

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THEREON
MARCH 31, 2023 AND 2022

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 at March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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" that came into effect 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 Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of 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\$14,043,492 thousand and NT\$12,444,034 thousand (including the balance of investments accounted for under equity method), both constituting 20% of consolidated total assets as at March 31, 2023 and 2022, respectively, total liabilities amounting to NT\$2,311,894 thousand and NT\$1,860,015 thousand, constituting 8% and 7% of consolidated total liabilities as at March 31, 2023 and 2022, respectively, and total comprehensive income amounting to NT\$201,300 thousand and NT\$291,168 thousand, constituting 7% and 9% of consolidated total comprehensive income for the three-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 at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three-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” that came into effect as endorsed by the Financial Supervisory Commission.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

April 28, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of 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
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Assets			March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 10,097,390	15	\$ 12,029,785	18	\$ 8,494,053	14
1110	Financial assets at fair value through profit or loss - current	6(2)	6,229,375	9	3,211,182	5	1,798,010	3
1136	Financial assets at amortised cost - current	6(4) and 8	762,601	1	139,910	-	137,508	-
1150	Notes receivable	6(5)	1,505,616	2	1,434,823	2	2,008,087	3
1170	Accounts receivable	6(5)	9,791,138	14	9,641,564	15	8,837,376	15
1180	Accounts receivable - related parties	7	21,569	-	32,400	-	47,410	-
1200	Other receivables		73,967	-	80,598	-	233,708	1
1210	Other receivables - related parties	7	125,297	-	890	-	77,906	-
130X	Inventories	6(6)	13,324,854	19	14,007,765	21	15,366,286	25
1470	Other current assets	7	1,141,650	2	1,168,431	2	775,473	1
11XX	Total current assets		43,073,457	62	41,747,348	63	37,775,817	62
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,785,945	4	2,703,431	4	1,661,135	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,325,082	4	2,199,556	3	2,788,556	5
1550	Investments accounted for under equity method	6(7)	4,361,968	6	4,383,238	7	3,872,174	6
1600	Property, plant and equipment	6(8) and 8	11,172,912	16	11,039,395	17	10,585,544	17
1755	Right-of-use assets	6(9)	2,094,509	3	614,655	1	733,941	1
1780	Intangible assets	6(10)	2,772,951	4	2,789,279	4	2,712,124	5
1840	Deferred income tax assets		726,984	1	700,239	1	862,236	1
1915	Prepayments for business facilities		192,099	-	127,024	-	122,522	-
1990	Other non-current assets	8	69,536	-	80,773	-	72,302	-
15XX	Total non-current assets		26,501,986	38	24,637,590	37	23,410,534	38
1XXX	Total assets		\$ 69,575,443	100	\$ 66,384,938	100	\$ 61,186,351	100

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2022		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(11)	\$ 537,240	1	\$ 531,330	1	\$ 351,380	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	16,850	-	21,634	-	20,399	-
2130	Contract liabilities - current	6(21)	1,026,781	2	1,313,695	2	1,059,112	2
2170	Notes and accounts payable	7	6,653,512	10	7,126,418	11	7,404,377	12
2200	Other payables	6(12) and 7	11,758,963	17	5,146,661	8	9,806,667	16
2230	Current income tax liabilities		3,756,841	5	3,588,177	5	2,895,899	5
2250	Provision for liabilities - current		252,188	-	252,434	-	217,833	-
2280	Lease liabilities - current	6(9)	320,049	-	168,012	-	251,859	-
2320	Long-term liabilities, current portion	6(13) and 8	117,000	-	-	-	-	-
2399	Other current liabilities		380,074	1	332,455	1	298,421	1
21XX	Total current liabilities		<u>24,819,498</u>	<u>36</u>	<u>18,480,816</u>	<u>28</u>	<u>22,305,947</u>	<u>37</u>
	Non-current liabilities							
2540	Long-term borrowings	6(13) and 8	-	-	121,500	-	118,000	-
2560	Current income tax liabilities - non-current		549,974	1	659,969	1	48,660	-
2570	Deferred income tax liabilities		2,327,775	3	2,137,306	3	2,176,158	4
2580	Lease liabilities - non-current	6(9)	1,505,597	2	175,846	-	197,427	-
2600	Other non-current liabilities		636,543	1	525,487	1	620,770	1
25XX	Total non-current liabilities		<u>5,019,889</u>	<u>7</u>	<u>3,620,108</u>	<u>5</u>	<u>3,161,015</u>	<u>5</u>
2XXX	Total liabilities		<u>29,839,387</u>	<u>43</u>	<u>22,100,924</u>	<u>33</u>	<u>25,466,962</u>	<u>42</u>
	Equity attributable to shareholders of the parent							
	Share capital	6(16)						
3110	Common shares		7,779,769	11	7,778,434	11	7,744,638	13
3140	Advance receipts for share capital		5,102	-	1,335	-	13,736	-
	Capital surplus	6(17)						
3200	Capital surplus		9,256,521	13	9,110,280	14	8,648,875	14
	Retained earnings	6(18)						
3310	Legal reserve		8,552,226	12	8,552,226	13	7,737,236	13
3320	Special reserve		555,794	1	555,794	1	831,850	1
3350	Unappropriated retained earnings		12,929,507	19	17,750,074	27	10,077,601	16
	Other equity	6(19)						
3400	Other equity		181,382	-	66,559	-	178,753	-
31XX	Equity attributable to shareholders of the parent		<u>39,260,301</u>	<u>56</u>	<u>43,814,702</u>	<u>66</u>	<u>35,232,689</u>	<u>57</u>
36XX	Non-controlling interest	6(20)	<u>475,755</u>	<u>1</u>	<u>469,312</u>	<u>1</u>	<u>486,700</u>	<u>1</u>
3XXX	Total equity		<u>39,736,056</u>	<u>57</u>	<u>44,284,014</u>	<u>67</u>	<u>35,719,389</u>	<u>58</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 69,575,443</u>	<u>100</u>	<u>\$ 66,384,938</u>	<u>100</u>	<u>\$ 61,186,351</u>	<u>100</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	For the three-month periods ended March 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 17,395,607	100	\$ 16,119,517	100
5000	Operating costs	6(6)(8)(9)(10)(14) (15)(25) and 7	(10,484,627)	(60)	(9,962,306)	(62)
5950	Gross profit		6,910,980	40	6,157,211	38
	Operating expenses	6(8)(9)(10)(14)(15) (25) and 7				
6100	Selling expenses		(1,429,958)	(8)	(1,307,670)	(8)
6200	General and administrative expenses		(818,406)	(5)	(701,599)	(4)
6300	Research and development expenses		(1,170,151)	(7)	(1,122,758)	(7)
6450	Impairment gain (expected credit impairment loss)		9,037	-	(10,509)	-
6000	Total operating expenses		(3,409,478)	(20)	(3,142,536)	(19)
6900	Operating profit		3,501,502	20	3,014,675	19
	Non-operating income and expenses					
7100	Interest income	7	40,820	-	4,784	-
7010	Other income	6(22) and 7	35,571	-	37,765	-
7020	Other gains and losses	6(2)(23)	88,500	1	86,934	1
7050	Finance costs	6(9)(11)(13)(24)	(11,212)	-	(4,535)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	24,949	-	29,948	-
7000	Total non-operating income and expenses		178,628	1	154,896	1
7900	Profit before income tax		3,680,130	21	3,169,571	20
7950	Income tax expense	6(26)	(725,454)	(4)	(601,536)	(4)
8200	Profit for the period		\$ 2,954,676	17	\$ 2,568,035	16

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

		For the three-month periods ended March 31				
		2023		2022		
Items	Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)				
		\$	124,978	1	\$ 267,775	2
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(19)				
			13,243	-	(2,418)	-
8310	Other comprehensive income that will not be reclassified to profit or loss					
			138,221	1	265,357	2
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(19)				
		(19,481)	-	598,206	4
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(19)				
		(8,721)	-	12,692	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)				
			5,849	-	(120,514)	(1)
8360	Other comprehensive (loss) income that will be reclassified to profit or loss					
		(22,353)	-	490,384	3
8300	Total other comprehensive income for the period		\$ 115,868	1	\$ 755,741	5
8500	Total comprehensive income for the period		\$ 3,070,544	18	\$ 3,323,776	21
Profit attributable to:						
8610	Shareholders of the parent		\$ 2,959,203	17	\$ 2,572,215	16
8620	Non-controlling interest		(4,527)	-	(4,180)	-
			\$ 2,954,676	17	\$ 2,568,035	16
Total comprehensive income attributable to:						
8710	Shareholders of the parent		\$ 3,074,026	18	\$ 3,319,630	21
8720	Non-controlling interest		(3,482)	-	4,146	-
			\$ 3,070,544	18	\$ 3,323,776	21
Basic earnings per share						
9750	Profit for the period	6(27)	\$ 3.80	\$ 3.32		
Diluted earnings per share						
9850	Profit for the period	6(27)	\$ 3.77	\$ 3.28		

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 THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to shareholders of the parent													
		Capital		Retained Earnings					Other Equity Interest						
														</	

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		For the three-month periods ended March 31,	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 3,680,130	\$ 3,169,571
Adjustments items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	220,745	212,912
Amortisation	6(10)(25)	42,991	45,739
(Impairment gain) expected credit impairment loss		(9,037)	10,509
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(23)	(95,816)	66,860
Finance costs	6(24)	11,212	4,535
Interest income		(40,820)	(4,784)
Dividend income	6(22)	(874)	-
Compensation costs of employee share options	6(15)(25)	37,542	83,147
Share of profit of associates accounted for under equity method	6(7)	(24,949)	(29,948)
Loss on disposal of property, plant and equipment	6(23)	1,013	624
Gain on disposal of investments	6(23)	-	(409)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(3,016,054)	155,658
Notes receivable		(70,762)	30,861
Accounts receivable		(140,717)	(635,239)
Accounts receivable - related parties		10,831	(9,490)
Other receivables (including related parties)		(12,841)	(179,211)
Inventories		682,911	(2,848,870)
Other current assets		(22,850)	56,182
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		(4,784)	17,712
Contract liabilities - current		(286,914)	108,420
Notes and accounts payable		(472,906)	(82,598)
Other payables		(1,239,868)	(976,724)
Provision for liabilities - current		(246)	21,335
Other current liabilities		47,619	10,785
Other non-current liabilities		(6,461)	1,598
Cash outflow generated from operations		(710,905)	(770,825)
Interest received		40,820	4,784
Interest paid		(11,648)	(4,346)
Income tax paid		(339,312)	(254,292)
Dividend received		874	-
Net cash flows used in operating activities		(1,020,171)	(1,024,679)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(638,308)	(15,616)
Proceeds from disposal of financial assets at amortised cost		16,900	-
Acquisition of financial assets at fair value through profit or loss		-	(11,264)
Acquisition of investments accounted for under equity method	6(7)	(54,274)	(13,050)
Proceeds from disposal of investments accounted for under equity method	6(7)	2,656	940
Acquisition of property, plant and equipment	6(8)	(276,651)	(331,974)
Proceeds from disposal of property, plant and equipment		123	983
Decrease (increase) in refundable deposits		10,221	(2,097)
Acquisition of intangible assets	6(10)	(28,793)	(28,225)
Decrease (increase) in other non-current assets		1,016	(4,399)
Increase in prepayments for business facilities		(87,437)	(61,642)
Net cash flows used in investing activities		(1,054,547)	(466,344)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	15,000	99,880
Increase in long-term borrowings	6(29)	-	118,000
Increase in guarantee deposits received		117,517	1
Payment of lease liabilities	6(9)(29)	(63,894)	(61,883)
Employee share options exercised		91,949	137,675
Change in non-controlling interests	6(28)	10,327	(32,499)
Net cash flows provided by (used in) financing activities		170,899	261,174
Effect of exchange rate changes		(28,576)	422,750
Net decrease in cash and cash equivalents		(1,932,395)	(807,099)
Cash and cash equivalents at beginning of period		12,029,785	9,301,152
Cash and cash equivalents at end of period		\$ 10,097,390	\$ 8,494,053

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 THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(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, with its operational headquarters located in the Neihu Science Park of Taipei, Taiwan. The Company is primarily engaged in the research and development, design, manufacturing and marketing of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed and traded on the Taiwan Stock Exchange since December 1999.
- (3) The Company is a global leader in the IoT intelligent system and embedded platform industry, and takes the ‘smart driver of sustainable earth’ as its corporate brand vision. In accordance with the Company’s customers’ needs, the Company is divided into three major business groups: the Industrial IoT Group, the Embedded IoT Group and the Service IoT group. To meet the broad trends of the Internet of Things, Big Data, and artificial intelligence, the Company proposes IoT software and hardware solutions plan centered on the industrial IoT cloud platform to assist partners and customers connect the industrial chain.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on April 28, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

None.

