which resulted to an increase in ownership from 60% to 100%.

Note 15: In the second quarter of 2022, the Group adjusted its investment structure. Accordingly, ACI CN held 100% equity interest in SIoT (China).

Note 16: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST PLC.

Note 17: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST SERVO.

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, 2022. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and revolving funds	\$ 1,452	\$ 1,098	\$ 1,334
Checking accounts and demand deposits	8,694,461	8,674,989	6,673,080
Cash equivalents (time deposits with original maturities less than three months)	<u>718,186</u>	<u>625,065</u>	<u>361,819</u>
	<u>\$ 9,414,099</u>	<u>\$ 9,301,152</u>	<u>\$ 7,036,233</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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</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	\$ 1,457	\$ 11,966	\$ 14,518
Non-derivative financial assets			
Listed and OTC stocks	-	170,417	155,646
Unlisted and non-OTC stocks	-	56,000	56,000
Beneficiary certificates	423,477	1,735,921	1,277,727
Convertible corporate bonds	<u>30,000</u>	<u>36,975</u>	<u>-</u>
	<u>\$ 454,934</u>	<u>\$ 2,011,279</u>	<u>\$ 1,503,891</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed and OTC stocks	\$ 185,354	\$ -	\$ -
Unlisted and non-OTC stocks	174,255	94,310	78,179
Beneficiary certificates	<u>2,111,940</u>	<u>1,564,810</u>	<u>802,925</u>
	<u>\$ 2,471,549</u>	<u>\$ 1,659,120</u>	<u>\$ 881,104</u>

September 30, 2022 December 31, 2021 September 30, 2021

Financial liabilities - current

Mandatorily measured at fair

value through profit or loss

Derivative instruments (not

under hedge accounting)

Forward foreign exchange

contracts

\$ 15,444 \$ 2,687 \$ 2,144

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

For the three-month periods ended September 30

2022

2021

Financial assets and liabilities mandatorily
measured at fair value through profit or
loss

Non-derivative instruments

(\$ 19,631) (\$ 32,656)

Derivative instruments

(10,494) 11,267

(\$ 30,125) (\$ 21,389)

For the nine-month periods ended September 30

2022

2021

Financial assets and liabilities mandatorily
measured at fair value through profit or
loss

Non-derivative instruments

(\$ 112,731) \$ 13,567

Derivative instruments

(10,269) 41,240

(\$ 123,000) \$ 54,807

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, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2022.11	USD 200/NTD 6,365
foreign exchange	EUR/NTD	2022.10~2023.01	EUR 3,800/NTD 119,741
	JPY/NTD	2022.10~2023.01	JPY 160,000/NTD 35,690
<u>December 31, 2021</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2022.01~2022.05	EUR 12,300/NTD 395,896
foreign exchange	JPY/NTD	2022.01~2022.03	JPY 240,000/NTD 59,071
	USD/NTD	2022.01	USD 800/NTD 22,219

<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

Derivative financial liabilities:

<u>September 30, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2022.10~2022.11	USD 3,800/NTD 117,003
foreign exchange	EUR/NTD	2022.10~2023.02	EUR 10,400/NTD 318,625
	CNY/NTD	2022.10~2023.01	CNY 82,000/NTD 361,679
	JPY/NTD	2022.10~2023.01	JPY 100,000/NTD 21,790

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

<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			

- 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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Listed, OTC and emerging stocks	\$ 1,454,337	\$ 2,396,403	\$ 2,068,237
Unlisted and non-OTC stocks	599,609	120,017	125,171
	<u>\$ 2,053,946</u>	<u>\$ 2,516,420</u>	<u>\$ 2,193,408</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>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>139,203</u>)	(\$ <u>125,463</u>)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 9,451)</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ <u>465,330</u>)	\$ <u>437,136</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>(\$ 11,435)</u>

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

(4) Financial assets at amortised cost - current

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Time deposits with original maturity period of more than three months	<u>\$ 94,000</u>	<u>\$ 113,548</u>	<u>\$ 124,961</u>

A. As of September 30, 2022, December 31, 2021 and September 30, 2021, 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 \$94,000, \$113,548 and \$124,961, respectively.

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

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

(5) Notes and accounts receivable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ <u>1,533,099</u>	\$ <u>2,039,732</u>	\$ <u>2,184,384</u>
Less: Allowance for uncollectible accounts	(<u>744</u>)	(<u>784</u>)	(<u>921</u>)
	<u>\$ 1,532,355</u>	<u>\$ 2,038,948</u>	<u>\$ 2,183,463</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	\$ 11,259,398	\$ 8,289,138	\$ 8,263,011
Less: Allowance for uncollectible accounts	(114,288)	(74,063)	(75,397)
	<u>\$ 11,145,110</u>	<u>\$ 8,215,075</u>	<u>\$ 8,187,614</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Not past due	\$ 11,527,823	\$ 9,547,123	\$ 9,834,316
Less than 90 days past due	1,078,024	687,824	516,129
Between 91 to 180 days past due	87,391	26,973	29,681
Over 181 days past due	99,259	66,950	67,269
	<u>\$ 12,792,497</u>	<u>\$ 10,328,870</u>	<u>\$ 10,447,395</u>

The above aging analysis was based on past due date.

B. Except for the balances shown above, the balance of notes and accounts receivable from contracts with customers was \$8,826,295 at January 1, 2021.

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

D. As of September 30, 2022, December 31, 2021 and September 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amounts that best represent the Group's notes receivable were \$1,532,355, \$2,038,948 and \$2,183,463, respectively. The maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were \$11,145,110, \$8,215,075 and \$8,187,614, respectively.

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

(6) Inventories

	<u>September 30, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 8,585,800	(\$ 852,520)	\$ 7,733,280
Work in progress	1,354,689	(16,931)	1,337,758
Finished goods	5,359,531	(487,711)	4,871,820
Inventory in transit	995,188	-	995,188
	<u>\$ 16,295,208</u>	<u>(\$ 1,357,162)</u>	<u>\$ 14,938,046</u>

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,594,778	(\$ 607,288)	\$ 5,987,490
Work in progress	1,261,383	(47,714)	1,213,669
Finished goods	4,605,226	(344,512)	4,260,714
Inventory in transit	1,055,543	-	1,055,543
	<u>\$ 13,516,930</u>	<u>(\$ 999,514)</u>	<u>\$ 12,517,416</u>
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>

The cost of inventories recognized as expense for the period:

For the three-month periods ended September 30			
	2022	2021	
Cost of goods sold	\$ 11,723,414	\$ 9,546,225	
Loss on decline in market value	(19,633)	56,283	
Others	130,494	198,327	
	<u>\$ 11,834,275</u>	<u>\$ 9,800,835</u>	
For the nine-month periods ended September 30			
	2022	2021	
Cost of goods sold	\$ 31,481,109	\$ 26,032,807	
Loss on decline in market value	337,880	189,365	
Others	302,688	523,737	
	<u>\$ 32,121,677</u>	<u>\$ 26,745,909</u>	

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss had been sold for the three-month period ended September 30, 2022.

(7) Investments accounted for under equity method

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Associates that are not individually material</u>			
<u>Listed and OTC companies</u>			
Axiomtek Co., Ltd. (Axiomtek)	\$ 945,996	\$ 830,007	\$ 765,848
Winmate Inc. (Winmate)	582,934	572,568	557,897
AzureWave Technologies, Inc. (AzureWave)	665,473	601,310	573,546
Nippon RAD Inc. (Nippon RAD)	242,029	261,523	265,569
Mildex Optical Inc. (Mildex)	164,026	142,658	154,243
Hwacom Systems Inc. (Hwacom)	428,188	439,839	424,770
Information Technology Total Services Co., Ltd. (ITTS)	160,513	159,489	157,122
<u>Unlisted companies</u>			
International Integrated Systems, Inc. (IISI)	266,924	271,364	257,511
CDIB Innovation Accelerator Co., Ltd. (CDIB)	275,151	181,132	182,674
VSO Electronics Co., Ltd. (VSO)	175,704	144,865	138,577
Feng Sang Enterprise Co., Ltd. (Feng Sang)	117,518	110,496	113,912
Others	162,739	141,584	156,186
	<u>\$ 4,187,195</u>	<u>\$ 3,856,835</u>	<u>\$ 3,747,855</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 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%.
- (b) 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 29.66%.

- (c) In the first three quarters of 2021, the Group invested in Axiomtek for a cash consideration of \$262,313, which resulted to an increase in its equity interest from 24.17% to 26.61%.
 - (d) 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%. In the first quarter of 2022, the Group invested in Smasoft for a cash consideration of \$13,050, which resulted to an increase in its equity interest from 24.07% to 25.63%.
 - (e) In the second quarter of 2021, the Group acquired 20% equity interest in Freedom System for a cash consideration of \$37,500.
 - (f) In the fourth quarter of 2021, the Group participated in the capital increase of DotZero for a cash consideration of \$2,828. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27.00% to 25.71%.
 - (g) In the fourth quarter of 2021, the Group disposed all its equity interest in GSD for a cash consideration of \$8,676.
 - (h) In the first quarter of 2022, the Group disposed 4.71% equity interest in I-Link Co., Ltd. for a cash consideration of \$940, which resulted to a decrease in its equity interest from 20.13% to 15.42%. As the Group lost significant influence, the investment in I-Link Co., Ltd. accounted for under equity method was reclassified as financial assets at fair value through other comprehensive income - non-current.
 - (i) In the second quarter of 2022, the Group acquired 43.01% equity interest in Expetech Co., Ltd. for a cash consideration of \$40,000.
- 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:

	For the three-month periods ended September 30	
	2022	2021
Profit for the period from continuing operations	\$ 189,841	\$ 117,212
Other comprehensive income after tax	89,490	18,369
Total comprehensive income	<u>\$ 279,331</u>	<u>\$ 135,581</u>
	For the nine-month periods ended September 30	
	2022	2021
Profit for the period from continuing operations	\$ 274,657	\$ 184,075
Other comprehensive income after tax	122,379	14,712
Total comprehensive income	<u>\$ 397,036</u>	<u>\$ 198,787</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Fair value of associates	\$ 3,798,397	\$ 4,199,439	\$ 3,867,615