(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, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

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, 2022, 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' that came into effect as endorsed 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, 2022.

(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 that came into effect as endorsed by the FSC (“IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis used in the 2022 consolidated financial statements.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	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 4
	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
	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	Notes 2 and 6
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	44.60	44.60	48.10	Notes 2 and 3
	Advantech Electronics, S.A.P.I DE C. V. (AMX)	Marketing and trade of industrial use computers	99.90	99.90	99.90	Notes 2 and 11
	Advantech Intelligent Services Co., Ltd. (AiCS)	Design, research and development and sales of intelligent services	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	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 Turkey Teknoloji A.S. (ATR)	Wholesale of computers and peripheral devices	60.00	60.00	60.00	Note 2
	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	Note 2
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	100.00	-	Notes 2 and 15
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 Intelligent Health Co., Ltd. (AIH)	Servicing of information software and data processing	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Advantech Corporate Investment (ACI)	Yan Xu Green Electricity Co., Ltd.	Green energy power plant development	82.50	82.50	82.50	Notes 2 and 9
Advantech Technology Co., Ltd. (ATC)	HK Advantech Technology Co., Ltd. [ATC (HK)]	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	
HK Advantech Technology Co., Ltd. [ATC (HK)]	Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	100.00	100.00	100.00	
Advantech Automation Corp. (BVI) [AAC (BVI)]	Advantech Corp. (ANA)	Marketing, trade and assembly of industrial use computers	100.00	100.00	100.00	
	Advantech Automation Corp. (HK) Limited [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	0.10	0.10	Notes 2 and 11
	Advantech Corporate Investment Ltd. (ACI KY)	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	Notes 2 and 5
Advantech Corp. (ANA)	Advantech Technology Limited (AIE)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
Advantech Automation Corp. (HK) Limited [AAC (HK)]	Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	100.00	100.00	100.00	
	Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	82.00	82.00	82.00	Notes 2 and 7
Advantech Corporate Investment Ltd. (ACI KY)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	-	-	99.00	Notes 2 and 12
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	18.00	18.00	Notes 2 and 7
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	100.00	100.00	1.00	Notes 2 and 12
	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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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 5
Advantech Co., Singapore Pte, Ltd. (ASG)	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	49.00	49.00	49.00	Note 2
	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	100.00	100.00	Notes 2 and 8
LNC Technology Co., Ltd. (LNC)	Better Auto Holdings Limited (Better Auto)	Holding company	100.00	100.00	100.00	Note 2
	LNCMac Technology Corp.	System integration and application, system furniture intelligent design, manufacturing and sales	80.10	87.27	100.00	Notes 2 and 10
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	100.00	-	Notes 2 and 13

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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	100.00	-	Notes 2 and 14
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
LNCMac Technology Corp.	BEST MACHINE LTD. (BEST MACHINE)	Holding company	100.00	100.00	-	Notes 2 and 16
	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	100.00	-	Notes 2 and 17
BEST MACHINE LTD. (BEST MACHINE)	LNCMac DONG GUAN Technology Co Ltd.	System intergration	100.00	-	-	Notes 2 and 18
Advantech Technology Limited (AIE)	Advantech Czech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	100.00	Note 2
Advantech Industrtal Computer India Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	55.00	55.00	Note 2

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 three-month periods ended March 31, 2023 and 2022 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 3: In the third quarter of 2022, the Group sold its 3.5% equity interest in LNC, 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 first quarter of 2022, Advantech Technologies Japan Corp. (ATJ) merged with AJP, with AJP as the surviving company and ATJ as the dissolved company.
- Note 5: 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 6: In the second quarter of 2022, AdvanPOS filed for liquidation.
- Note 7: 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 8: In the first quarter of 2022, the Group established a wholly-owned subsidiary, Cermate Software Inc.
- Note 9: 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 10: In the first quarter of 2022, the Group established a wholly-owned subsidiary, LNCMac Technology Corp., and in the third quarter of 2022 and the first quarter of 2023, the Group did not participate in the capital increase proportionally to its interest, which resulted to a decrease in ownership from 100% to 80.10%.
- Note 11: 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 12: In the second quarter of 2022, the Group adjusted its investment structure. Accordingly, ACI CN held 100% equity interest in SIoT (China).
- Note 13: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST PLC.
- Note 14: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST SERVO.
- Note 15: In the fourth quarter of 2022, the Group adjusted its investment structure, accordingly, the Company held 100% equity interest in ADB.
- Note 16: In the fourth quarter of 2022, the Group established a wholly-owned subsidiary, BEST MACHINE.
- Note 17: In the fourth quarter of 2022, the Group established a wholly-owned subsidiary, BEST AUTOMATION.
- Note 18: In the first quarter of 2023, the Group established a wholly-owned subsidiary, LNCMac DONG GUAN Technology Co., Ltd.
- 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 March 31, 2023. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and revolving funds	\$ 1,579	\$ 1,212	\$ 1,279
Checking accounts and demand deposits	7,146,551	10,578,869	7,304,181
Cash equivalents (time deposits with original maturities less than three months)	<u>2,949,260</u>	<u>1,449,704</u>	<u>1,188,593</u>
	<u>\$ 10,097,390</u>	<u>\$ 12,029,785</u>	<u>\$ 8,494,053</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</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	\$ 775	\$ 936	\$ 2,177
Non-derivative financial assets			
Listed and OTC stocks	-	-	164,375
Unlisted and non-OTC stocks	-	-	56,000
Beneficiary certificates	6,196,500	3,181,146	1,539,458
Convertible corporate bonds	32,100	29,100	36,000
	<u>\$ 6,229,375</u>	<u>\$ 3,211,182</u>	<u>\$ 1,798,010</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed and OTC stocks	\$ 208,471	\$ 187,708	\$ -
Unlisted and non-OTC stocks	154,748	143,264	97,530
Beneficiary certificates	2,321,453	2,271,409	1,563,605
Ordinary corporate bonds	101,273	101,050	-
	<u>\$ 2,785,945</u>	<u>\$ 2,703,431</u>	<u>\$ 1,661,135</u>
<u>Financial liabilities - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivative instruments (not under hedge accounting)			
Forward foreign exchange contracts	\$ 16,850	\$ 21,634	\$ 20,399

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 109,006	(\$ 40,692)
Derivative instruments	(13,190)	(26,168)
	<u>\$ 95,816</u>	<u>(\$ 66,860)</u>

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

Derivative financial assets:

<u>March 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.06	USD 1,000/NTD 30,516
foreign exchange	CNY/NTD	2023.04~2023.06	CNY 23,000/NTD 102,449
	JPY/NTD	2023.04~2023.06	JPY 70,000/NTD 16,204
<u>December 31, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	CNY/NTD	2023.01~2022.02	CNY 37,000/NTD 164,020
foreign exchange	JPY/NTD	2023.01	JPY 20,000/NTD 4,652
<u>March 31, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2022.07	EUR 200/NTD 6,416
foreign exchange	JPY/NTD	2022.04~2022.07	JPY 300,000/NTD 72,645

Derivative financial liabilities:

<u>March 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.04~2023.06	USD 13,500/NTD 406,498
foreign exchange	EUR/NTD	2023.04~2023.06	EUR 14,000/NTD 453,048
	CNY/NTD	2023.04~2023.06	CNY 33,000/NTD 145,480
	JPY/NTD	2023.04~2023.06	JPY 160,000/NTD 36,163
<u>December 31, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.01~2023.03	USD 6,000/NTD 183,082
foreign exchange	EUR/NTD	2023.01~2023.05	EUR 16,700/NTD 529,476
	CNY/NTD	2023.03~2023.04	CNY 27,000/NTD 118,081
	JPY/NTD	2023.01~2023.06	JPY 260,000/NTD 57,747
<u>March 31, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2022.04~2022.07	EUR 14,100/NTD 444,336
foreign exchange	CNY/NTD	2022.04~2022.07	CNY 89,000/NTD 387,077
	USD/NTD	2022.04	USD 1,000/NTD 27,919

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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Listed and OTC stocks	\$ 1,780,035	\$ 1,648,197	\$ 2,504,837
Unlisted and non-OTC stocks	545,047	551,359	283,719
	<u>\$ 2,325,082</u>	<u>\$ 2,199,556</u>	<u>\$ 2,788,556</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 March 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	<u>\$ 124,978</u>	<u>\$ 267,775</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ -</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Time deposits with original maturity period of more than three months	<u>\$ 762,601</u>	<u>\$ 139,910</u>	<u>\$ 137,508</u>

- A. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$762,601, \$139,910 and \$137,508, 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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 1,506,403	\$ 1,435,641	\$ 2,008,881
Less: Allowance for uncollectible accounts	(787)	(818)	(794)
	<u>\$ 1,505,616</u>	<u>\$ 1,434,823</u>	<u>\$ 2,008,087</u>
Accounts receivable	\$ 9,904,169	\$ 9,764,037	\$ 8,924,378
Less: Allowance for uncollectible accounts	(113,031)	(122,473)	(87,002)
	<u>\$ 9,791,138</u>	<u>\$ 9,641,564</u>	<u>\$ 8,837,376</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	\$ 10,498,003	\$ 10,067,584	\$ 10,263,871
Less than 90 days past due	764,124	986,491	563,103
Between 91 to 180 days past due	53,692	55,963	22,883
Over 181 days past due	94,753	89,640	83,402
	<u>\$ 11,410,572</u>	<u>\$ 11,199,678</u>	<u>\$ 10,933,259</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 \$10,328,870 at January 1, 2022.

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

D. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$1,505,616, \$1,434,823 and \$2,008,087, respectively. The maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were \$9,791,138, \$9,641,564 and \$8,837,376, respectively.

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

(6) Inventories

	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,171,233	(\$ 792,906)	\$ 6,378,327
Work in progress	1,097,966	(10,883)	1,087,083
Finished goods	4,921,779	(294,259)	4,627,520
Inventory in transit	1,231,924	-	1,231,924
	<u>\$ 14,422,902</u>	<u>(\$ 1,098,048)</u>	<u>\$ 13,324,854</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,407,878	(\$ 687,919)	\$ 6,719,959
Work in progress	1,210,965	(27,894)	1,183,071
Finished goods	5,176,003	(282,156)	4,893,847
Inventory in transit	1,210,888	-	1,210,888
	<u>\$ 15,005,734</u>	<u>(\$ 997,969)</u>	<u>\$ 14,007,765</u>
March 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,287,341	(\$ 828,740)	\$ 9,458,601
Work in progress	990,594	(22,738)	967,856
Finished goods	4,410,809	(385,677)	4,025,132
Inventory in transit	914,697	-	914,697
	<u>\$ 16,603,441</u>	<u>(\$ 1,237,155)</u>	<u>\$ 15,366,286</u>

The cost of inventories recognized as expense for the year:

	For the three-month periods ended March 31,	
	2023	2022
Cost of goods sold	\$ 10,208,196	\$ 9,351,813
Loss on decline in market value	96,079	220,991
Others	180,352	389,502
	<u>\$ 10,484,627</u>	<u>\$ 9,962,306</u>

(7) Investments accounted for under equity method

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Associates that are not individually material</u>			
<u>Listed and OTC companies</u>			
Axiomtek Co., Ltd.			
(Axiomtek)	\$ 987,407	\$ 1,004,985	\$ 849,858
Winmate Inc. (Winmate)	576,135	610,406	582,376
AzureWave Technologies, Inc. (AzureWave)	693,842	697,753	597,343
Nippon RAD Inc. (Nippon RAD)	253,125	257,187	256,975
Mildex Optical Inc. (Mildex)	175,747	164,948	146,764
Hwacom Systems Inc. (Hwacom)	443,900	456,377	426,013
Information Technology Total			
Services Co., Ltd. (ITTS)	165,100	160,480	162,526

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Unlisted companies</u>			
International Integrated Systems, Inc. (IISI)	\$ 280,978	\$ 286,522	\$ 268,190
CDIB Innovation Accelerator Co., Ltd. (CDIB)	286,800	286,711	179,996
VSO Electronics Co., Ltd. (VSO)	187,479	185,187	146,384
Feng Sang Enterprise Co., Ltd. (Feng Sang)	117,495	115,820	111,912
Others	193,960	156,862	143,837
	<u>\$ 4,361,968</u>	<u>\$ 4,383,238</u>	<u>\$ 3,872,174</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 fourth quarter of 2022, Foshan Technology made a cash capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased to 25.36%.
- (b) In the first quarter of 2022, the Group invested in Spingence Technology Co., Ltd. ("Smasoft") for a cash consideration of \$13,050, which resulted to an increase in its equity interest from 24.07% to 25.63%.
- (c) In the fourth quarter of 2022, Dotzero Co., Ltd. ("Dotzero") made a cash capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 25.71% to 10.38%, without losing significant influence.
- (d) In the first quarter of 2022, the Group disposed 4.71% equity interest in I-Link Co., Ltd. ("i-Link") 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 accounted for under equity method was reclassified as financial assets at fair value through other comprehensive income - non-current.
- (e) In the second quarter of 2022, the Group acquired 43.01% equity interest in Expotech Co., Ltd. for a cash consideration of \$40,000.
- (f) During the first to the third quarter in 2022, VSO made a capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 14.29% to 12.94%. In addition, the Group disposed 0.39% equity interest in VSO for a cash consideration of \$13,292, which resulted to a decrease in its equity interest from 12.94% to 12.55%.
- (g) In 2022, Hwacom converted the corporate bonds by its into common shares which resulted the Group's equity interest decreased to 18.99%.
- (h) In the first quarter of 2023, the Group disposal of all equity interest in Tianjin Anjie IoT Science and Technology Co., Ltd. (Anjie) for a cash consideration of \$2,656.

- (i) In the first quarter of 2023, the Group acquired 30.03% equity interest in Encore Med Sdn Bnd (Encore Med) for a cash consideration of \$54,274.
- 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 March 31,	
	2023	2022
Profit for the year from continuing operations	\$ 24,949	\$ 29,948
Other comprehensive income after tax	4,522	10,274
Total comprehensive income	<u>\$ 29,471</u>	<u>\$ 40,222</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value of associates	<u>\$ 4,942,115</u>	<u>\$ 3,911,446</u>	<u>\$ 3,990,032</u>

- D. Investments accounted for under equity method were evaluated based on the investees' unreviewed financial statements. As of March 31, 2023 and 2022, the unreviewed investments accounted for under equity method amounted to \$3,374,561 and \$3,872,174, respectively, and the share of comprehensive income amounted to (\$3,972) and \$40,222 for the three-month periods ended March 31, 2023 and 2022.
- 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 and equipments pending acceptance	Total
Balance at January 1, 2023							
Cost	\$ 3,078,714	\$ 8,444,047	\$ 2,283,830	\$ 954,826	\$ 2,190,489	\$ 991,827	\$ 17,943,733
Accumulated depreciation and impairment	-	(3,153,349)	(1,445,966)	(769,670)	(1,535,353)	-	(6,904,338)
	<u>\$ 3,078,714</u>	<u>\$ 5,290,698</u>	<u>\$ 837,864</u>	<u>\$ 185,156</u>	<u>\$ 655,136</u>	<u>\$ 991,827</u>	<u>\$ 11,039,395</u>
Balance at January 1, 2023	\$ 3,078,714	\$ 5,290,698	\$ 837,864	\$ 185,156	\$ 655,136	\$ 991,827	\$ 11,039,395
Additions	-	758	18,495	16,165	37,076	204,157	276,651
Disposals	-	-	(220)	(745)	(171)	-	(1,136)
Depreciation	-	(53,940)	(36,536)	(19,464)	(50,990)	-	(160,930)
Reclassifications	-	-	10,596	440	12,920	(1,594)	22,362
Net exchange differences	(5,658)	589	2,693	87	(1,175)	34	(3,430)
Balance at March 31, 2023	<u>\$ 3,073,056</u>	<u>\$ 5,238,105</u>	<u>\$ 832,892</u>	<u>\$ 181,639</u>	<u>\$ 652,796</u>	<u>\$ 1,194,424</u>	<u>\$ 11,172,912</u>
Balance at March 31, 2023							
Cost	\$ 3,073,056	\$ 8,443,750	\$ 2,286,690	\$ 952,966	\$ 2,232,995	\$ 1,194,424	\$ 18,183,881
Accumulated depreciation and impairment	-	(3,205,645)	(1,453,798)	(771,327)	(1,580,199)	-	(7,010,969)
	<u>\$ 3,073,056</u>	<u>\$ 5,238,105</u>	<u>\$ 832,892</u>	<u>\$ 181,639</u>	<u>\$ 652,796</u>	<u>\$ 1,194,424</u>	<u>\$ 11,172,912</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipments pending acceptance	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	73,783	84,789	28,841	12,381	14,338	117,842	331,974
Disposals	-	-	(63)	(774)	(770)	-	(1,607)
Depreciation	-	(53,952)	(33,303)	(19,341)	(45,811)	-	(152,407)
Reclassifications	21,393	(14,477)	37,148	816	34,774	(24,187)	55,467
Net exchange differences	4,457	64,555	15,443	3,594	17,276	41	105,366
Balance at March 31, 2022	<u>\$ 3,067,601</u>	<u>\$ 5,410,809</u>	<u>\$ 776,445</u>	<u>\$ 186,780</u>	<u>\$ 602,509</u>	<u>\$ 541,400</u>	<u>\$ 10,585,544</u>
Balance at March 31, 2022							
Cost	\$ 3,067,601	\$ 8,421,949	\$ 2,227,642	\$ 945,929	\$ 2,032,252	\$ 541,400	\$ 17,236,773
Accumulated depreciation and impairment	-	(3,011,140)	(1,451,197)	(759,149)	(1,429,743)	-	(6,651,229)
	<u>\$ 3,067,601</u>	<u>\$ 5,410,809</u>	<u>\$ 776,445</u>	<u>\$ 186,780</u>	<u>\$ 602,509</u>	<u>\$ 541,400</u>	<u>\$ 10,585,544</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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount			
Land	\$ 1,376,154	\$ 267,691	\$ 280,238
Buildings	618,086	291,785	365,104
Machinery and equipment	2,069	1,210	1,688
Office equipment	12,997	3,447	7,019
Transportation equipment	83,284	50,053	79,164
Other equipment	1,919	469	728
	<u>\$ 2,094,509</u>	<u>\$ 614,655</u>	<u>\$ 733,941</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Depreciation expenses		
Land	\$ 2,153	\$ 2,136
Buildings	46,783	46,536
Machinery and equipment	184	191
Office equipment	1,602	1,297
Transportation equipment	8,833	10,076
Other equipment	260	269
	<u>\$ 59,815</u>	<u>\$ 60,505</u>

C. The additions to right-of-use assets for the three-month periods ended March 31, 2023 and 2022 were \$1,538,582 and \$188,513, respectively.

D. Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount			
Current	\$ 320,049	\$ 168,012	\$ 251,859
Non-current	1,505,597	175,846	197,427
	<u>\$ 1,825,646</u>	<u>\$ 343,858</u>	<u>\$ 449,286</u>

E. Other lease information

	For the three-month periods ended March 31,	
	2023	2022
Expense on lease interest	\$ 7,037	\$ 2,970
Expense on short-term lease contracts	\$ 83	\$ 122
Expense on leases of low-value assets	\$ 430	\$ 357
Total cash outflow for leases	\$ 64,407	\$ 62,362

F. On February 24, 2023, ANA acquired land recognized as right-of-use asset with a lease term of 77 years starting from the date of construction. Under the contract, ANA is entitled to execute the land purchase option in 2034.