D. Except for Axiomtek's financial statements for the nine-month periods ended September 30, 2022 and 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, 2022 and 2021, the unreviewed investments accounted for under equity method amounted to \$3,241,199 and \$2,982,007, respectively, and the share of comprehensive income amounted to \$140,997, \$57,118, \$258,711 and \$120,324 for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, 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
Balance at January 1, 2022							
Cost	\$ 2,967,968	\$ 8,242,253	\$ 2,143,173	\$ 924,897	\$ 1,977,872	\$ 447,704	\$ 16,703,867
Accumulated depreciation and impairment	- (2,912,359)	(1,414,794)	(734,793)	(1,395,170)	- (6,457,116)		
	<u>\$ 2,967,968</u>	<u>\$ 5,329,894</u>	<u>\$ 728,379</u>	<u>\$ 190,104</u>	<u>\$ 582,702</u>	<u>\$ 447,704</u>	<u>\$ 10,246,751</u>
Balance at January 1, 2022	\$ 2,967,968	\$ 5,329,894	\$ 728,379	\$ 190,104	\$ 582,702	\$ 447,704	\$ 10,246,751
Additions	73,465	131,246	134,205	49,810	114,271	346,137	849,134
Disposals	-	- (3,311)	(2,036)	(2,292)	- (7,639)		
Depreciation	- (162,504)	(102,671)	(58,658)	(141,781)	- (465,614)		
Reclassifications	21,291	(15,147)	46,561	1,583	48,700	(29,784)	73,204
Net exchange differences	7,135	55,362	13,364	3,916	14,133	7	93,917
Balance at September 30, 2022	<u>\$ 3,069,859</u>	<u>\$ 5,338,851</u>	<u>\$ 816,527</u>	<u>\$ 184,719</u>	<u>\$ 615,733</u>	<u>\$ 764,064</u>	<u>\$ 10,789,753</u>
Balance at September 30, 2022							
Cost	\$ 3,069,859	\$ 8,416,896	\$ 2,260,095	\$ 970,755	\$ 2,123,154	\$ 764,064	\$ 17,604,823
Accumulated depreciation and impairment	- (3,078,045)	(1,443,568)	(786,036)	(1,507,421)	- (6,815,070)		
	<u>\$ 3,069,859</u>	<u>\$ 5,338,851</u>	<u>\$ 816,527</u>	<u>\$ 184,719</u>	<u>\$ 615,733</u>	<u>\$ 764,064</u>	<u>\$ 10,789,753</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2021							
Cost	\$ 3,032,384	\$ 8,052,436	\$ 1,929,938	\$ 906,329	\$ 1,901,434	\$ 380,653	\$ 16,203,174
Accumulated depreciation and impairment	- (2,824,136)	(1,408,668)	(712,689)	(1,340,785)	- (6,286,278)		
	<u>\$ 3,032,384</u>	<u>\$ 5,228,300</u>	<u>\$ 521,270</u>	<u>\$ 193,640</u>	<u>\$ 560,649</u>	<u>\$ 380,653</u>	<u>\$ 9,916,896</u>
Balance at January 1, 2021	\$ 3,032,384	\$ 5,228,300	\$ 521,270	\$ 193,640	\$ 560,649	\$ 380,653	\$ 9,916,896
Additions	-	37,194	152,515	66,532	169,027	255,017	680,285
Disposals	(31,543)	(24,981)	(11,416)	(905)	(3,614)	-	(72,459)
Depreciation	-	(157,263)	(85,262)	(61,377)	(119,960)	-	(423,862)
Reclassifications	-	303,707	39,712	(184)	1,951	(339,754)	5,432
Net exchange differences	(25,303)	(48,797)	(7,653)	(3,763)	(10,617)	(2,927)	(99,060)
Balance 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>
Balance at September 30, 2021							
Cost	\$ 2,975,538	\$ 8,192,709	\$ 2,003,401	\$ 917,523	\$ 1,980,615	\$ 292,989	\$ 16,362,775
Accumulated depreciation and impairment	- (2,854,549)	(1,394,235)	(723,580)	(1,383,179)	- (6,355,543)		
	<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>

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

(9) Lease agreements - lessee

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

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount			
Land	\$ 273,911	\$ 272,232	\$ 271,976
Buildings	336,290	273,832	318,187
Machinery and equipment	1,307	1,871	2,061
Office equipment	4,815	5,181	7,345
Transportation equipment	59,066	40,991	47,801
Other equipment	278	261	298
	<u>\$ 675,667</u>	<u>\$ 594,368</u>	<u>\$ 647,668</u>

	For the three-month periods ended September 30	
	2022	2021
Depreciation expenses		
Land	\$ 2,148	\$ 2,084
Buildings	47,939	53,676
Machinery and equipment	191	189
Office equipment	1,348	2,206
Transportation equipment	10,085	10,557
Other equipment	232	38
	<u>\$ 61,943</u>	<u>\$ 68,750</u>

	For the nine-month periods ended September 30	
	2022	2021
Depreciation expenses		
Land	\$ 6,441	\$ 6,308
Buildings	141,667	141,157
Machinery and equipment	572	569
Office equipment	3,985	6,494
Transportation equipment	30,242	27,118
Other equipment	693	113
	<u>\$ 183,600</u>	<u>\$ 181,759</u>

C. The additions to right-of-use assets for the nine-month periods ended September 30, 2022 and 2021 were \$250,678 and \$149,628, respectively.

D. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount			
Current	\$ 258,175	\$ 250,338	\$ 261,147
Non-current	140,278	67,068	107,996
	<u>\$ 398,453</u>	<u>\$ 317,406</u>	<u>\$ 369,143</u>

E. Other lease information

	For the three-month periods ended September 30	
	2022	2021
Expense on lease interest	\$ 4,137	\$ 3,496
Expense on short-term lease contracts	\$ -	\$ 8
Expense on leases of low-value assets	\$ 311	\$ 362
Total cash outflow for leases	<u>\$ 64,784</u>	<u>\$ 62,160</u>

	For the nine-month periods ended September 30	
	2022	2021
Expense on lease interest	\$ 11,358	\$ 10,490
Expense on short-term lease contracts	\$ 285	\$ 389
Expense on leases of low-value assets	\$ 1,000	\$ 1,072
Total cash outflow for leases	\$ 189,718	\$ 186,831

(10) Intangible assets

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2022						
Cost	\$ 456,060	\$ 530,820	\$ 383,119	\$ 2,758,549	\$ 557,405	\$ 4,685,953
Accumulated amortization and impairment	(387,154)	(292,834)	(337,975)	(665,939)	(336,626)	(2,020,528)
	<u>\$ 68,906</u>	<u>\$ 237,986</u>	<u>\$ 45,144</u>	<u>\$ 2,092,610</u>	<u>\$ 220,779</u>	<u>\$ 2,665,425</u>
Balance at January 1, 2022	\$ 68,906	\$ 237,986	\$ 45,144	\$ 2,092,610	\$ 220,779	\$ 2,665,425
Acquired separately	-	-	-	-	81,432	81,432
Disposals	-	-	-	-	(1)	(1)
Amortization	-	(24,823)	(17,911)	-	(95,788)	(138,522)
Net exchange differences	(132)	24,905	5,131	185,470	6,805	222,179
Balance at September 30, 2022	<u>\$ 68,774</u>	<u>\$ 238,068</u>	<u>\$ 32,364</u>	<u>\$ 2,278,080</u>	<u>\$ 213,227</u>	<u>\$ 2,830,513</u>
Balance at September 30, 2022						
Cost	\$ 512,854	\$ 575,362	\$ 424,906	\$ 2,985,777	\$ 644,469	\$ 5,143,368
Accumulated amortization and impairment	(444,080)	(337,294)	(392,542)	(707,697)	(431,242)	(2,312,855)
	<u>\$ 68,774</u>	<u>\$ 238,068</u>	<u>\$ 32,364</u>	<u>\$ 2,278,080</u>	<u>\$ 213,227</u>	<u>\$ 2,830,513</u>
	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2021						
Cost	\$ 475,390	\$ 572,805	\$ 402,751	\$ 2,837,680	\$ 548,524	\$ 4,837,150
Accumulated amortization and impairment	(330,368)	(283,883)	(332,924)	(373,365)	(369,264)	(1,689,804)
	<u>\$ 145,022</u>	<u>\$ 288,922</u>	<u>\$ 69,827</u>	<u>\$ 2,464,315</u>	<u>\$ 179,260</u>	<u>\$ 3,147,346</u>
Balance at January 1, 2021	\$ 145,022	\$ 288,922	\$ 69,827	\$ 2,464,315	\$ 179,260	\$ 3,147,346
Acquired separately	-	-	-	-	163,288	163,288
Amortization	(33,495)	(26,232)	(17,166)	-	(140,871)	(217,764)
Reclassifications	-	-	-	-	28,207	28,207
Impairment loss	-	-	-	(8,554)	-	(8,554)
Net exchange differences	(7,185)	(9,166)	(1,561)	(59,477)	(7,936)	(85,325)
Balance at September 30, 2021	<u>\$ 104,342</u>	<u>\$ 253,524</u>	<u>\$ 51,100</u>	<u>\$ 2,396,284</u>	<u>\$ 221,948</u>	<u>\$ 3,027,198</u>
Balance at September 30, 2021						
Cost	\$ 460,638	\$ 546,279	\$ 385,313	\$ 2,778,203	\$ 679,185	\$ 4,849,618
Accumulated amortization and impairment	(356,296)	(292,755)	(334,213)	(381,919)	(457,237)	(1,822,420)
	<u>\$ 104,342</u>	<u>\$ 253,524</u>	<u>\$ 51,100</u>	<u>\$ 2,396,284</u>	<u>\$ 221,948</u>	<u>\$ 3,027,198</u>

A. The details of goodwill are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
B+B	\$ 1,421,249	\$ 1,239,060	\$ 1,246,670
LNC	227,127	227,127	227,127
AdvanPOS	-	-	215,068
A-SIoT	153,309	153,603	158,507
AEU	124,682	124,960	128,945
Others	351,713	347,860	419,967
	<u>\$ 2,278,080</u>	<u>\$ 2,092,610</u>	<u>\$ 2,396,284</u>

B. Goodwill impairment assessment

- (a) The impairment assessment of goodwill relies on the subjective judgment of the management, including identifying the cash-generating unit and determining its recoverable amount.
- (b) The Group assesses the recoverable amounts of goodwill for impairment at the end of the financial reporting period, and the recoverable amount is assessed based on the value-in-use.
- (c) The value-in-use calculations use cash flow projections based on financial budgets approved by the management. Management determined the budgeted gross margin and growth rate based on past performance and the expectations of market development. The market valuation used is consistent with the similar industries. The discount rates used reflect specific risks relating to the relevant operating segments and the time value of currency in real market.
- (d) 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.