(10) Intangible assets

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2023						
Cost	\$ 501,520	\$ 569,759	\$ 418,813	\$ 2,913,175	\$ 682,508	\$ 5,085,775
Accumulated amortization and impairment	(429,534)	(346,051)	(393,770)	(665,939)	(461,202)	(2,296,496)
	<u>\$ 71,986</u>	<u>\$ 223,708</u>	<u>\$ 25,043</u>	<u>\$ 2,247,236</u>	<u>\$ 221,306</u>	<u>\$ 2,789,279</u>
Balance at January 1, 2023	\$ 71,986	\$ 223,708	\$ 25,043	\$ 2,247,236	\$ 221,306	\$ 2,789,279
Acquired separately	-	-	-	-	28,793	28,793
Amortization	-	(8,432)	(6,197)	-	(28,362)	(42,991)
Net exchange differences	946	(2,041)	(222)	(7,270)	6,457	(2,130)
Balance at March 31, 2023	<u>\$ 72,932</u>	<u>\$ 213,235</u>	<u>\$ 18,624</u>	<u>\$ 2,239,966</u>	<u>\$ 228,194</u>	<u>\$ 2,772,951</u>
Balance at March 31, 2023						
Cost	\$ 498,829	\$ 567,069	\$ 417,541	\$ 2,905,905	\$ 661,253	\$ 5,050,597
Accumulated amortization and impairment	(425,897)	(353,834)	(398,917)	(665,939)	(433,059)	(2,277,646)
	<u>\$ 72,932</u>	<u>\$ 213,235</u>	<u>\$ 18,624</u>	<u>\$ 2,239,966</u>	<u>\$ 228,194</u>	<u>\$ 2,772,951</u>
	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	-	-	-	-	28,225	28,225
Amortization	-	(8,151)	(5,707)	-	(31,881)	(45,739)
Net exchange differences	1,320	5,721	1,412	52,923	2,837	64,213
Balance at March 31, 2022	<u>\$ 70,226</u>	<u>\$ 235,556</u>	<u>\$ 40,849</u>	<u>\$ 2,145,533</u>	<u>\$ 219,960</u>	<u>\$ 2,712,124</u>
Balance at March 31, 2022						
Cost	\$ 470,598	\$ 544,255	\$ 394,767	\$ 2,819,072	\$ 589,444	\$ 4,818,136
Accumulated amortization and impairment	(400,372)	(308,699)	(353,918)	(673,539)	(369,484)	(2,106,012)
	<u>\$ 70,226</u>	<u>\$ 235,556</u>	<u>\$ 40,849</u>	<u>\$ 2,145,533</u>	<u>\$ 219,960</u>	<u>\$ 2,712,124</u>

A. The details of goodwill are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
B+B	\$ 1,363,056	\$ 1,374,694	\$ 1,281,362
LNC	227,127	227,127	227,127
A-SIoT	162,578	160,469	156,545
AEU	132,247	130,530	127,345
Others	354,958	354,416	353,154
	<u>\$ 2,239,966</u>	<u>\$ 2,247,236</u>	<u>\$ 2,145,533</u>

B. Goodwill impairment assessment

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

(11) Short-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 537,240</u>	<u>\$ 531,330</u>	<u>\$ 351,380</u>

A. The range of interest rates on bank loans was 0.23%~5.37%, 0.23%~5.43% and 0.23%~2.98% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

B. The interest expense recognized in profit and loss amounted to \$3,192 and \$822 for the three-month periods ended March 31, 2023 and 2022, respectively.

(12) Other payables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Wages and salaries and bonuses payable	\$ 2,649,098	\$ 3,779,290	\$ 2,535,474
Employee benefits payable	206,408	217,486	180,234
Dividend payable	7,779,770	-	6,195,710
Others	1,123,687	1,149,885	895,249
	<u>\$ 11,758,963</u>	<u>\$ 5,146,661</u>	<u>\$ 9,806,667</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 117,000
Less: Current portion				(117,000)
				<u>\$ -</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 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	\$ 121,500
Less: Current portion				-
				<u>\$ 121,500</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 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	\$ 118,000
Less: Current portion				-
				<u>\$ 118,000</u>

A. The interest expense recognized for the three-month periods ended March 31, 2023 and 2022 were \$848 and \$533, respectively.

B. 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, AIN and ARI, 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 \$17,728.
- (c) For the aforementioned pension plan, the Group recognized pension costs of \$1,514 and \$2,208 for the three-month periods ended March 31, 2023 and 2022, 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 \$107,977 and \$98,483 for the three-month periods ended March 31, 2023 and 2022, 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 three-month periods ended March 31,			
	2023		2022	
	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	13,379	\$ 179.19	17,022	\$ 172.74
Options exercised	(510)	180.21	(1,373)	100.23
Options outstanding at the end of the period	<u>12,869</u>	179.14	<u>15,649</u>	179.09
Options exercisable at the end of the period	<u>9,868</u>	175.54	<u>8,147</u>	159.86
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 three-month periods ended March 31, 2023 and 2022 was \$324 ~ \$382 (in dollars) and \$365 ~ \$390 (in dollars), respectively.

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

	March 31, 2023		December 31, 2022		March 31, 2022	
	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	3.33	\$ 191.00	3.58	\$ 195.70	4.33
Issuance in 2018	167.10	1.33	167.10	1.58	171.20	2.33
Issuance in 2016	-	-	-	-	72.30	0.45

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

	Issuance in 2020	Issuance in 2018	Issuance in 2016
Grant-date stock price (in dollars)	\$ 309	\$ 202.5	\$ 235
Exercise price (in dollars)	\$ 200	\$ 202.5	\$ 100
Expected price volatility	23.28~26.55%	28.42~28.73%	31.42~32.48%
Expected option life (in years)	4 ~ 5.5	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 (in dollars)	\$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 March 31, 2023 and 2022 was \$37,542 and \$83,146, 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 three-month periods ended March 31,			
	2023		2022	
	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	<u>20</u>	\$ 20	<u>636</u>	\$ 20
Options outstanding at the end of the period	<u>20</u>	20	<u>636</u>	20
Options exercisable at the end of the period	<u>20</u>	20	<u>631</u>	20

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

	March 31, 2023		December 31, 2022		March 31, 2022	
	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	0.08	\$ 20	0.33	\$ 20	1.08
Issuance in 2017	-	-	-	-	20	0.17

(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 (in dollars)	\$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 (in dollars)	\$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 (in dollars)	\$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 March 31, 2023 and 2022 was \$0 and \$1, respectively.

(16) Share capital

As of March 31, 2023, 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 \$7,784,871 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

The change in the number of the Company's common shares outstanding at the beginning and end of the period are as follows (in thousand shares):

	2023	2022
At January 1	777,977	774,464
Employee share options exercised	510	1,373
At March 31	778,487	775,837

(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.

	March 31, 2023	December 31, 2022	March 31, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Premium on issuance of ordinary shares	\$ 2,692,238	\$ 2,692,238	\$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499	1,636,499
Premium on issuance of ordinary shares for employee share options	3,680,413	3,580,335	2,920,472
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	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>May be used to offset a deficit only</u>			
Changes in ownership interests in subsidiaries	931	529	215
Changes in equity of associates accounted for under equity method	128,930	107,479	82,312
Employee share options forfeited	96,258	96,258	96,258
<u>Not to be used for any purpose</u>			
Employee share options	910,408	886,098	1,118,465
	<u>\$ 9,256,521</u>	<u>\$ 9,110,280</u>	<u>\$ 8,648,875</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 earnings for 2022 had been proposed by the Board of Directors on February 24, 2023. The appropriations of earnings for 2021 had been approved by the shareholders during their meeting on May 26, 2022.

	For the years ended December 31,	
	2022	2021
Legal reserve	\$ 1,077,901	\$ 814,990
Reversal of special reserve	(\$ 555,794)	(\$ 276,056)
Cash dividends	\$ 7,779,770	\$ 6,195,710
Stock dividends	\$ 777,977	\$ -
Cash dividends per share (in dollars)	\$ 10.0	\$ 8.0
Stock dividends per share (in dollars)	\$ 1.0	\$ -

As of April 28, 2023, the appropriation of 2022 earnings stated above has not yet been resolved by the shareholders.

(19) Other equity items

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

	For the three-month periods ended March 31,	
	2023	2022
Balance at January 1	(\$ 714,961)	(\$ 1,575,937)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	(16,421)	471,904
Share of (loss) profit of associates accounted for under equity method	(6,977)	10,154
Other comprehensive (loss) income recognized for the period	(23,398)	482,058
Balance at March 31	(\$ 738,359)	(\$ 1,093,879)

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

	For the three-month periods ended March 31,	
	2023	2022
Balance at January 1	\$ 785,560	\$ 1,018,667
Recognized for the period		
Unrealized gain or loss		
Equity instrument	124,978	267,775
Share of profit (loss) of associates accounted for under equity method	13,243	(2,418)
Total	138,221	265,357
Balance at March 31	\$ 923,781	\$ 1,284,024

C. Unearned employee benefits compensation

	For the three-month periods ended March 31,	
	2023	2022
Balance at January 1	(\$ 4,040)	\$ 1,477
Share of loss of associates accounted for under equity method	-	(12,869)
Balance at March 31	(\$ 4,040)	(\$ 11,392)

(20) Non-controlling interest

	For the three-month periods ended March 31,	
	2023	2022
Balance at January 1	\$ 469,312	\$ 510,264
Loss for the period	(4,527)	(4,180)
Exchange differences on translation of the financial statements of foreign operations	1,045	8,326
Increase in non-controlling interests arising from decrease in investment in subsidiaries	9,925	-
Decrease in non-controlling interests arising from increase in investment in subsidiaries	- (	26,894)
Increase in non-controlling interests arising from establishment of subsidiaries	-	175
Cash dividends distributed by subsidiaries	- (	991)
Balance at March 31	<u>\$ 475,755</u>	<u>\$ 486,700</u>

(21) Operating revenue

	For the three-month periods ended March 31,	
	2023	2022
Revenue from contracts with customers	<u>\$ 17,395,607</u>	<u>\$ 16,119,517</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 March 31, 2023

	Industrial Internet of Things Services (IIoT)	Embedded-IoT Group (EIoT)	Allied Design Manufacture Services (ACG)	Industrial Cloud and Video Group (ICVG)	Intelligent Services (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	<u>\$ 4,586,712</u>	<u>\$ 4,857,341</u>	<u>\$ 2,352,972</u>	<u>\$ 2,067,936</u>	<u>\$ 1,454,651</u>	<u>\$ 2,075,995</u>	<u>\$ 17,395,607</u>

For the three-month period ended March 31, 2022

	Industrial Internet of Things Services (IIoT)	Embedded-IoT Group (EIoT)	Allied Design Manufacture Services (ACG)	Industrial Cloud and Video Group (ICVG)	Intelligent Services (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	<u>\$ 4,727,202</u>	<u>\$ 3,777,316</u>	<u>\$ 2,269,554</u>	<u>\$ 1,506,063</u>	<u>\$ 1,792,851</u>	<u>\$ 2,046,531</u>	<u>\$ 16,119,517</u>

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,026,781, \$1,313,695, \$1,059,112 and \$950,692 as of March 31, 2023, December 31, 2022, March 31, 2022 and January 1, 2022, respectively.

(22) Other income

	For the three-month periods ended March 31,	
	2023	2022
Rental income	\$ 8,011	\$ 9,137
Dividend income	874	-
Others (Note)	26,686	28,628
	<u>\$ 35,571</u>	<u>\$ 37,765</u>

Note: For the three-month periods ended March 31, 2023 and 2022, the Group received government grants of \$9,209 and \$3,142 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$95 and \$562 for the three-month periods ended March 31, 2023 and 2022, respectively, and were deducted from the recorded expenses.

(23) Other gains and losses

	For the three-month periods ended March 31,	
	2023	2022
Losses on disposal of property, plant and equipment	(\$ 1,013)	(\$ 624)
Gains on disposals of investments	-	409
Currency exchange (losses) gains	(4,516)	154,934
Gains (losses) on financial assets/liabilities at fair value through profit or loss	95,816	(66,860)
Others	(1,787)	(925)
	<u>\$ 88,500</u>	<u>\$ 86,934</u>

(24) Finance costs

	For the three-month periods ended March 31,	
	2023	2022
Bank loan interest	\$ 4,040	\$ 1,355
Interest expense on lease liabilities	7,037	2,970
Others	135	210
	<u>\$ 11,212</u>	<u>\$ 4,535</u>

(25) Expenses by nature

A. Depreciation and amortisation expenses

	For the three-month periods ended March 31,	
	2023	2022
Depreciation categorised by function		
Operating costs	\$ 65,991	\$ 57,964
Operating expenses	154,754	154,948
	<u>\$ 220,745</u>	<u>\$ 212,912</u>

	For the three-month periods ended March 31,	
	2023	2022
Amortisation of intangible assets categorised by function		
Operating costs	\$ 409	\$ 781
Operating expenses	42,582	44,958
	<u>\$ 42,991</u>	<u>\$ 45,739</u>

B. Employee benefit expense

	For the three-month periods ended March 31,	
	2023	2022
Short-term employee benefits	\$ 2,936,577	\$ 2,781,751
Post-employment benefits		
Defined contribution plan	107,977	98,483
Defined benefit plan	1,514	2,208
	<u>109,491</u>	<u>100,691</u>
Share-based payment		
Equity-settled	37,542	83,147
Other employee benefits	250,843	209,255
Total employee benefit expense	<u>\$ 3,334,453</u>	<u>\$ 3,174,844</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 752,585	\$ 769,307
Operating expenses	2,581,868	2,405,537
	<u>\$ 3,334,453</u>	<u>\$ 3,174,844</u>

- (a) The Company accrues employees' compensation at the rate of no less than 5% and directors' remuneration at the rate of no higher than 1%, of net profit before income tax. For the three-month periods ended March 31, 2023 and 2022, employees' compensation and directors' remuneration were accrued based on a certain percentage of net profit after income tax. The aforementioned amounts were recognized in salary expense.

	For the three-month periods ended March 31,	
	2023	2022
Employees' compensation	<u>\$ 185,000</u>	<u>\$ 150,000</u>
Directors' remuneration	<u>\$ 3,600</u>	<u>\$ 3,000</u>

- (b) The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 having been resolved by the Board of Directors on February 24, 2023 and February 25, 2022, respectively, are as follows:

	For the years ended December 31,	
	2022	2021
Employees' compensation	\$ 740,000	\$ 600,000
Directors' remuneration	\$ 14,100	\$ 13,600

Employees' compensation and directors' remuneration actual allotment amount for 2022 is no difference between the amount recognized in the consolidated financial statements as of 2022.

- (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 March 31,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 934,296	\$ 600,662
Difference between prior years' income tax estimation and assessed results	(50,967)	-
Total current tax	883,329	600,662
Deferred income tax:		
Origination and reversal of temporary differences	(157,875)	874
Income tax expense	\$ 725,454	\$ 601,536

- (b) Income tax recognized in other comprehensive income

	For the three-month periods ended March 31,	
	2023	2022
Translation of foreign operations	(\$ 5,849)	\$ 120,514

- B. The Company's income tax returns through 2020 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 March 31,	
	2023	2022
Basic earnings per share	\$ 3.80	\$ 3.32
Diluted earnings per share	\$ 3.77	\$ 3.28

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

	For the three-month periods ended March 31,	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 2,959,203	\$ 2,572,215
Earnings used in the computation of diluted earnings per share	\$ 2,959,203	\$ 2,572,215

Unit: expressed in thousand shares

	For the three-month periods ended March 31,	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	778,125	774,916
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	5,996	7,492
Employees' compensation	1,791	1,439
Weighted average number of ordinary shares used in the computation of diluted earnings per share	785,912	783,847

(28) Transactions with non-controlling interest

A. Acquisition of additional interests in subsidiaries:

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%.

	For the three-month period ended March 31,	
	2022	
	AMX	
Consideration paid	(\$	31,508)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests		26,894
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$	4,614)
<u>Line items adjusted for equity transactions</u>		
Unappropriated retained earnings	(\$	4,614)

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

In there first quarter of 2023, the Group did not participate in the capital increase proportionally to its interest, resulting to a decrease in the Group's equity investment in LNCMac Technology Corp. from 87.27% to 80.10%.

	For the three-month period ended March 31, 2023
	LNCMac Technology Corp.
Cash	\$ 10,327
The proportionate share of the carrying amount of the net assets of the subsidiary transferred in non-controlling interests	(9,925)
Capital surplus - changes in ownership interest in subsidiaries	\$ 402

(29) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1	\$ 531,330	\$ 121,500	\$ 343,858	\$ 996,688
Changes in cash flow from financing activities	15,000	-	(63,894)	(48,894)
Increase	-	-	1,538,582	1,538,582
Others (Note)	(9,090)	(4,500)	7,100	(6,490)
At March 31	<u>\$ 537,240</u>	<u>\$ 117,000</u>	<u>\$ 1,825,646</u>	<u>\$ 2,479,886</u>

	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	99,880	118,000	(61,883)	155,997
Increase	-	-	188,513	188,513
Others (Note)	(4,200)	-	5,250	1,050
At March 31	<u>\$ 351,380</u>	<u>\$ 118,000</u>	<u>\$ 449,286</u>	<u>\$ 918,666</u>

Note: Including exchange differences, lease modification.

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
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
Expetech Co., Ltd.	Associate
Honghua Electronic Technology (Shanghai) Co., Ltd.	Associate
Feng Sang Enterprise Co., Ltd.	Associate
RFD Micro Electricity Co., Ltd.	Associate
K&M Investment Co., Ltd.	Other related party
AIDC Investment Corp.	Other related party
Advantech Foundation	Other related party
Tran-Fei Development Co., Ltd.	Other related party

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 March 31,	
	2023	2022
Associates	\$ 18,720	\$ 44,688
Other related parties	286	597
	<u>\$ 19,006</u>	<u>\$ 45,285</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

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
Associates	\$ 106,959	\$ 131,235
Purchases of services:		
Associates	-	383
	<u>\$ 106,959</u>	<u>\$ 131,618</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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable - related parties			
Associates	\$ 21,469	\$ 32,300	\$ 47,410
Other related parties	100	100	-
	<u>\$ 21,569</u>	<u>\$ 32,400</u>	<u>\$ 47,410</u>
Other receivables - related parties			
Associates	\$ 123,857	\$ -	\$ 77,906
Other related parties	1,440	890	-
	<u>\$ 125,297</u>	<u>\$ 890</u>	<u>\$ 77,906</u>

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes and accounts payable - related parties			
Associates	\$ 79,738	\$ 82,002	\$ 82,220
Other payables - related parties			
Associates	\$ 35,211	\$ 2,733	\$ 22,106
Other related parties	6,347	-	5,497
	<u>\$ 41,558</u>	<u>\$ 2,733</u>	<u>\$ 27,603</u>

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

E. Prepayments to related parties

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other current assets			
Associates	<u>\$ 48,037</u>	<u>\$ 18,693</u>	<u>\$ 30,774</u>

F. Property transactions

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment		
Associates	<u>\$ 134</u>	<u>\$ -</u>

G. Other related party transactions

(a) Operating expenses

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
General and administrative expense		
Associates	<u>\$ 9,363</u>	<u>\$ 2,885</u>
Research and development expense		
Associates	<u>\$ 4,585</u>	<u>\$ 646</u>

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income		
Associates	<u>\$ 2</u>	<u>\$ -</u>

(c) Other income

	<u>For the three-month periods ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income		
Other related parties	<u>\$ 358</u>	<u>\$ 358</u>
Other income		
Other related parties	<u>\$ 1,856</u>	<u>\$ 1,856</u>

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 March 31,	
	2023	2022
Short-term employee benefits	\$ 9,408	\$ 9,330
Post-employment benefits	106	90
Share-based payment	2,703	5,987
	<u>\$ 12,217</u>	<u>\$ 15,407</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2023	December 31, 2022	March 31, 2022	
Pledged deposits (classified as financial assets at amortised cost)	\$ 10,887	\$ 10,832	\$ 10,890	Lease mortgage
Demand deposits (classified as other non-current assets)	1,329	1,322	1,352	Performance guarantee
Property, plant and equipment				
Land	98,334	102,116	99,174	Long-term borrowings
Buildings	128,756	134,565	85,890	Long-term borrowings
	<u>\$ 239,306</u>	<u>\$ 248,835</u>	<u>\$ 197,306</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Group has signed a contract amounting to \$317,300 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of March 31, 2023.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change during the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,015,320	\$ 5,914,613	\$ 3,459,145
Financial assets at amortised cost (Note 1)	22,447,695	23,440,301	19,905,785
Financial assets at fair value through other comprehensive income			
Equity instruments	2,325,082	2,199,556	2,788,556
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	16,850	21,634	20,399
Financial liabilities at amortised cost (Note 2)	19,066,715	12,925,909	17,680,424
Lease liabilities	1,825,646	343,858	449,286

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

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

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

Exchange rate risk

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

March 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	\$ 221,805	30.45	\$ 6,753,972
CNY:NTD	675,287	4.431	2,992,198
EUR:NTD	48,649	33.15	1,612,704
USD:CNY	64,587	6.8720	1,966,677
USD:EUR	45,608	0.9186	1,388,759
CNY:USD	1,088	0.1455	4,811
Financial liabilities			
Monetary items			
USD:NTD	87,943	30.45	2,677,849
CNY:NTD	387,132	4.431	1,715,382
USD:CNY	41,440	6.8720	1,261,860
USD:EUR	18,451	0.9186	561,847
EUR:NTD	149	33.15	4,923
December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	\$ 265,547	30.71	\$ 8,154,957
CNY:NTD	647,850	4.408	2,855,721
EUR:NTD	51,930	32.72	1,699,136
USD:CNY	63,014	6.9669	1,935,147
USD:EUR	37,343	0.9386	1,146,815
CNY:USD	3,087	0.1435	13,605
Financial liabilities			
Monetary items			
USD:NTD	113,611	30.71	3,489,007
CNY:NTD	349,233	4.408	1,539,418
USD:CNY	37,743	6.9669	1,159,079
USD:EUR	15,805	0.9386	485,377
EUR:NTD	126	32.72	4,132

March 31, 2022			
	Foreign currency		Book value
	amount	Exchange rate	
	(in thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 344,854	28.625	\$ 9,871,447
CNY:NTD	519,512	4.506	2,340,921
EUR:NTD	45,668	31.920	1,457,717
USD:CNY	61,096	6.3526	1,748,869
USD:EUR	32,536	0.8968	931,340
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	167,924	28.625	4,806,822
CNY:NTD	100,323	4.506	452,054
USD:CNY	43,529	6.3526	1,246,022
USD:EUR	13,888	0.8968	397,557

For the three-month periods ended March 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were (\$4,516) and \$154,934, 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. Analysis of foreign currency market risk arising from significant foreign exchange variation:

For the three-month period ended March 31, 2023				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 67,540	\$	-
CNY:NTD	1%	29,922		-
EUR:NTD	1%	16,127		-
USD:CNY	1%	19,667		-
USD:EUR	1%	13,888		-
CNY:USD	1%	48		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	26,778		-
CNY:NTD	1%	17,154		-
USD:CNY	1%	12,619		-
USD:EUR	1%	5,618		-
EUR:NTD	1%	49		-

For the three-month period ended March 31, 2022				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 98,714	\$	-
CNY:NTD	1%	23,409		-
EUR:NTD	1%	14,577		-
USD:CNY	1%	17,489		-
USD:EUR	1%	9,313		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	48,068		-
CNY:NTD	1%	4,521		-
USD:CNY	1%	12,460		-
USD:EUR	1%	3,976		-