(11) Short-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 545,184</u>	<u>\$ 255,700</u>	<u>\$ 226,600</u>

- A. The range of interest rates on bank loans was 0.23% ~4.09%, 0.23% ~1.09% and 0.23% ~1.09% per annum as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
- B. The interest expense recognized in profit and loss are \$3,272, \$241, \$5,530 and \$663 for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively.

(12) Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Wages and salaries and bonuses payable	\$ 3,306,613	\$ 3,287,752	\$ 2,798,706
Employee benefits payable	192,883	181,782	152,777
Others (Note)	973,879	1,117,958	1,115,926
	<u>\$ 4,473,375</u>	<u>\$ 4,587,492</u>	<u>\$ 4,067,409</u>

Note: Including pension, marketing expenses and freight expenses, etc.

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 110,500
Less: Current portion				-
				<u>\$ 110,500</u>

- A. As at December 31, 2021 and September 30, 2021, the Group's long-term borrowings amount are both \$0.
- B. The interest expense recognized for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021 were \$607, \$0, \$2,005 and \$0, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(14) 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.

The subsidiaries, AJP and AIN, calculate pension benefits on the basis of the length of service and the hourly wages at the time of resignation or retirement date when employees under the defined benefit plans meet the requirements such as reaching the pension age, loss of capability to work, etc. in accordance with the local regulations.

- (b) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$16,379.
- (c) For the aforementioned pension plan, the Group recognized pension costs of \$2,001, \$2,416, \$6,246 and \$7,505 for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively.

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 \$105,279, \$106,015, \$303,290 and \$290,650 for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively.

(15) Share-based payment

A. Employee share options granted by the Company

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

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

	For the nine-month periods ended September 30,			
	2022		2021	
	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	17,022	\$ 172.74	19,404	\$ 175.66
Options exercised	(3,379)	121.87	(1,568)	91.80
Options expired	(130)	-	-	-
Options outstanding at the end of the period	<u>13,513</u>	179.21	<u>17,836</u>	168.69
Options exercisable at the end of the period	<u>9,011</u>	173.34	<u>10,335</u>	145.97
Weighted-average fair value of options granted (in dollars)	<u>\$ -</u>		<u>\$ -</u>	

(c) The weighted-average stock price of share options at exercise dates for the nine-month periods ended September 30, 2022 and 2021 was \$290 ~ \$407 (in dollars) and \$329 ~ \$372 (in dollars), respectively.

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

	September 30, 2022		December 31, 2021		September 30, 2021	
	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	\$ 191.00	3.83	\$ 200.00	4.58	\$ 200.00	4.83
Issuance in 2018	167.10	1.83	171.20	2.58	171.20	2.83
Issuance in 2016	-	-	72.3~73.9	0.45	73.90	0.70

(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 annualized standard deviation of historical return on the stocks over the expected option life period.

- (f) Compensation cost recognized for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021 was \$29,607, \$89,594, \$195,899 and \$308,240, 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,			
	2022		2021	
	Unit of	Weighted- average exercise price (in dollars)	Unit of	Weighted- average exercise price (in dollars)
<u>Employee share options</u>	<u>options</u>		<u>options</u>	
Options outstanding at the beginning of the period	636	\$ 20	676	\$ 20
Options expired	(616)	-	-	-
Options forfeited	-	-	(40)	-
Options outstanding at the end of the period	<u>20</u>	<u>20</u>	<u>636</u>	<u>20</u>
Options exercisable at the end of the period	<u>20</u>	<u>20</u>	<u>631</u>	<u>20</u>

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

	September 30, 2022		December 31, 2021		September 30, 2021	
	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	0.58	\$ 20	1.33	\$ 20	1.58
Issuance in 2017	-	-	20	0.42	20	0.67

- (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:

	Issuance in 2018	Issuance in 2017
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' stock over the 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

	Before modification	After modification
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

	Before modification	After modification
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

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

- (f) Compensation cost recognized by the subsidiary, LNC, for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021 was \$0, \$1, \$1 and 26, respectively.

(16) Share capital

As of September 30, 2022, the Company's authorised capital was \$10,000,000, consisting of 1,000,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee share options and corporate bonds with warrant), and the paid-in capital was \$7,778,434 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):

	2022	2021
At January 1	774,464	772,255
Employee share options exercised	3,379	1,568
At September 30	777,843	773,823

(17) 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, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>May be used to offset a deficit,</u> <u>distributed as cash dividends,</u> <u>or transferred to share capital</u> <u>(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
Premium on issuance of ordinary shares for employee share options	3,402,729	2,714,285	2,545,341
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	23,128	-
Changes in equity of associates accounted for under equity method	674	674	674
Employees' share compensation	78,614	78,614	78,614

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>May be used to offset a deficit only</u>			
Changes in ownership interests in subsidiaries	\$ 529	\$ 215	\$ 161
Changes in equity of associates accounted for under equity method	92,148	29,408	30,492
Employee share options forfeited	96,258	96,258	87,266
<u>Not to be used for any purpose</u>			
Employee share options	<u>1,003,101</u>	<u>1,117,567</u>	<u>1,262,822</u>
	<u>\$ 9,034,346</u>	<u>\$ 8,388,886</u>	<u>\$ 8,334,107</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.

(18) 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 2021 and 2020 earnings had been approved by the shareholders on May 26, 2022 and May 24, 2021, respectively.

	For the years ended December 31	
	2021	2020
Legal reserve	\$ 814,990	\$ 717,035
Reversal of special reserve	(\$ 276,056)	(\$ 14,143)
Cash dividends	\$ 6,195,710	\$ 5,480,813
Cash dividends per share (in dollars)	\$ 8.0	\$ 7.1

(19) Other equity items

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

	For the nine-month periods ended September 30	
	2022	2021
Balance at January 1	(\$ 1,575,937)	(\$ 1,006,635)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	983,988	(443,348)
Share of profit (loss) of associates accounted for under equity method	44,315	(48,497)
Other comprehensive income (loss) recognized for the period	1,028,303	(491,845)
Balance at September 30	(\$ 547,634)	(\$ 1,498,480)

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

	For the nine-month periods ended September 30	
	2022	2021
Balance at January 1	\$ 1,018,667	\$ 173,308
Recognized for the period		
Unrealized gain or loss		
Equity instrument	(465,330)	437,136
Share of profit of associates accounted for under equity method	66,985	63,401
Total	(398,345)	500,537
Realized gain or loss		
Transfer of valuation adjustments to retained earnings	-	11,435
Transfer of valuation adjustments to retained earnings - share of loss of associates accounted for under equity method	(714)	-
Total	(714)	11,435
Balance at September 30	\$ 619,608	\$ 685,280

C. Unearned employee benefits compensation

	For the nine-month periods ended September 30	
	2022	2021
Balance at January 1	\$ 1,477	\$ 1,477
Share of loss of associates accounted for under equity method	(9,678)	-
Balance at September 30	(\$ 8,201)	\$ 1,477

(20) Non-controlling interest

	For the nine-month periods ended September 30	
	2022	2021
Balance at January 1	\$ 510,264	\$ 636,267
(Loss) profit for the period	(6,159)	53,565
Exchange differences on translation of the financial statements of foreign operations	(10,589)	(25,285)
Increase in non-controlling interests arising from decrease in investment in subsidiaries	24,770	2,785
Decrease in non-controlling interests arising from increase in investment in subsidiaries	(26,894)	(121,483)
Increase in non-controlling interests arising from acquisition of subsidiaries	17,675	3,802
Cash dividends distributed by subsidiaries	(40,607)	(25,675)
Liquidation of subsidiaries	-	(76,843)
Balance at September 30	\$ 468,460	\$ 447,133

(21) Operating revenue

	<u>For the three-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 18,613,912</u>	<u>\$ 15,506,864</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 51,557,924</u>	<u>\$ 42,877,954</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, 2022

	Industrial Internet 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
Department revenue	<u>\$ 5,341,609</u>	<u>\$ 4,532,056</u>	<u>\$ 5,227,173</u>	<u>\$ 1,771,599</u>	<u>\$ 1,843,657</u>	<u>\$ 102,182</u>	<u>\$ 18,613,912</u>

For the three-month period ended September 30, 2021

	Industrial Internet 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
Department revenue	<u>\$ 4,890,037</u>	<u>\$ 3,666,099</u>	<u>\$ 3,611,674</u>	<u>\$ 1,527,460</u>	<u>\$ 1,788,238</u>	<u>\$ 23,356</u>	<u>\$ 15,506,864</u>

For the nine-month period ended September 30, 2022

	Industrial Internet 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
Department revenue	<u>\$ 15,174,529</u>	<u>\$ 12,387,950</u>	<u>\$ 13,399,486</u>	<u>\$ 5,185,350</u>	<u>\$ 5,643,623</u>	<u>\$ 233,014</u>	<u>\$ 51,557,924</u>

For the nine-month period ended September 30, 2021

	Industrial Internet 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
Department revenue	<u>\$ 14,568,582</u>	<u>\$ 10,026,104</u>	<u>\$ 9,184,344</u>	<u>\$ 3,811,208</u>	<u>\$ 5,215,838</u>	<u>\$ 71,878</u>	<u>\$ 42,877,954</u>

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,164,421, \$950,692, \$989,685 and \$757,052 as of September 30, 2022, December 31, 2021, September 30, 2021 and January 1, 2021, respectively.

(22) Other income

	For the three-month periods ended September 30	
	2022	2021
Rental income	\$ 7,067	\$ 8,910
Dividend income	237,261	160,501
Others (Note)	26,695	18,618
	<u>\$ 271,023</u>	<u>\$ 188,029</u>
	For the nine-month periods ended September 30	
	2022	2021
Rental income	\$ 24,153	\$ 20,570
Dividend income	237,261	161,913
Others (Note)	91,359	75,776
	<u>\$ 352,773</u>	<u>\$ 258,259</u>

Note: For the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, the Group received government grants of \$2,133, \$6,861, \$11,118 and \$15,620 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$414, \$31, \$1,602 and \$1,282 for the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, respectively, and were deducted from the recorded expenses.

(23) Other gains and losses

	For the three-month periods ended September 30	
	2022	2021
Losses on disposal of property, plant and equipment	(\$ 614)	(\$ 7,335)
Currency exchange gains (losses)	158,943	(6,747)
Losses on financial assets/liabilities at fair value through profit or loss	(30,125)	(21,389)
Others	(3,043)	(999)
	<u>\$ 125,161</u>	<u>(\$ 36,470)</u>
	For the nine-month periods ended September 30	
	2022	2021
(Losses) gains on disposal of property, plant and equipment	(\$ 1,183)	\$ 58,570
Gains on disposals of investments	409	-
Currency exchange gains (losses)	268,980	(80,663)
(Losses) gains on financial assets/liabilities at fair value through profit or loss	(123,000)	54,807
Impairment loss	-	(8,554)
Others	(1,688)	(2,473)
	<u>\$ 143,518</u>	<u>\$ 21,687</u>

(24) Finance costs

For the three-month periods ended September 30		
	2022	2021
Bank loan interest	\$ 3,879	\$ 241
Interest expense on lease liabilities	4,137	3,496
Others	(1,469)	125
	<u>\$ 6,547</u>	<u>\$ 3,862</u>
For the nine-month periods ended September 30		
	2022	2021
Bank loan interest	\$ 7,535	\$ 663
Interest expense on lease liabilities	11,358	10,490
Others	154	347
	<u>\$ 19,047</u>	<u>\$ 11,500</u>

(25) Expenses by nature

A. Depreciation and amortisation expenses

For the three-month periods ended September 30		
	2022	2021
Depreciation categorised by function		
Operating costs	\$ 63,104	\$ 52,394
Operating expenses	157,076	159,631
	<u>\$ 220,180</u>	<u>\$ 212,025</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 505	\$ 424
Operating expenses	45,830	85,672
	<u>\$ 46,335</u>	<u>\$ 86,096</u>
For the nine-month periods ended September 30		
	2022	2021
Depreciation categorised by function		
Operating costs	\$ 180,909	\$ 147,727
Operating expenses	468,305	457,894
	<u>\$ 649,214</u>	<u>\$ 605,621</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 2,068	\$ 1,267
Operating expenses	136,454	216,497
	<u>\$ 138,522</u>	<u>\$ 217,764</u>

B. Employee benefit expense

	For the three-month periods ended September 30	
	2022	2021
Short-term employee benefits	\$ 3,123,902	\$ 2,952,931
Post-employment benefits		
Defined contribution plan	105,279	106,015
Defined benefit plan	2,001	2,416
	107,280	108,431
Share-based payment		
Equity-settled	29,607	89,595
Other employee benefits	237,876	219,432
Total employee benefit expense	\$ 3,498,665	\$ 3,370,389
An analysis of employee benefits expense by function		
Operating costs	\$ 978,993	\$ 701,173
Operating expenses	2,519,672	2,669,216
	\$ 3,498,665	\$ 3,370,389
	For the nine-month periods ended September 30	
	2022	2021
Short-term employee benefits	\$ 8,801,035	\$ 8,024,744
Post-employment benefits		
Defined contribution plan	303,290	290,650
Defined benefit plan	6,246	7,505
	309,536	298,155
Share-based payment		
Equity-settled	195,900	308,266
Other employee benefits	661,581	445,855
Total employee benefit expense	\$ 9,968,052	\$ 9,077,020
An analysis of employee benefits expense by function		
Operating costs	\$ 2,489,238	\$ 1,932,124
Operating expenses	7,478,814	7,144,896
	\$ 9,968,052	\$ 9,077,020

- (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, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, employees' compensation and the directors' remuneration were accrued based on a certain percentage of net profit after income tax. The aforementioned amounts were recognized in salary expense.

	For the three-month periods ended September 30	
	2022	2021
Employees' compensation	\$ 205,000	\$ 142,500
Directors' remuneration	\$ 3,000	\$ 3,000

	For the nine-month periods ended September 30	
	2022	2021
Employees' compensation	\$ 505,000	\$ 427,500
Directors' remuneration	\$ 9,000	\$ 9,000

- (b) The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 as resolved by the Board of Directors on February 25, 2022 and March 5, 2021, respectively, are as follows:

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

The amounts of employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors were the same with the amounts recognized in the consolidated financial statements for 2021.

- (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.

(26) Income taxes

A. Income tax expense:

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

	For the three-month periods ended September 30	
	2022	2021
Current income tax:		
Current tax on profits for the period	\$ 809,084	\$ 598,367
Deferred income tax:		
Origination and reversal of temporary differences	(18,530)	(2,466)
Income tax expense	\$ 790,554	\$ 595,901

	For the nine-month periods ended September 30	
	2022	2021
Current income tax:		
Current tax on profits for the period	\$ 2,007,402	\$ 1,390,909
Tax on undistributed earnings	70,763	49,332
Total current tax	2,078,165	1,440,241
Deferred income tax:		
Origination and reversal of temporary differences	(12,182)	105,782
Income tax expense	\$ 2,065,983	\$ 1,546,023

(b) Income tax recognized in other comprehensive income

	For the three-month periods ended September 30	
	2022	2021
Translation of foreign operations	\$ 116,580	(\$ 24,393)

	For the nine-month periods ended September 30	
	2022	2021
Translation of foreign operations	\$ 257,076	(\$ 122,962)

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

(27) Earnings per share

Unit: expressed in dollars per share

	For the three-month periods ended September 30	
	2022	2021
Basic earnings per share	\$ 4.10	\$ 2.95
Diluted earnings per share	\$ 4.07	\$ 2.89

	For the nine-month periods ended September 30	
	2022	2021
Basic earnings per share	\$ 10.59	\$ 7.74
Diluted earnings per share	\$ 10.48	\$ 7.62

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>	<u>For the three-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic earnings per share	\$ <u>3,184,397</u>	\$ <u>2,274,481</u>
Earnings used in the computation of diluted earnings per share	\$ <u>3,184,397</u>	\$ <u>2,274,481</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic earnings per share	\$ <u>8,214,278</u>	\$ <u>5,977,551</u>
Earnings used in the computation of diluted earnings per share	\$ <u>8,214,278</u>	\$ <u>5,977,551</u>
<u>Weighted average number of ordinary shares outstanding (in thousand shares)</u>		
	<u>For the three-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	776,968	773,028
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	7,342	10,382
Employees' compensation	<u>1,533</u>	<u>1,171</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>785,843</u>	<u>784,581</u>
	<u>For the nine-month periods ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	775,914	772,683
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,266	10,081
Employees' compensation	<u>1,875</u>	<u>1,544</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>784,055</u>	<u>784,308</u>

(28) 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 2021, the Group acquired 20% equity interest in ATJ, resulting to an increase in the Group's equity investment in ATJ from 78.61% to 98.61%. During the third quarter of 2021, the Group acquired another 1.39% equity interest in ATJ, resulting to an increase in the Group's equity investment in ATJ from 98.61% to 100%.
- (b) In the first quarter of 2022, the Group acquired 40% equity interest in AMX, resulting to an increase in the Group's equity investment in AMX from 60% to 100%.
- (c) In the third quarter of 2022, the Group sold 3.50% of the equity of LNC, resulting to a decrease in the Group's equity investment in LNC from 48.10% to 44.60%.
- (d) In the third quarter of 2022, the Group did not participate in the capital increase proportionally to its interest, resulting to a decrease in the Group's equity investment in NANOMAC Co., Ltd. from 100% to 87.27%.

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

	For the nine-month periods ended September 30			
	2022			2021
	AMX	LNC	NANOMAC CO., Ltd.	ATJ
Cash consideration received (paid) (\$	31,508)	\$ 29,312	\$ 4,200	(\$ 128,435)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	26,894	(20,884)	(3,886)	121,483
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ 4,614)	\$ 8,428	\$ 314	(\$ 6,952)
<u>Line items adjusted for equity transactions</u>				
Unappropriated retained earnings	(\$ 4,614)	\$ -	\$ -	(\$ 3,401)
Exchange differences on translation of foreign financial statements	\$ -	\$ -	\$ -	(\$ 3,551)
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ -	\$ 8,428	\$ -	\$ -
Capital surplus - changes in ownership interests of subsidiaries	\$ -	\$ -	\$ 314	\$ -

(29) Changes in liabilities from financing activities

	2022			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
At January 1	\$ 255,700	\$ -	\$ 317,406	\$ 573,106
Changes in cash flow from financing activities	304,184	110,500	(188,433)	226,251
Others (Note)	(14,700)	-	269,480	254,780
At September 30	<u>\$ 545,184</u>	<u>\$ 110,500</u>	<u>\$ 398,453</u>	<u>\$ 1,054,137</u>

	2021			
	Short-term borrowings	Lease liabilities	Total	
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>\$ 369,143</u>	<u>\$ 595,743</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.

Names of related parties	Relationship with the Group
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
i-Link Co., Ltd.	Associate (Note)
DotZero Co., Ltd.	Associate
Mildex Optical Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate

Names of related parties	Relationship with the Group
VSO Electronics Co., Ltd.	Associate
VSO Electronics (Jian) Co., Ltd.	Associate
VSO Electronics (Suzhou) Co., Ltd.	Associate
International Integrated System, Inc.	Associate
Freedom System Inc.	Associate
iSAP Solution Corp.	Associate
Expotech Co., Ltd.	Associate
K&M Investment Co., Ltd.	Other related party
AIDC Investment Corp.	Other related party
Advantech Foundation	Other related party
Advantech Employee Welfare Committee	Other related party
Tran-Fei Development Co., Ltd.	Other related party

Note: In March 2022, the Group disposed certain part of the investment and lost significant influence. Accordingly, the entity was not anymore considered an associate after the disposal.

(3) Significant related party transactions

A. Operating revenue

	For the three-month periods ended September 30	
	2022	2021
Associates	\$ 27,150	\$ 29,401
Other related parties	368	1,641
	<u>\$ 27,518</u>	<u>\$ 31,042</u>
	For the nine-month periods ended September 30	
	2022	2021
Associates	\$ 119,147	\$ 92,912
Other related parties	1,597	2,400
	<u>\$ 120,744</u>	<u>\$ 95,312</u>

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

B. Purchases and other operating costs

	For the three-month periods ended September 30	
	2022	2021
Purchases of goods:		
Associates	<u>\$ 125,961</u>	<u>\$ 96,845</u>

	For the nine-month periods ended September 30	
	2022	2021
Purchases of goods:		
Associates	\$ 365,797	\$ 286,250
Purchases of services:		
Associates	455	-
Other related parties	30	-
	<u>\$ 366,282</u>	<u>\$ 286,250</u>

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable - related parties			
Associates	\$ 35,756	\$ 37,920	\$ 55,931
Other related parties	168	-	-
	<u>\$ 35,924</u>	<u>\$ 37,920</u>	<u>\$ 55,931</u>
Other receivables - related parties			
Associates	\$ -	\$ -	\$ 21,449

The outstanding receivables due from related parties are unsecured and no allowance for uncollectible accounts was recognized. Other receivables are dividends receivable.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts payable - related parties			
Associates	\$ 88,873	\$ 95,481	\$ 79,483
Other payables - related parties			
Associates	\$ 7,107	\$ 3,808	\$ 526

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

E. Prepayments to related parties

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other current assets			
Associates	\$ 27,803	\$ 34,370	\$ 38,502

F. Property transactions

	For the nine-month periods ended September 30	
	2022	2021
Acquisition of property, plant and equipment		
Associates	\$ 484	\$ -

For the three-month periods ended September 30, 2022 and 2021, the Group has no property transactions with related parties.