Interest rate risk

- i. The Group is exposed to interest rate risk because entities in the Group maintain both floating and fixed interest rates of bank deposits and borrowings. The Group does not operate hedging instruments for interest rates. The Group's management monitors the market interest rates regularly. If it is needed, the management might perform necessary procedures for significant interest rate risks to control the risks from fluctuations in market interest rates.
- ii. The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the balance sheet date were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 3,711,861	\$ 1,589,614	\$ 1,326,101
- Financial liabilities	2,148,746	674,158	762,465
Cash flow interest rate risk			
- Financial assets	7,148,130	10,580,081	6,727,305
- Financial liabilities	331,140	322,530	156,200

- iii. The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.
- iv. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the three-month periods ended March 31, 2023 and 2022 would have increased by \$8,521 and \$8,214, 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 three-month periods ended March 31, 2023 and 2022 would have increased by \$3,632 and \$3,179, 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 three-month periods ended March 31, 2023 and 2022 would have increased by \$23,251 and \$27,886, 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 March 31, 2023, December 31, 2022 and March 31, 2022, is as follows:

	<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>March 31, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 10,498,003	\$ 764,124	\$ 53,692	\$ 20,385	\$ 73,581	\$11,409,785
Loss allowance (lifetime expected credit losses)	-	(13,590)	(14,037)	(11,823)	(73,581)	(113,031)
Amortised cost	<u>\$ 10,498,003</u>	<u>\$ 750,534</u>	<u>\$ 39,655</u>	<u>\$ 8,562</u>	<u>\$ -</u>	<u>\$11,296,754</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>December 31, 2022</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 10,067,584	\$ 986,491	\$ 55,963	\$ 28,961	\$ 51,980	\$11,190,979
Loss allowance (lifetime expected credit losses)	-	(34,414)	(16,280)	(11,918)	(51,980)	(114,592)
Amortised cost	<u>\$ 10,067,584</u>	<u>\$ 952,077</u>	<u>\$ 39,683</u>	<u>\$ 17,043</u>	<u>\$ -</u>	<u>\$11,076,387</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>March 31, 2022</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 10,263,871	\$ 563,103	\$ 22,883	\$ 20,585	\$ 53,267	\$10,923,709
Loss allowance (lifetime expected credit losses)	-	(8,394)	(6,540)	(10,045)	(53,267)	(78,246)
Amortised cost	<u>\$ 10,263,871</u>	<u>\$ 554,709</u>	<u>\$ 16,343</u>	<u>\$ 10,540</u>	<u>\$ -</u>	<u>\$10,845,463</u>

vii. The Group individually assesses the customers that have low credit rating and default. As of March 31, 2023 and 2022, the carrying amount of notes and accounts receivable amounted to \$787 and \$9,550, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$787 and \$9,550, respectively.

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

	2023	2022
Balance at January 1	\$ 123,291	\$ 74,847
(Reversal of) provision for impairment loss	(9,037)	10,509
Amounts written off (Note)	(585)	-
Net exchange differences	149	2,440
Balance at March 31	<u>\$ 113,818</u>	<u>\$ 87,796</u>

Note: The Group wrote off accounts receivable and related loss allowance for the three-month periods ended March 31, 2023 and 2022 amounting to \$585 and \$0 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:

March 31, 2023				
		Lifetime		
		12 months	Significant increase in credit risk	Impairment of credit
				Total
Financial assets at amortised cost	\$ 762,601	\$ -	\$ -	\$ 762,601
Financial assets at fair value through profit or loss	\$ 133,373	\$ -	\$ -	\$ 133,373
December 31, 2022				
		Lifetime		
		12 months	Significant increase in credit risk	Impairment of credit
				Total
Financial assets at amortised cost	\$ 139,910	\$ -	\$ -	\$ 139,910
Financial assets at fair value through profit or loss	\$ 130,150	\$ -	\$ -	\$ 130,150

March 31, 2022				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 137,508	\$ -	\$ -	\$ 137,508
Financial assets at fair value through profit or loss	\$ 36,000	\$ -	\$ -	\$ 36,000

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

(c) Liquidity risk

- i. The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.
- ii. The Group relies on bank borrowings as one of the significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's undrawn bank borrowing facilities are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowing facilities			
- Amount used (Note)	\$ 544,065	\$ 538,067	\$ 357,951
- Amount unused	6,040,847	5,983,003	5,749,289
	<u>\$ 6,584,912</u>	<u>\$ 6,521,070</u>	<u>\$ 6,107,240</u>
Secured bank overdraft facilities			
- Amount used (Note)	\$ 117,000	\$ 121,500	\$ 118,000

Note: As of March 31, 2023, December 31, 2022 and March 31, 2022, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$654,240, \$652,830 and \$469,380, respectively, and lease guarantees amounting to \$6,825, \$6,737 and \$6,571, respectively.

- iii. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group

manages liquidity risk by maintaining adequate reserves of bank borrowing facilities and continuously monitoring forecast and actual cash flows.

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

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

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

March 31, 2023

	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	\$ 7,519,390	\$ 2,955,038	\$ 7,938,047	\$ -
Lease liability	20,330	36,724	274,878	2,603,928
Floating rate instruments	101,641	126,113	108,399	-
Fixed rate instruments	46,123	160,894	118,986	-
	<u>\$ 7,687,484</u>	<u>\$ 3,278,769</u>	<u>\$ 8,440,310</u>	<u>\$ 2,603,928</u>

December 31, 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	\$ 7,440,717	\$ 3,297,444	\$ 1,534,918	\$ -
Lease liability	22,229	36,220	172,830	186,837
Floating rate instruments	165,178	95,639	63,276	-
Fixed rate instruments	46,734	163,017	2,679	121,764
	<u>\$ 7,674,858</u>	<u>\$ 3,592,320</u>	<u>\$ 1,773,703</u>	<u>\$ 308,601</u>

March 31, 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	\$ 6,395,523	\$ 2,943,390	\$ 7,872,131	\$ -
Lease liability	19,883	29,994	159,626	244,593
Floating rate instruments	50,307	527	108,010	-
Fixed rate instruments	31,001	165,100	2,602	120,870
	<u>\$ 6,496,714</u>	<u>\$ 3,139,011</u>	<u>\$ 8,142,369</u>	<u>\$ 365,463</u>

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

v. Liquidity tables for derivative financial liabilities

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

March 31, 2023

	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	\$ 473,930	\$ 716,426	\$ -	\$ 1,190,356
- Outflows	(479,744)	(726,687)	-	(1,206,431)
	<u>(\$ 5,814)</u>	<u>(\$ 10,261)</u>	<u>\$ -</u>	<u>(\$ 16,075)</u>

December 31, 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	\$ 292,245	\$ 552,494	\$ 212,319	\$ 1,057,058
- Outflows	(298,977)	(563,211)	(215,568)	(1,077,756)
	<u>(\$ 6,732)</u>	<u>(\$ 10,717)</u>	<u>(\$ 3,249)</u>	<u>(\$ 20,698)</u>

March 31, 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	\$ 275,013	\$ 512,223	\$ 151,157	\$ 938,393
- Outflows	(281,093)	(522,766)	(152,756)	(956,615)
	<u>(\$ 6,080)</u>	<u>(\$ 10,543)</u>	<u>(\$ 1,599)</u>	<u>(\$ 18,222)</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:

March 31, 2023

	<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	\$ -	\$ 775	\$ -	\$ 775
Listed and OTC stocks	208,471	-	-	208,471
Unlisted and non-OTC stocks	-	-	154,748	154,748
Convertible corporate bonds	32,100	-	-	32,100
Ordinary corporate bonds	101,273	-	-	101,273
Fund beneficiary certificates	6,471,300	-	2,046,653	8,517,953
	<u>6,813,144</u>	<u>775</u>	<u>2,201,401</u>	<u>9,015,320</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 1,780,035	\$ -	\$ -	\$ 1,780,035
Unlisted and non-OTC stocks	-	-	545,047	545,047
	<u>1,780,035</u>	<u>-</u>	<u>545,047</u>	<u>2,325,082</u>
	<u>\$ 8,593,179</u>	<u>\$ 775</u>	<u>\$ 2,746,448</u>	<u>\$ 11,340,402</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 16,850	\$ -	\$ 16,850

December 31, 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	\$ -	\$ 936	\$ -	\$ 936
Listed and OTC stocks	187,708	-	-	187,708
Unlisted and non-OTC stocks	-	-	143,264	143,264
Convertible corporate bonds	29,100	-	-	29,100
Ordinary corporate bonds	101,050	-	-	101,050
Fund beneficiary certificates	3,413,646	-	2,038,909	5,452,555
	<u>3,731,504</u>	<u>936</u>	<u>2,182,173</u>	<u>5,914,613</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 1,648,197	\$ -	\$ -	\$ 1,648,197
Unlisted and non-OTC stocks	-	-	551,359	551,359
	<u>1,648,197</u>	<u>-</u>	<u>551,359</u>	<u>2,199,556</u>
	<u>\$ 5,379,701</u>	<u>\$ 936</u>	<u>\$ 2,733,532</u>	<u>\$ 8,114,169</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 21,634	\$ -	\$ 21,634

March 31, 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	\$ -	\$ 2,177	\$ -	\$ 2,177
Listed and OTC stocks	164,375	-	-	164,375
Unlisted and non-OTC stocks	-	-	153,530	153,530
Convertible corporate bonds	36,000	-	-	36,000
Fund beneficiary certificates	1,843,058	-	1,260,005	3,103,063
	<u>2,043,433</u>	<u>2,177</u>	<u>1,413,535</u>	<u>3,459,145</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 2,504,837	\$ -	\$ -	\$ 2,504,837
Unlisted and non-OTC stocks	-	-	283,719	283,719
	<u>2,504,837</u>	<u>-</u>	<u>283,719</u>	<u>2,788,556</u>
	<u>\$ 4,548,270</u>	<u>\$ 2,177</u>	<u>\$ 1,697,254</u>	<u>\$ 6,247,701</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 20,399	\$ -	\$ 20,399

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

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

	<u>Listed and OTC stocks</u>	<u>Open-end fund</u>	<u>Corporate bonds</u>
Market quoted price	Closing price	Net asset value	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.
- iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial

instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. There were no transfers between Levels 1 and 2 for the three-month periods ended March 31, 2023 and 2022.

E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the three-month period ended March 31, 2023

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 2,182,173	\$ 551,359	\$ 2,733,532
Recognized in oprofit or loss	19,228	-	19,228
Recognized in other comprehensive income	-	(6,312)	(6,312)
Balance at March 31	<u>\$ 2,201,401</u>	<u>\$ 545,047</u>	<u>\$ 2,746,448</u>

For the three-month period ended March 31, 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
Disposal / transfer	-	327	327
Recognized in profit or loss	35,015	-	35,015
Recognized in other comprehensive income	-	163,375	163,375
Balance at March 31	<u>\$ 1,413,535</u>	<u>\$ 283,719</u>	<u>\$ 1,697,254</u>

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

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

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

	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 699,795	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 2,046,653	Net asset value	Not applicable	Not applicable	Not applicable
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 694,623	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 2,038,909	Net asset value	Not applicable	Not applicable	Not applicable
	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 437,249	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 1,260,005	Net asset value	Not applicable	Not applicable	Not applicable

(4) Others

Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$17.396 billion for the three-month period ended March 31, 2023, an increase of 8% over the same period last year. The gross profit was NT\$6.911 billion (gross profit margin was 39.7%), the consolidated net profit after tax was NT\$2.959 billion (increased 15% YoY), and the basic earnings per share was \$3.80 (in dollars) for the three-month period ended March 31, 2023. The consolidated operating revenue and net profit after tax of the Group for the three-month period ended March 31, 2023 both achieved second-highest record.