G. Other related party transactions

(a) Operating expenses

	For the three-month periods ended September 30	
	2022	2021
Selling expenses		
Associates	\$ 6	\$ 56
General and administrative expense		
Associates	\$ 1,047	\$ 723
Research and development expense		
Associates	\$ 6,276	\$ 3,599
	For the nine-month periods ended September 30	
	2022	2021
Selling expenses		
Associates	\$ 43	\$ 56
General and administrative expense		
Associates	\$ 7,826	\$ 723
Research and development expense		
Associates	\$ 8,394	\$ 4,620

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

(b) Interest income

	For the three-month periods ended September 30	
	2022	2021
Interest income		
Associates	\$ 29	\$ -
	For the nine-month periods ended September 30	
	2022	2021
Interest income		
Associates	\$ 108	\$ -

(c) Other income

	For the three-month periods ended September 30	
	2022	2021
Rental income		
Other related parties	\$ 358	\$ 358
Other income		
Other related parties	\$ 3,359	\$ 676
For the nine-month periods ended September 30		
	2022	2021
Rental income		
Other related parties	\$ 1,074	\$ 1,074
Other income		
Associates	\$ 30	\$ 571
Other related parties	7,078	2,777
	\$ 7,108	\$ 3,348

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	
	2022	2021
Short-term employee benefits	\$ 9,330	\$ 9,275
Post-employment benefits	90	36
Share-based payment	3,798	6,966
	\$ 13,218	\$ 16,277
For the nine-month periods ended September 30		
	2022	2021
Short-term employee benefits	\$ 27,990	\$ 27,825
Post-employment benefits	269	107
Share-based payment	15,771	26,058
	\$ 44,030	\$ 53,990

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

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2022	December 31, 2021	September 30, 2021	
Pledged deposits (classified as financial assets at amortised cost)	\$ 10,559	\$ 9,810	\$ 10,005	Lease mortgage
Demand deposits (classified as other non-current assets)	1,342	2,067	2,049	Performance guarantee
Property, plant and equipment				
Land	92,871	-	-	Long-term borrowings
Buildings	122,786	-	-	Long-term borrowings
	<u>\$ 227,558</u>	<u>\$ 11,877</u>	<u>\$ 12,054</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Group has signed a contract amounting to \$653,567 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of September 30, 2022.

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. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</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	\$ 2,926,483	\$ 3,670,399	\$ 2,384,995
Financial assets at amortised cost (Note 1)	22,355,663	19,829,494	17,707,570
Financial assets at fair value through other comprehensive income			
Equity instruments	2,053,946	2,516,420	2,193,408
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	15,444	2,687	2,144
Financial liabilities at amortised cost (Note 2)	12,451,103	12,330,167	11,528,486
Lease liabilities	398,453	317,406	369,143

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 and long-term borrowings (including current portion), 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 provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.
- (b) The Group aims to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with

policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

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

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

Exchange rate risk

- i. The Group undertook operating activities and investments in foreign operations denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by entering into forward foreign exchange contracts, which allow the Group to mitigate but not fully eliminate the effect.
- ii. The maturities of the Group's forward foreign exchange contracts were less than six months. These forward foreign exchange contracts did not meet the criteria for hedge accounting and were recognized in financial assets or liabilities at fair value through profit or loss. Refer to Note 6(2).
- iii. The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 208,873	31.750	\$ 6,631,721
CNY:NTD	482,042	4.473	2,156,175
EUR:NTD	55,185	31.260	1,725,074
USD:CNY	66,688	7.0981	2,117,335
USD:EUR	39,672	1.0157	1,259,577
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	94,170	31.750	2,989,912
CNY:NTD	330,996	4.473	1,480,547
USD:CNY	52,880	7.0981	1,678,936
USD:EUR	16,869	1.0157	535,599
December 31, 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	\$ 232,844	27.680	\$ 6,445,113
CNY:NTD	474,777	4.344	2,062,431
EUR:NTD	46,597	31.320	1,459,425
USD:CNY	61,784	6.3720	1,710,185
USD:EUR	32,969	0.8838	912,581
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	142,040	27.680	3,931,655
CNY:NTD	246,929	4.344	1,072,659
USD:CNY	28,249	6.3720	781,942
USD:EUR	17,922	0.8838	496,073

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

For the three-month periods ended September 30, 2022 and 2021, and for the nine-month periods ended September 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$158,943, (\$6,747), \$268,980 and (\$80,663), 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	
	2022	2021
Profit or loss	\$ 234,492	\$ 123,030

	EUR Impact (Note)	
	For the nine-month periods ended September 30	
	2022	2021
Profit or loss	\$ 75,592	\$ 86,093

	CNY Impact (Note)	
	For the nine-month periods ended September 30	
	2022	2021
Profit or loss	\$ 15,643	\$ 46,358

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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Fair value interest rate risk			
- Financial assets	\$ 812,186	\$ 738,613	\$ 486,780
- Financial liabilities	706,952	493,106	475,743
Cash flow interest rate risk			
- Financial assets	8,695,913	8,121,227	5,769,909
- Financial liabilities	347,184	80,000	120,000

- iii. The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the 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, 2022 and 2021 would have increased by \$31,308 and \$21,187, 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, 2022 and 2021 would have increased by \$3,596 and \$2,898, 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, 2022 and 2021 would have increased by \$20,539 and \$21,934, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax profit and other comprehensive income would have decreased by the same respective amounts.
- iii. The Group's sensitivity to equity prices increased or decreased because of volatility of stock price.

(b) Credit risk

- i. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.
- ii. Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas and, thus, no concentration of credit risk was observed. According to the Group's credit policy, each entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risks limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

- iii. The average credit period of the sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.
- iv. The Group measures the loss allowance for accounts receivable at an amount that equals to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, expected economic growth rate and industry trends at the same time. As there were various loss patterns for different customer geographical segments, the Group adopts respective approaches to prepare the provision matrix for loss allowance based on past due status of the Group's different geographical customer base, and sets out the expected credit loss rate for accounts receivable that are overdue and based on geographical economic conditions.
- v. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, the default occurs when counterparties are processing the liquidation or the debt has been past due over 1 year, the Group will provide impairment loss in full. However, the Group will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognized in profit or loss.
- vi. The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of notes and accounts receivable from general credit conditions customers. The provision matrix as of September 30, 2022, December 31, 2021 and September 30, 2021 is as follows:

		1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<u>September 30, 2022</u>						
Expected credit loss rate	-	0%~30%	10%~40%	40%~60%	100%	
Total book value	\$ 11,527,823	\$1,078,024	\$ 87,391	\$ 33,570	\$ 57,042	\$12,783,850
Loss allowance (lifetime expected credit losses)	-	(10,436)	(23,114)	(15,793)	(57,042)	(106,385)
Amortised cost	\$ 11,527,823	\$1,067,588	\$ 64,277	\$ 17,777	\$ -	\$12,677,465

	<u>Not past due</u>	<u>1~ 90 days past due</u>	<u>91~ 180 days past due</u>	<u>181~ 360 days past due</u>	<u>Over 360 days past due</u>	<u>Total</u>
<u>December 31, 2021</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 9,547,123	\$ 687,824	\$ 26,973	\$ 22,423	\$ 43,743	\$10,328,086
Loss allowance (lifetime expected credit losses)	-	(10,470)	(9,269)	(10,581)	(43,743)	(74,063)
Amortised cost	<u>\$ 9,547,123</u>	<u>\$ 677,354</u>	<u>\$ 17,704</u>	<u>\$ 11,842</u>	<u>\$ -</u>	<u>\$10,254,023</u>
	<u>Not past due</u>	<u>1~ 90 days past due</u>	<u>91~ 180 days past due</u>	<u>181~ 360 days past due</u>	<u>Over 360 days past due</u>	<u>Total</u>
<u>September 30, 2021</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 9,834,316	\$ 516,129	\$ 29,681	\$ 21,982	\$ 44,366	\$10,446,474
Loss allowance (lifetime expected credit losses)	-	(13,784)	(7,055)	(10,192)	(44,366)	(75,397)
Amortised cost	<u>\$ 9,834,316</u>	<u>\$ 502,345</u>	<u>\$ 22,626</u>	<u>\$ 11,790</u>	<u>\$ -</u>	<u>\$10,371,077</u>

vii. The Group individually assesses the customers that have low credit rating and default. As of September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amount of notes and accounts receivable amounted to \$8,647, \$784 and \$921, respectively, and the expected credit loss rate is 100%, the Group has provided loss allowance amounting to \$8,647, \$784 and \$921, respectively.

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

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 74,847	\$ 74,510
Impairment loss	41,279	5,572
Amounts written off (Note)	(835)	(10)
Net exchange differences	(259)	(3,754)
Balance at September 30	<u>\$ 115,032</u>	<u>\$ 76,318</u>

Note: The Group wrote off accounts receivable and related loss allowance for the nine-month periods ended September 30, 2022 and 2021 amounting to \$835 and \$10, respectively, as the customers' accounts receivable have aged more than 2 years and the legal attest letters were served without receivables collected.

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

September 30, 2022				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 94,000	\$ -	\$ -	\$ 94,000
Financial assets at fair value through profit or loss	\$ 30,000	\$ -	\$ -	\$ 30,000
December 31, 2021				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 113,548	\$ -	\$ -	\$ 113,548
Financial assets at fair value through profit or loss	\$ 36,975	\$ -	\$ -	\$ 36,975
September 30, 2021				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 124,961	\$ -	\$ -	\$ 124,961

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

(c) Liquidity risk

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

- ii. The Group relies on bank borrowings as one of the significant source of liquidity. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group's undrawn bank borrowing facilities are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unsecured borrowing facilities			
- Amount used (Note)	\$ 551,620	\$ 262,148	\$ 233,254
- Amount unused	<u>6,085,975</u>	<u>5,340,662</u>	<u>5,315,336</u>
	<u>\$ 6,637,595</u>	<u>\$ 5,602,810</u>	<u>\$ 5,548,590</u>
Secured bank overdraft facilities			
- Amount used (Note)	<u>\$ 110,500</u>	<u>\$ -</u>	<u>\$ -</u>

Note: As of September 30, 2022, December 31, 2021 and September 30, 2021, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$655,684, \$255,700 and \$226,600, respectively, and lease guarantees amounting to \$6,436, \$6,448 and \$6,654, 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, 2022

	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	\$ 6,832,481	\$ 3,428,791	\$ 1,534,147	\$ -
Lease liability	30,282	32,496	184,729	195,890
Floating rate instruments	178,076	71,105	99,737	-
Fixed rate instruments	44,306	154,562	2,437	111,559
	<u>\$ 7,085,145</u>	<u>\$ 3,686,954</u>	<u>\$ 1,821,050</u>	<u>\$ 307,449</u>

December 31, 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	\$ 8,532,804	\$ 2,198,103	\$ 1,343,560	\$ -
Lease liability	20,670	56,438	188,425	94,685
Floating rate instruments	30,065	50,073	-	-
Fixed rate instruments	7,033	58	168,956	-
	<u>\$ 8,590,572</u>	<u>\$ 2,304,672</u>	<u>\$ 1,700,941</u>	<u>\$ 94,685</u>

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>

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

September 30, 2022

	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	\$ 327,893	\$ 479,012	\$ 173,986	\$ 980,891
- Outflows	(331,812)	(487,128)	(175,938)	(994,878)
	<u>(\$ 3,919)</u>	<u>(\$ 8,116)</u>	<u>(\$ 1,952)</u>	<u>(\$ 13,987)</u>

December 31, 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	\$ 230,726	\$ 392,111	\$ 147,054	\$ 769,891
- Outflows	(226,608)	(387,208)	(146,796)	(760,612)
	<u>\$ 4,118</u>	<u>\$ 4,903</u>	<u>\$ 258</u>	<u>\$ 9,279</u>

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>

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, other current liabilities, guarantee deposits received, lease liabilities and long-term borrowings (including current portion) are approximate to their fair values.

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

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

September 30, 2022

	<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	\$ -	\$ 1,457	\$ -	\$ 1,457
Listed, OTC and emerging stocks	185,354	-	-	185,354
Unlisted and non-OTC stocks	-	-	174,255	174,255
Convertible corporate bonds	30,000	-	-	30,000
Fund beneficiary certificates	655,977	-	1,879,440	2,535,417
	<u>871,331</u>	<u>1,457</u>	<u>2,053,695</u>	<u>2,926,483</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed, OTC and emerging stocks	\$ 1,454,337	\$ -	\$ -	\$ 1,454,337
Unlisted and non-OTC stocks	-	-	599,609	599,609
	<u>1,454,337</u>	<u>-</u>	<u>599,609</u>	<u>2,053,946</u>
	<u>\$ 2,325,668</u>	<u>\$ 1,457</u>	<u>\$ 2,653,304</u>	<u>\$ 4,980,429</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 15,444	\$ -	\$ 15,444

December 31, 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	\$ -	\$ 11,966	\$ -	\$ 11,966
Listed, OTC and emerging stocks	170,417	-	-	170,417
Unlisted and non-OTC stocks	-	-	150,310	150,310
Convertible corporate bonds	36,975	-	-	36,975
Fund beneficiary certificates	<u>2,072,521</u>	<u>-</u>	<u>1,228,210</u>	<u>3,300,731</u>
	<u>2,279,913</u>	<u>11,966</u>	<u>1,378,520</u>	<u>3,670,399</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed, OTC and emerging stocks	\$ 2,396,403	\$ -	\$ -	\$ 2,396,403
Unlisted and non-OTC stocks	<u>-</u>	<u>-</u>	<u>120,017</u>	<u>120,017</u>
	<u>2,396,403</u>	<u>-</u>	<u>120,017</u>	<u>2,516,420</u>
	<u>\$ 4,676,316</u>	<u>\$ 11,966</u>	<u>\$ 1,498,537</u>	<u>\$ 6,186,819</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 2,687</u>	<u>\$ -</u>	<u>\$ 2,687</u>

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>1,277,727</u>	<u>-</u>	<u>802,925</u>	<u>2,080,652</u>
	<u>1,433,373</u>	<u>14,518</u>	<u>937,104</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>\$ 3,501,610</u>	<u>\$ 14,518</u>	<u>\$ 1,062,275</u>	<u>\$ 4,578,403</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 2,144	\$ -	\$ 2,144

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>	<u>Convertible corporate bonds</u>
Market quoted price	Closing price	Net asset value	Closing price

- (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, 2022 and 2021.
- E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the nine-month period ended September 30, 2022

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 1,378,520	\$ 120,017	\$ 1,498,537
Purchase	496,766	-	496,766
Disposal / transfer	-	327	327
Recognized in profit or loss	178,409	-	178,409
Recognized in other comprehensive income	-	479,265	479,265
Balance at September 30	<u>\$ 2,053,695</u>	<u>\$ 599,609</u>	<u>\$ 2,653,304</u>

For the nine-month period ended September 30, 2021

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 77,950	\$ 179,177	\$ 257,127
Purchase	858,925	-	858,925
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>\$ 937,104</u>	<u>\$ 125,171</u>	<u>\$ 1,062,275</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 had implemented various response measures to handle the impact of the Covid-19, all sites adopted high standards for epidemic prevention. Except for the factory in Kunshan, China, which had been locked down in compliance with the local government's prevention policy relative to the Covid-19 pandemic and the adoption of an overall closed-loop management in April 2022, all the other production sites maintained normal operations. The factory in Kunshan, China fully resumed its operations in mid-May 2022. In addition, the logistics units responded in different ways in accordance with the local government regulations, such as taking turns to work, reduction in attendance days, holding meetings online as much as possible, minimizing visits and visitors in order to lessen physical contact and avoid the possibility of cross-infection. As of October 28, 2022, the 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\$51.558 billion for the nine-month period ended September 30, 2022, a single quarter growth of 20% YoY. The operating profit was NT\$19.436 billion (gross profit margin was 37.7%), the consolidated net profit after tax was NT\$8.214 billion (increased 37% YoY), and the basic earnings per share was \$10.59 (in dollars) for the nine-month period ended September 30, 2022. The cumulative consolidated operating revenue and net profit after tax of the Group for the nine-month period ended September 30, 2022 both reached its record high.

The Group's consolidated operating revenue reached NT\$18.614 billion for the three-month period ended September 30, 2022, a single quarter growth of 11% QoQ and 20% YoY. The operating profit was NT\$6.78 billion (gross profit margin was 36.4%), the consolidated net profit after tax was NT\$3.184 billion (increased 40% YoY, 30% QoQ), and the basic earnings per share was \$4.1 (in dollars) for the three-month period ended September 30, 2022. Although the global economic slow down, but the cumulative consolidated operating revenue and the consolidated net profit after tax of the Group for the three-month period ended September 30, 2022 reached its record high.

Regarding the operating results of the Group for the nine-month period ended September 30, 2022 in US dollar, the Group achieved an overall revenue of US\$1,769 million, increased 16% YoY, beating previous estimates. By business unit, Applied Computing Group (ACG), Industrial Could & Video Group (ICVG) and Service-IoT Group (SIoT) enjoyed strong YoY growth at 56%, 25% and 30%, respectively. In terms of a geographic overview, North America, Europe and Emerging market were the best performers with YoY growth at 34%, 23% and 23%, respectively. While Industrial-IoT Group (IIoT) were flattish compared to the same period last year due to channel partners inventory adjustment in China market.

As business activities in North America and Europe were gradually going back to normal, end demand for Smart Medical, Communication, Gaming and other projects remained strong. Smart Manufacturing and IEM equipment in North Asia and Taiwan also accelerated due to customers expansion. The order fulfillment rate steady increased due to component shortage moderated and the maritime logistics improved, overall operation in the third quarter hit a new record. However, the Chinese market showed slow down due to COVID control and channel partners inventory adjustment. The order to shipments ratio (B/B Ratio) was 1.07 for the nine-month period ended September 2022, approaching to the historical level around 1.08.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: 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:
Refer to tables 6, 7 and 8.

(4) Major shareholders information

Major shareholders information: Refer to table 11.

14. SEGMENT INFORMATION

(1) General information

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

- A. Industrial internet of things 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 logistics, 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, 2022

	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	\$ 15,174,529	\$ 12,387,950	\$ 13,399,486	\$ 5,185,350	\$ 5,643,623	(\$ 233,014)	\$ 51,557,924
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 15,174,529</u>	<u>\$ 12,387,950</u>	<u>\$ 13,399,486</u>	<u>\$ 5,185,350</u>	<u>\$ 5,643,623</u>	<u>(\$ 233,014)</u>	<u>51,557,924</u>
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,557,924</u>
Segment income (loss)	<u>\$ 4,681,020</u>	<u>\$ 2,846,574</u>	<u>\$ 2,457,888</u>	<u>\$ 766,037</u>	<u>\$ 543,307</u>	<u>(\$ 33)</u>	<u>11,294,793</u>
Interest and other income							374,287
Other unamortised expenses							(1,794,106)
Other gains and losses							143,518
Finance costs							(19,047)
Share of profit (loss) of associates accounted for under equity method							<u>274,657</u>
Profit from continuing operations before tax							<u>\$ 10,274,102</u>

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	\$ 14,568,582	\$ 10,026,104	\$ 9,184,344	\$ 3,811,208	\$ 5,215,838	\$ 71,878	\$ 42,877,954
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 14,568,582</u>	<u>\$ 10,026,104</u>	<u>\$ 9,184,344</u>	<u>\$ 3,811,208</u>	<u>\$ 5,215,838</u>	<u>\$ 71,878</u>	<u>42,877,954</u>
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,877,954</u>
Segment income (loss)	<u>\$ 4,728,964</u>	<u>\$ 1,793,518</u>	<u>\$ 1,031,553</u>	<u>\$ 350,166</u>	<u>\$ 707,056</u>	<u>(\$ 2,119)</u>	<u>8,609,138</u>
Interest and other income							291,054
Other unamortised expenses							(1,517,315)
Other gains and losses							21,687
Finance costs							(11,500)
Share of profit (loss) of associates accounted for under equity method							184,075
Profit from continuing operations before tax							<u>\$ 7,577,139</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.