Regarding the operating results of the Group for the three-month period ended March 31, 2023, in US dollar, the Group achieved an overall revenue of US\$571 million, a 1% decrease YoY. In terms of a geographic overview, North Asia and Europe markets were the best performers with a YoY

growth at 18% and 13%, respectively, while Japanese market was the strongest among North Asia, with a YoY growth at nearly 40%. However, China market was still relatively weak in the first quarter due to the dismantling of COVID lockdowns and on-going inventory adjustment; Taiwan and Emerging markets incurred a double-digit decline YoY due to high base period last year. By business unit, Industrial Cloud & Video Group (ICVG) and Embedded-IoT (EIoT) achieved a double-digit increase YoY at 26% and 18%, respectively, though the rest of the business units showed decline YoY.

Despite the rising global inflation, and uncertainty factors in China which continue to pose challenges in 2023, the Group has maintained a healthy momentum benefiting from large project shipments in the Europe and North America markets. The Group achieved the second-highest record in both revenue and profit for the first quarter of 2023. In terms of the Orders-to-Shipments ratio (BB ratio) for the three-month period ended March 31, 2023, the Group overall BB ratio reached 0.82. For regional breakdown, BB ratio of North America and Europe markets were relatively weak, while the BB ratio of China market was trending near 1x. It seems that the China market has shown a sign of recovery since the reopening but still needs further observation.

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 – IoT Group (EIoT): Provide services involving embedded boards, systems and peripheral hardware and software;
- C. Allied design manufacture services (ACG): Including Networks and Communications, data acquisition and control, and provide the customized collaboration designs and services;
- D. Industrial Cloud and Video Group (ICVG): Responsible for the Industrial cloud related market, specializing in video streaming, enterprise network, communication and cloud platform application products.
- E. Intelligent services (SIoT): Provide services involving digital logistics, digital healthcare and intelligent retail;
- F. Advantech Service Plus and Others (AS+ and Others): Global repair, technical support and warranty services, etc.

(2) Measurement of segment information

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

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

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

For the three-month period ended March 31, 2023

	Industrial internet of things services (IIoT)	Embedded-IoT Group (EIoT)	Allied design manufacture services (ACG)	Industrial Could and Video Group (ICVG)	Intelligent Services (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 4,586,712	\$ 4,857,341	\$ 2,352,972	\$ 2,067,936	\$ 1,454,651	\$ 2,075,995	\$ 17,395,607
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 4,586,712</u>	<u>\$ 4,857,341</u>	<u>\$ 2,352,972</u>	<u>\$ 2,067,936</u>	<u>\$ 1,454,651</u>	<u>\$ 2,075,995</u>	<u>17,395,607</u>
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	-	-	-	-	-	-	<u>17,395,607</u>
Segment income (loss)	<u>\$ 1,481,529</u>	<u>\$ 1,270,193</u>	<u>\$ 623,217</u>	<u>\$ 297,468</u>	<u>\$ 235,079</u>	<u>\$ 133,943</u>	<u>4,041,429</u>
Interest and other income							76,391
Other unamortised expenses							(539,927)
Other gains and losses							88,500
Finance costs							(11,212)
Share of profit (loss) of associates accounted for under equity method							<u>24,949</u>
Profit from continuing operations before tax							<u>\$ 3,680,130</u>

For the three-month period ended March 31, 2022

	Industrial internet of things services (IIoT)	Embedded – IoT Group (EIoT)	Allied design manufacture services (ACG)	Industrial Could and Video Group (ICVG)	Intelligent Services (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 4,727,202	\$ 3,777,316	\$ 2,269,554	\$ 1,506,063	\$ 1,792,851	\$ 2,046,531	\$ 16,119,517
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 4,727,202</u>	<u>\$ 3,777,316</u>	<u>\$ 2,269,554</u>	<u>\$ 1,506,063</u>	<u>\$ 1,792,851</u>	<u>\$ 2,046,531</u>	16,119,517
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	-	-	-	-	-	-	16,119,517
Segment income (loss)	<u>\$ 1,506,217</u>	<u>\$ 768,527</u>	<u>\$ 409,375</u>	<u>\$ 216,759</u>	<u>\$ 244,100</u>	<u>\$ 163,093</u>	3,308,071
Interest and other income							42,549
Other unamortised expenses							(293,396)
Other gains and losses							86,934
Finance costs							(4,535)
Share of profit (loss) of associates accounted for under equity method							29,948
Profit from continuing operations before tax							<u>\$ 3,169,571</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 1

ADVANTECH CO., LTD. AND SUBSIDIARIES
Loans to others
For the three-month period ended March 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note D)	Ending Balance (Note D)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note B)
													Item	Value		
0	ADVANTECH CO., LTD.	AKR	Other receivable - related parties	Yes	\$ 152,400	\$ 152,250	\$ -	3%~4%	Short-term financing	\$ -	Operating need	\$ -	None	-	\$ 3,926,030 (Note B)	\$ 7,852,060 (Note B)
1	LNC	LNC Dong Guan	Other receivable - related parties	Yes	30,000	30,000	19,530	-	Short-term financing	-	Operating need	-	None	-	118,974 (Note C)	118,974 (Note C)
1	LNC	LNCMac Technology Corp.	Other receivable - related parties	Yes	30,000	30,000	-	Note E	Short-term financing	-	Operating need	-	None	-	118,974 (Note C)	118,974 (Note C)

Note A: Investee companies are numbered sequentially from 0.
Note B: The financing limit for each borrower and for the aggregate financing were 10% and 20%, respectively of ADVANTECH CO., LTD.’s net worth based on the latest audited or reviewed report.
Note C: The financing limit for each borrower and for the aggregate financing were both 40% of LNC’s net worth based on the latest audited or reviewed report.
Note D: The maximum balance for the period and ending balance are approved by the board of directors of financiers.
Note E: The interest rate is calculated according to the actual bank borrowing rate based on mutual agreement.

Table 2

ADVANTECH CO., LTD. AND SUBSIDIARIES																			
Provision of endorsements and guarantees to others																			
For the three-month period ended March 31, 2023																			
		Party being endorsed/guaranteed		Limit on	Maximum outstanding	Outstanding		Amount of	Ratio of accumulated	Ceiling on total amount of	Provision of	Provision of	Expressed in thousands of NTD						
				endorsements/ guarantees provided for a single party (Note A)	endorsement/guarantee amount as of March 31, 2023	endorsement/ guarantee amount at March 31, 2023	Actual amount drawn down	endorsements/ guarantees secured with collateral	endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	endorsements/ guarantees provided (Note B)	endorsements/ guarantees by parent company to subsidiary	endorsements/ guarantees by subsidiary to parent company	endorsements/ guarantees to the party in Mainland China	(Except as otherwise indicated)					
No.	Endorser/ guarantor	Company name	Relationship with the endorser/guarantor																
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$	3,926,030	\$	609,600	\$	609,000	\$	-	\$	-	1.55	\$	11,778,090	Y	N	Y
						USD	20,000	USD	20,000		-		-	1.55		11,778,090	Y	N	N
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary		3,926,030	USD	609,600	USD	609,000		-		-	1.55		11,778,090	Y	N	N
						USD	20,000	USD	20,000										
0	ADVANTECH CO., LTD.	AJP	Subsidiary		3,926,030	USD	346,500	JPY	343,500		206,100		-	0.87		11,778,090	Y	N	N
						JPY	1,500,000	JPY	1,500,000		JPY 900,000		-						
0	ADVANTECH CO., LTD.	AEU	Subsidiary		3,926,030	USD	304,800	USD	304,500		-		-	0.78		11,778,090	Y	N	N
						USD	10,000	USD	10,000		-		-						
0	ADVANTECH CO., LTD.	ANA	Subsidiary		3,926,030	USD	304,800	USD	304,500		-		-	0.78		11,778,090	Y	N	N
						USD	10,000	USD	10,000		-		-						
0	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary		3,926,030	USD	304,800	USD	304,500		-		-	0.78		11,778,090	Y	N	N
						USD	10,000	USD	10,000		-		-						
0	ADVANTECH CO., LTD.	ACI	Subsidiary		3,926,030	USD	304,800	USD	304,500		-		-	0.78		11,778,090	Y	N	N
						USD	10,000	USD	10,000		-		-						
0	ADVANTECH CO., LTD.	AKMC	Subsidiary		3,926,030	USD	182,880	USD	182,700		-		-	0.47		11,778,090	Y	N	Y
						USD	6,000	USD	6,000		-		-						
0	ADVANTECH CO., LTD.	AKR	Subsidiary		3,926,030	USD	182,880	USD	182,700		166,140		-	0.47		11,778,090	Y	N	N
						USD	6,000	USD	6,000		USD 5,456		-						
0	ADVANTECH CO., LTD.	AiCS	Subsidiary		3,926,030	USD	91,440	USD	91,350		-		-	0.23		11,778,090	Y	N	N
						USD	3,000	USD	3,000		-		-						
0	ADVANTECH CO., LTD.	AIH	Subsidiary		3,926,030	USD	91,440	USD	91,350		-		-	0.23		11,778,090	Y	N	N
						USD	3,000	USD	3,000		-		-						
0	ADVANTECH CO., LTD.	ABR	Subsidiary		3,926,030	USD	45,720	USD	45,675		-		-	0.12		11,778,090	Y	N	N
						USD	1,500	USD	1,500		-		-						
0	ADVANTECH CO., LTD.	AVN	Subsidiary		3,926,030	USD	30,480	USD	30,450		-		-	0.08		11,778,090	Y	N	N
						USD	1,000	USD	1,000		-		-						
0	ADVANTECH CO., LTD.	ARU	Subsidiary		3,926,030	USD	30,480	USD	30,450		-		-	0.08		11,778,090	Y	N	N
						USD	1,000	USD	1,000		-		-						
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary		3,926,030	USD	30,480	USD	30,450		-		-	0.08		11,778,090	Y	N	N
						USD	1,000	USD	1,000		-		-						
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary		3,926,030	USD	30,480	USD	30,450		-		-	0.08		11,778,090	Y	N	Y
						USD	1,000	USD	1,000		-		-						
0	ADVANTECH CO., LTD.	ATR	Subsidiary		3,926,030	USD	15,240	USD	15,225		-		-	0.04		11,778,090	Y	N	N
						USD	500	USD	500		-		-						
0	ADVANTECH CO., LTD.	ACZ	Subsidiary		3,926,030	USD	15,240	USD	15,225		-		-	0.04		11,778,090	Y	N	N
						USD	500	USD	500		-		-						
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary		3,926,030	USD	15,240	USD	15,225		-		-	0.04		11,778,090	Y	N	N
						USD	500	USD	500		-		-						
0	ADVANTECH CO., LTD.	AAU	Subsidiary		3,926,030	USD	6,096	USD	6,090		-		-	0.02		11,778,090	Y	N	N
						USD	200	USD	200		-		-						
0	ADVANTECH CO., LTD.	AMY	Subsidiary		3,926,030	USD	3,048	USD	3,045		-		-	0.01		11,778,090	Y	N	N
						USD	100	USD	100		-		-						
0	ADVANTECH CO., LTD.	ASG	Subsidiary		3,926,030	USD	3,048	USD	3,045		-		-	0.01		11,778,090	Y	N	N
						USD	100	USD	100		-		-						
0	ADVANTECH CO., LTD.	ATH	Subsidiary		3,926,030	USD	3,048	USD	3,045		-		-	0.01		11,778,090	Y	N	N
						USD	100	USD	100		-		-						
0	ADVANTECH CO., LTD.	AID	Subsidiary		3,926,030	USD	1,524	USD	1,523		-		-	0.00		11,778,090	Y	N	N
						USD	50	USD	50		-		-						
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary		3,926,030	USD	526,680	USD	526,680		-		-	1.34		11,778,090	Y	N	N
1	LNC	LNCMac Technology Corp.	Subsidiary		29,744	USD	30,000	USD	30,000		25,000		-	10.09		89,231	Y	N	N

Note A: The limit on endorsements or guarantees provided on behalf of the respective party is 10% of the Company's net worth.