Table 2

ADVANTECH CO., LTD. AND SUBSIDIARIES Provision of endorsements and guarantees to others For the nine-month period ended September 30, 2022														
Expressed in thousands of NTD (Except as otherwise indicated)														
Party being endorsed/guaranteed				Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2022	Outstanding endorsement/ guarantee amount at September 30, 2022	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	
No.	Endorser/ guarantor	Company name	Relationship with the endorser/guarantor											
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 4,116,602	\$ 635,000	\$ 635,000	\$ -	\$ -	1.54	\$ 12,349,805	Y	N	Y	
0	ADVANTECH CO., LTD.	ACI(Cayman)	Subsidiary	4,116,602	USD 20,000	USD 20,000	-	-	1.54	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AJP (Note F)	Subsidiary	4,116,602	USD 20,000	USD 20,000								
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,116,602	364,500	330,000	198,000	-	0.80	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,116,602	JPY 1,500,000	JPY 1,500,000	JPY 900,000	-	0.77	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	4,116,602	317,500	317,500	-	-	0.77	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,116,602	USD 10,000	USD 10,000	-	-	0.77	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,116,602	317,500	317,500	-	-	0.77	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,116,602	USD 10,000	USD 10,000	-	-	0.77	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,116,602	190,500	190,500	-	-	0.46	12,349,805	Y	N	Y	
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,116,602	USD 6,000	USD 6,000	156,910	-	0.46	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,116,602	USD 6,000	USD 6,000	USD 4,942	-	0.23	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,116,602	95,250	95,250	-	-	0.23	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,116,602	USD 3,000	USD 3,000	-	-	0.12	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,116,602	47,625	47,625	-	-	0.08	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,116,602	USD 1,500	USD 1,500	-	-	0.08	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,116,602	31,750	31,750	-	-	0.08	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,116,602	USD 1,000	USD 1,000	-	-	0.08	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,116,602	USD 1,000	USD 1,000	-	-	0.08	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,116,602	31,750	31,750	-	-	0.08	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,116,602	USD 1,000	USD 1,000	-	-	0.08	12,349,805	Y	N	Y	
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,116,602	USD 1,000	USD 1,000	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,116,602	USD 500	USD 500	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,116,602	USD 500	USD 500	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATJ (Note F)	Subsidiary	4,116,602	15,875	15,875	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	4,116,602	USD 500	USD 500	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI(Cayman)	Subsidiary	4,116,602	USD 500	USD 500	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,116,602	15,875	15,875	-	-	0.04	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATJ (Note F)	Subsidiary	4,116,602	USD 200	USD 200	-	-	0.02	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	4,116,602	USD 200	USD 200	-	-	0.02	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI(Cayman)	Subsidiary	4,116,602	3,175	3,175	-	-	0.01	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,116,602	USD 100	USD 100	-	-	0.01	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,116,602	USD 100	USD 100	-	-	0.01	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,116,602	3,175	3,175	-	-	0.01	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATJ (Note F)	Subsidiary	4,116,602	USD 100	USD 100	-	-	0.01	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	4,116,602	USD 100	USD 100	-	-	0.01	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,116,602	1,588	1,588	-	-	0.00	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ATJ (Note F)	Subsidiary	4,116,602	USD 50	USD 50	-	-	0.00	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	4,116,602	243,000	-	-	-	0.00	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI(Cayman)	Subsidiary	4,116,602	JPY 1,000,000	-	-	-	0.00	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,116,602	EUR 1,000	-	-	-	0.00	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,116,602	14,313	-	-	-	0.00	12,349,805	Y	N	N	
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,116,602	USD 500	-	-	-	0.00	12,349,805	Y	N	N	
1	LNC	NANOMAC Co., Ltd.	Subsidiary	36,444	5,725	-	-	-	0.00	12,349,805	Y	N	N	
					USD 200									
					30,000	30,000	10,000	-	8.23	109,332	Y	N	N	
					NTD 30,000	NTD 30,000	NTD 10,000							

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, 2022 were USD\$1= NT\$31.75, EUR\$1= NT\$31.26, and JPY\$1=NT\$0.22.

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

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

Note F: In the first quarter of 2022, ATJ merged with AJP, with AJP as the surviving company, and ATJ as the dissolved company.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2022

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, 2022				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	\$ 1,109,034	0.64	\$ 1,109,034	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	111,960	2.34	111,960	Note A
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	30,000	-	30,000	Note A
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	142,544	6.94	142,544	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	464,695	56,000	0.65	56,000	Note C
ACI	Stock	TXC CORPORATION	None	Financial assets at fair value through profit or loss - non-current	300,000	21,570	0.10	21,570	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	80,000	21,240	0.04	21,240	Note A
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,501,000	233,343	4.88	233,343	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,759	7.50	3,759	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,509	10.33	8,509	Note C
ACI	Stock	i-Link	None	Financial assets at fair value through other comprehensive income or loss - non-current	616,938	327	15.42	327	Note C
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	16,496,447	226,443	-	226,443	Note B
ACI	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,572,995	20,003	-	20,003	Note B
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	None	Financial assets at fair value through profit or loss - non-current	30,000,000	232,500	-	232,500	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	118,255	4.38	118,255	Note B
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,466,890	97,230	-	97,230	Note B
Advanixs Corporation	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	3,330,417	42,351	-	42,351	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	186,996	2,811	-	2,811	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	20,615	-	20,615	Note B
Cermate	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,102,822	14,024	-	14,024	Note B
ACI (Cayman)	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	904,472	-	904,472	Note B
ACI (Cayman)	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	742,341	-	742,341	Note B
ACI CN	Stock	Shanghai Shangchuang Xinwei Investment Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	-	587,014	8.33	587,014	Note C
ACI CN	Beneficiary certificates	Tianying Heyan (Hengqin) Investment Management Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	232,627	-	232,627	Note B

Note A: Market value was based on the closing price on September 30, 2022.
Note B: Market value was based on the net asset values of the open-ended mutual funds on September 30, 2022.
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, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable Securities					Balance as at January 1, 2022		Acquisition		Disposal				Balance as at September 30, 2022			
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation (Note C)	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	56,818,161	\$ 879,050	135,544,893	\$ 2,100,011	192,363,054	\$ 2,981,603	\$ 2,979,061	\$ 2,542	\$ -	-	\$ -
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Money Market Fund	Note A	None	None	-	-	8,033,542	1,450,007	8,033,542	1,450,408	1,450,007	401	-	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	12,074,507	153,076	66,933,474	850,004	79,007,981	1,003,583	1,003,080	503	-	-	-
ACI (Cayman)	Beneficiary certificates	Momenta DIF III L.P.	Note B	None	None	-	544,551	-	307,975	-	-	-	-	51,946	-	904,472

Note A: It is recorded as financial assets at fair value through profit or loss - current.
Note B: It is recorded as financial assets at fair value through profit or loss - non-current.
Note C: It is included gain (loss) on valuation and effect of exchange rate changes.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
September 30, 2022

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					Purpose of Acquisition	Other Property Terms
							Property Terms	Relationship	Transfer date	Amount	Pricing Reference		
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of \$756,433 should be made by September 30, 2022 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, 2022

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)	
			Sales/(purchases)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	Percentage of total
Purchaser/seller	Counterparty	Relationship			sales/(purchases)					notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	\$ 11,297,441	30.80%	30 days after month-end	Contract price	No significant difference	\$ 1,998,380	23.84%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	7,177,954	19.57%	30 days after month-end	Contract price	No significant difference	928,806	11.08%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	5,392,316	14.70%	45 days after month-end	Contract price	No significant difference	1,970,656	23.51%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,257,513	3.43%	30 days after month-end	Contract price	No significant difference	217,418	2.59%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	818,927	2.23%	30 days after month-end	Contract price	No significant difference	220,934	2.64%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	665,883	1.82%	30 days after month-end	Contract price	No significant difference	116,119	1.39%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	278,349	0.76%	45 days after month-end	Contract price	No significant difference	136,173	1.62%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	348,066	0.95%	45 days after month-end	Contract price	No significant difference	158,109	1.89%
ADVANTECH CO., LTD.	AVN	Subsidiary	Sales	124,357	0.34%	45 days after month-end	Contract price	No significant difference	41,254	0.49%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	152,414	0.42%	45 days after month-end	Contract price	No significant difference	53,474	0.64%
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	Sales	475,414	1.30%	30 days after month-end	Contract price	No significant difference	-	0.00%
ADVANTECH CO., LTD.	ATH	Subsidiary	Sales	146,586	0.40%	45 days after month-end	Contract price	No significant difference	51,028	0.61%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	338,922	2.15%	30 days since invoice date	Contract price	No significant difference	48,008	1.39%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	11,691,566	94.92%	30 days after month-end	Contract price	No significant difference	1,921,786	95.42%
AKMC	ACN	Fellow subsidiary	Sales	484,159	3.93%	30 days after month-end	Contract price	No significant difference	62,802	3.12%
ACN	AKMC	Fellow subsidiary	Sales	131,075	1.15%	60 days after month-end	Contract price	No significant difference	36,479	1.36%
ACZ	AEU	Fellow subsidiary	Sales	287,023	78.73%	60 days since invoice date	Contract price	No significant difference	60,580	69.19%
LNC	LNC Dong Guan	Sub-subsidiary	Sales	307,810	78.34%	150 days after month-end	Contract price	No significant difference	221,980	90.45%

Note: All intercompany transactions have been eliminated during consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
September 30, 2022

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	\$ 929,001	8.95	\$ -	-	\$ 420,462	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,004,003	7.50	-	-	-	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,975,431	4.17	-	-	322,036	-
ADVANTECH CO., LTD.	AAU	Subsidiary	136,493	4.32	-	-	-	-
ADVANTECH CO., LTD.	AJP	Subsidiary	221,592	5.97	-	-	19,287	-
ADVANTECH CO., LTD.	AKR	Subsidiary	217,801	9.96	-	-	-	-
ADVANTECH CO., LTD.	ASG	Subsidiary	159,294	3.94	-	-	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	916,017	Note	-	-	303,327	-
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	116,224	7.01	-	-	-	-
AKMC	ADVANTECH CO., LTD.	Parent company	1,921,786	9.76	-	-	1,259,344	-
LNC	LNC Dong Guan	Sub-subsidiary	221,980	1.91	-	-	20,184	-

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

Table 8

ADVANTECH CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			Percentage of consolidated total operating revenues or total assets (Note C)
No. (Note A)	Company Name	Counterparty	Relationship (Note B)	General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	\$ 7,177,954	Usual trade terms	14%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	928,806	30 days after month-end	1%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	5,392,316	Usual trade terms	10%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,970,656	45 days after month-end	3%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	818,927	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	220,934	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,257,513	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	217,418	30 days after month-end	0%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	11,297,441	Usual trade terms	22%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	1,998,380	30 days after month-end	3%
0	ADVANTECH CO., LTD.	A-SIoT	1	Sales revenue	475,414	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	348,066	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ASG	1	Receivables from related parties	158,109	45 days after month-end	0%
0	ADVANTECH CO., LTD.	ATH	1	Sales revenue	146,586	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	278,349	Usual trade terms	1%
0	ADVANTECH CO., LTD.	AAU	1	Receivables from related parties	136,173	45 days after month-end	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	665,883	Usual trade terms	1%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Receivables from related parties	116,119	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	152,414	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AVN	1	Sales revenue	124,357	Usual trade terms	0%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	11,691,566	Usual trade terms	23%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	1,921,786	30 days after month-end	3%
1	AKMC	ACN	3	Sales revenue	484,159	Usual trade terms	1%
2	ANA	ADVANTECH CO., LTD.	2	Sales revenue	338,922	Usual trade terms	1%
3	ACZ	AEU	3	Sales revenue	287,023	Usual trade terms	1%
4	ACN	AKMC	3	Sales revenue	131,075	Usual trade terms	0%
5	LNC	LNC Dong Guan	3	Sales revenue	307,810	Usual trade terms	1%
5	LNC	LNC Dong Guan	3	Receivables from related parties	221,980	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, 2022, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the nine-month period ended September 30, 2022.

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, 2022

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, 2022			Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2022 (Note D)		Footnote
				Balance as at September 30, 2022	Balance as at January 1, 2022	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	\$ 12,899,294	\$ 1,135,368	\$ 1,135,368		Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	4,781,585	317,599	317,599		Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	300,873	95,607	95,607		Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	300,000,000	100.00	3,782,941	63,020	63,019		Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	25,542,984	28.16	945,996	406,946	114,012		Investments accounted for under equity method
ADVANTECH CO., LTD.	AdvanPOS	Taiwan	Manufacturing and trade of endpoint sales system	-	266,192	-	-	-	(1)	(1)		Subsidiary
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	188,826	209,191	13,380,000	44.60	248,134	(36,115)	(16,512)		Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	93,338	61,909	16,650,003	99.90	75,541	4,121	3,628		Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,407,384	298,409	298,409		Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	112,600	38,552	38,471		Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	48,972	5,216	2,627		Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	15,289	10,581	10,486		Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	15,472	1,200	100.00	908,704	112,744	112,742		Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	66,136	22,925	22,887		Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	457,070	94,161	94,041		Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	103,146	103,146	12,723,038	100.00	89,009	(6,372)	(6,372)		Subsidiary
ADVANTECH CO., LTD.	Advantech Innovative Design Co., Ltd.	Taiwan	Product design	-	10,000	-	-	-	-	-		Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	73,254	(8,164)	(8,164)		Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	28,153	(10,248)	(10,274)		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	21,423	(25,586)	(6,908)		Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.52	582,934	308,108	50,887		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	58,141	10,052	5,974		Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	197,089	2,891	549		Investments accounted for under equity method
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	72,416	72,416	1	100.00	27,640	(10,018)	(10,018)		Subsidiary
ADVANTECH CO., LTD.	ATJ	Japan	Production and sale of electronic and mechanical devices	-	451,364	-	-	-	-	-		Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	11,502	(2,247)	(1,412)		Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,588	624	624		Subsidiary
ADVANTECH CO., LTD.	Huan Yan Water Solution Co., Ltd.	Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	27,000	27,000	2,700,000	90.00	24,190	635	572		Subsidiary
AJP	ATJ	Japan	Production and sale of electronic and mechanical devices	-	184,649	-	-	-	-	-		Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	137,779	23,059	-		Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	12,752	(2,752)	-		Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	275,151	212,587	-		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	19.36	665,473	158,260	-		Investments accounted for under equity method
ACI	Yun Yan, Wu-Lian Co., Ltd.	Taiwan	Industrial equipment networking in Greater China	-	5,000	-	-	-	-	-		Subsidiary
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,940	-	-		Investments accounted for under equity method
ACI	i-Link	Taiwan	Integration of intelligent medical	-	9,091	-	-	-	(9,191)	-		NOTE E
ACI	DotZero	Taiwan	Intelligent metal processing integration	10,928	10,928	1,092,750	25.71	458	(14,678)	-		Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	15,710,000	15.37	164,026	68,063	-		Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	147,444	147,444	5,084,273	18.61	160,513	56,288	-		Investments accounted for under equity method
ACI	Samsoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	33,270	20,220	561,955	25.63	23,474	(15,955)	-		Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	20.00	8,747	(2,685)	-		Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	120,000	120,000	4,400,000	12.94	175,704	257,704	-		Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	19.00	428,188	(35,120)	-		Investments accounted for under equity method
ACI	AIH	Taiwan	Servicing of information software and data processing	15,369	15,369	1,100,000	100.00	891	(2,324)	-		Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	117,518	19,373	-		Investments accounted for under equity method
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	7,165	470	-		Investments accounted for under equity method
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	266,924	93,958	-		Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of September 30, 2022			Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2022 (Note D)		Footnote
				Balance as at September 30, 2022	Balance as at January 1, 2022	Shares	Ownership (%)	Carrying Value				
ACI	Freedom Systems	Taiwan	Electronic information service	\$ 37,500	\$ 37,500	1,500,000	20.00	\$ 39,662	\$ 12,177	\$ -	-	Investments accounted for under equity method
ACI	Yan Xu Green Electricity Co., Ltd.	Taiwan	Green energy power plant development	83,325	-	8,332,500	82.50	83,273	(63)	-	-	Subsidiary
ACI	Expetech Co., Ltd.	Taiwan	Computer system integration service	40,000	-	4,000	43.01	39,214	(1,827)	-	-	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	4,832,027	317,702	-	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,606	100.00	6,721,864	766,707	-	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	4,229,215	371,468	-	-	Subsidiary
AAC (BVI)	ADB	United Arab Emirates	Trading of industrial network communications systems	-	-	-	100.00	3,335	305	-	-	Subsidiary
AAC (BVI)	ACI(Cayman)	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,587,500	1,587,500	30,000,000	100.00	2,232,639	(3,108)	-	-	Subsidiary
AAC (BVI)	AMX	Mexico	Marketing and trade of industrial use computers	88	-	16,667	0.10	88	-	-	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,592,745	289,691	-	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	47,553	9,184	-	-	Subsidiary
AEU	A-SIoT	Germany	Design, research and develop and trade of industrial on-board computer products	-	436,259	-	-	(149)	33,008	-	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	48,197	5,216	-	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,797	4,797	300,000	100.00	6,141	(1,417)	-	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	130,262	17,508	-	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	-	-	100.00	6,216	3,482	-	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	80,641	(15,492)	-	-	Subsidiary
LNC	NANOMAC Co., Ltd.	Taiwan	System integration and application	28,800	-	2,880,000	87.27	25,073	(4,271)	-	-	Subsidiary
LNC	BEST PLC	British Virgin Islands	Holding company	32	-	1	100.00	-	-	-	-	Subsidiary
Better Auto	Famous Now	Hong Kong	Holding company	155,766	155,766	4,906,096	100.00	87,736	(15,492)	-	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	32	-	1	100.00	-	-	-	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,253,522	1,253,522	-	100.00	366,097	68,108	-	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	293,829	63,898	-	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	5,957	2,362	-	-	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 during 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.

Note E: The Group disposed partial equity interest in i-Link, and accordingly, the Group's equity interest decreased from 20.13% to 15.42%. As the Group lost significant influence over i-Link, the investment in i-Link accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.

Table 10

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the nine-month period ended September 30, 2022

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

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022	Net profit (loss) of the investee for the nine-month period ended September 30, 2022	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022	
					Outflow	Inflow							
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,389,063 USD 43,750 (Note D)	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,184,275 USD 37,300	\$ -	\$ -	\$ 1,184,275 USD 37,300	\$ 317,702	100.00	\$ 307,913	\$ 4,832,027	\$ -	
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	USD 134,303 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD 169,291 USD 5,332	-	-	USD 169,291 USD 5,332	388,925	100.00	387,608	3,077,979	USD 356,616 11,232	
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	USD 477,680 USD 8,000 CNY 50,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD 254,000 USD 8,000	-	-	USD 254,000 (8,000	16,951)	100.00 (	16,952)	1,347,833	-	
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	USD 31,750 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	76	100.00	76	30,134	-	
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	USD 127,000 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD 101,410 USD 3,194	-	-	USD 101,410 (3,194	15,225)	100.00 (	15,492)	87,519	-	
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	CNY 8,947 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD 9,779 USD 308	-	-	USD 9,779 USD 308	6,230	90.00	5,607	95,568	83,576	
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	USD 16,510 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD 18,161 USD 572	-	-	USD 18,161 USD 572	8,418	100.00	8,418	34,246	29,404	
Advantech Service-IoT (Shanghai) Co., Ltd. [(IoT (China)]	Technology development, consulting and services in the field of intelligent technology	CNY 67,104 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	460	100.00	460	52,907	-	
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	CNY 9,842 CNY 2,200	Other	Note F	-	-	Note F (	23)	100.00 (	23)	5,276	-	
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	CNY 13,421 CNY 3,000	Other	Note F	-	-	Note F (	1)	20.00	-	2,682	-	
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	CNY 15,210 CNY 3,400	Other	Note F	-	-	Note F (	35,220)	25.36 (	12,807)	7,162	-	
Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA \$ 24,699,610 (Note I)											
\$ 1,761,776 (USD 55,489 thousand) (Note H)	\$2,513,965 (USD 79,180 thousand)	\$ 24,699,610 (Note I)											

Note A: Except for the financial statements of AKMC and ACN, the respective entity is an immaterial subsidiary; its financial statements were not 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 ACI CN.

Note F: Remittance by ACI CN.

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

Note H: Included is the outflow of US\$200 thousand on the investment in Yan Hua (Guang Zhou Bao Shui Qu) Co., Ltd. located in a free trade zone in Guang Zhou. When this investee was liquidated in September 2005, the outward investment remittance ceased upon the approval of the Ministry of Economic Affairs (MOEA). For each future capital return, the Company will apply to the MOEA for the approval of the return as well as reduce the accumulated investment amount by the return amount.

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

Note J: The exchange rate was US\$1=NT\$31.75 and CNY\$1=NT\$4.4736.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.26%
K&M Investment Co., Ltd.	91,369,108	11.74%
AIDC Investment Corp.	90,295,663	11.60%

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.