Note B: The maximum collateral or guarantee amount allowable is 30% of the Company's net worth.

Note C: The exchange rates as of March 31, 2023 were USD\$1= NT\$30.45, EUR\$1= NT\$33.15, and JPY\$1=NT\$0.229.

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

Table 3

ADVANTECH CO., LTD. AND SUBSIDIARIES									
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)									
March 31, 2023									
Expressed in thousands of NTD (Except as otherwise indicated)									
Holding Company Name	Marketable Securities		Relationship with the securities issuer	General ledger account	As of March 31, 2023				
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	Footnote
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,739,461	\$ 1,291,503	0.64	\$ 1,291,503	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	158,400	2.34	158,400	Note A
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	32,100	-	32,100	Note A
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	101,273	-	101,273	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	51,489,673	802,853	-	802,853	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	223,686,663	2,859,073	-	2,859,073	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	97,473,252	1,601,690	-	1,601,690	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	40,742,134	650,090	-	650,090	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	148,451	6.94	148,451	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	26,700	0.10	26,700	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	33,320	0.04	33,320	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	330,132	4.88	330,132	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,758	7.50	3,758	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	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	8,540,306	117,936	-	117,936	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	274,800	-	274,800	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	98,748	4.38	98,748	Note B
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,931,330	104,754	-	104,754	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	66,244	1,001	-	1,001	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	20,722	-	20,722	Note B
AIH	Beneficiary certificates	Capital Money Market	None	Financial assets at fair value through profit or loss - current	164,581	2,705	-	2,705	Note B
Cermate	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,791,196	35,676	-	35,676	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	859,881	-	859,881	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	756,574	-	756,574	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	-	532,453	8.33	532,453	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	-	430,198	-	430,198	Note B

Note A: Market value was based on the closing price on March 31, 2023.

Note B: Market value was based on the net asset values of the open-ended mutual funds on March 31, 2023.

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 three-month period ended March 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable Securities						Balance as at January 1, 2023		Acquisition		Disposal				Balance as at March 31, 2023			
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation		Shares/Units	Amount
														(Note B)			
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	145,321,670	\$ 1,852,241	78,364,993	\$ 1,000,005	-	\$ -	\$ -	\$ -	\$ 6,827		223,686,663	\$ 2,859,073
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	Note A	None	None	-	-	97,473,252	1,600,008	-	-	-	-	1,682		97,473,252	1,601,690
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	Note A	None	None	-	-	40,742,134	650,003	-	-	-	-	87		40,742,134	650,090

Note A: It is recorded as financial assets at fair value through profit or loss - current.
Note B: 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
March 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Payment Status	Counterparty	Relationship	Information on previous title transfer, if counterparty is a related party					Pricing Reference	Purpose of Acquisition	Other Property Terms
							Property Terms	Owner	Relationship	Transfer date	Amount			
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of \$1,092,700 should be made by March 31, 2023 which had been 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 three-month period ended March 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction Details				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	Percentage of total
					sales/(purchases)					notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	\$ 3,664,995	30.21%	30 days after month-end	Contract price	No significant difference	\$ 1,737,390	19.91%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	2,109,090	17.38%	30 days after month-end	Contract price	No significant difference	2,254,913	25.84%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	2,203,569	18.16%	45 days after month-end	Contract price	No significant difference	1,930,036	22.12%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	369,903	3.05%	90 days after month-end	Contract price	No significant difference	370,841	4.25%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	445,998	3.68%	30 days after month-end	Contract price	No significant difference	259,232	2.97%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	202,861	1.67%	30 days after month-end	Contract price	No significant difference	68,665	0.79%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	3,900,350	96.08%	30 days after month-end	Contract price	No significant difference	2,070,473	96.93%
AKMC	ACN	Fellow subsidiary	Sales	102,614	2.53%	30 days after month-end	Contract price	No significant difference	55,514	2.60%

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
March 31, 2023

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	\$ 2,254,913	4.61	\$ -	-	\$ 580,461	\$ -
ADVANTECH CO., LTD.	AEU	Subsidiary	1,936,684	4.53	-	-	361,434	-
ADVANTECH CO., LTD.	ANA	Subsidiary	1,740,660	7.83	-	-	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	716,638	Note	-	-	209,818	-
ADVANTECH CO., LTD.	AKR	Subsidiary	403,860	5.13	-	-	-	-
ADVANTECH CO., LTD.	AJP	Subsidiary	260,533	6.39	-	-	-	-
AKMC	ADVANTECH CO., LTD.	Parent company	2,070,473	7.98	-	-	288,541	-
LNC	LNC Dong Guan	Sub-subsidiary	179,736	1.73	-	-	15,099	-

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 three-month period ended March 31, 2023							
Expressed in thousands of NTD (Except as otherwise indicated)							
No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			Percentage of consolidated total operating revenues or total assets (Note C)
				General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	\$ 2,254,913	30 days after month-end	3%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	2,109,090	Usual trade terms	12%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,930,036	45 days after month-end	3%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	2,203,569	Usual trade terms	13%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	259,232	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	445,998	Usual trade terms	3%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	716,638	45 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	370,841	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	369,903	Usual trade terms	2%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	1,737,390	30 days after month-end	2%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	3,664,995	Usual trade terms	21%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	202,861	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	2,070,473	30 days after month-end	3%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	3,900,350	Usual trade terms	22%
1	AKMC	ACN	3	Sales revenue	102,614	Usual trade terms	1%
2	LNC	LNC Dong Guan	3	Receivables from related parties	179,736	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 March 31, 2023, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the three-month period ended March 31, 2023.

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

Table 9

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the three-month period ended March 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of March 31, 2023			Net profit (loss) of the investee for the three-month period ended March 31, 2023	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2023 (Note C)		Footnote
				Balance as at March 31, 2023	Balance as at January 1, 2023	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	126,592,273	100.00	\$ 12,183,074	\$ 275,456	\$ 275,456		Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	5,117,798	163,962	163,962		Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	207,359	19,428	19,428		Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	3,930,639	67,031	67,031		Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	25,542,984	27.78	987,407	123,820	34,154		Investments accounted for under equity method
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	188,826	188,826	13,380,000	44.60	221,558	(24,730)	(11,029)		Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	93,338	93,338	16,650,003	99.90	93,574	6,024	5,953		Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,559,452	140,602	140,602		Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	176,127	15,280	15,226		Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	56,644	4,923	2,493		Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	48,088	10,230	10,202		Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,063,344	94,868	94,867		Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	70,002	2,124	2,114		Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	494,773	19,230	19,117		Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,845	103,146	12,723,038	100.00	92,503	(1,276)	(1,352)		Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	73,904	(385)	(385)		Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	24,251	2,544	2,929		Subsidiary
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use mobile systems	180,000	180,000	2,970,000	27.00	13,516	(11,319)	(3,056)		Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.13	576,135	90,703	14,689		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	64,807	735	378		Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	208,185	(6,966)	(1,324)		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	4,394	(4,341)	(4,341)		Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	23,034	4,891	2,931		Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,172	82	82		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	22,851	(430)	(387)		Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	-	100.00	3,444	77	77		Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	147,983	13,326	-		Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	13,255	(895)	-		Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	286,800	500	-		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	19.38	693,842	(7,534)	-		Investments accounted for under equity method
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	DotZero	Taiwan	Intelligent metal processing integration	10,928	10,928	415,245	10.38	1,816	(3,034)	-		Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	11,947,343	15.37	175,747	11,417	-		Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	147,444	147,444	5,084,273	18.61	165,100	24,787	-		Investments accounted for under equity method
ACI	Samsoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	33,270	33,270	561,955	25.63	18,433	(13,413)	-		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	8,292	(2,623)	-		Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	116,400	4,268,000	12.55	187,479	18,899	-		Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	18.99	443,900	(65,670)	-		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	3,543	1,598	-		Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	117,495	4,620	-		Investments accounted for under equity method
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	7,840	-	-		Investments accounted for under equity method
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	280,978	(28,277)	-		Investments accounted for under equity method
ACI	Freedom Systems	Taiwan	Electronic information service	37,500	37,500	1,575,000	20.00	37,784	(2,126)	-		Investments accounted for under equity method
ACI	Yan Xu Green Electricity Co., Ltd.	Taiwan	Green energy power plant development	83,325	83,325	8,332,500	82.50	80,829	(2,373)	-		Subsidiary
ACI	Expetech Co., Ltd.	Taiwan	Computer system integration service	40,000	40,000	4,000,000	43.01	34,899	(5,853)	-		Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of March 31, 2023			Net profit (loss) of the investee for the three-month period ended March 31, 2023	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2023 (Note C)		Footnote
				Balance as at March 31, 2023	Balance as at January 1, 2023	Shares	Ownership (%)	Carrying Value				
ACI	Encore Med	Malaysia	Wise Information Technology of med cloud service	\$ 54,274	\$ -	66,700	30.03	\$ 54,274	\$ -	\$ -	-	Investments accounted for under equity method
ATC	ATC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,212,730	1,212,730	57,890,679	100.00	5,174,637	164,047	-	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	7,122,309	303,287	-	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	3,368,926	(59,269)	-	-	Subsidiary
AAC (BVI)	ACI KY	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,535,500	1,535,500	30,000,000	100.00	2,153,885	31,438	-	-	Subsidiary
AAC (BVI)	AMX	Mexico	Marketing and trade of industrial use computers	85	85	16,667	0.10	84	-	-	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,845,515	139,347	-	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	55,690	1,621	-	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	55,663	4,923	-	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,797	4,797	300,000	100.00	9,804	1,662	-	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	141,659	4,599	-	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	5,231	2,257	-	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	58,999	(7,971)	-	-	Subsidiary
LNC	LNCMac Technology Corp.	Taiwan	System integration and application,system furniture intelligent design, manufacturing and sales	58,473	28,800	5,847,272	80.10	44,209	(8,632)	-	-	Subsidiary
LNC	BEST PLC	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	-	Subsidiary
Better Auto	Famous Now	Hong Kong	Holding company	150,663	150,663	4,906,096	100.00	65,631	(7,971)	-	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	-	Subsidiary
LNCMac Technology Corp.	BEST MACHINE	British Virgin Islands	Holding company	7,613	-	250,000	100.00	7,877	283	-	-	Subsidiary
LNCMac Technology Corp.	BEST AUTOMATION	Samoa	Holding company	-	-	-	100.00	-	-	-	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	403,323	198	-	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	328,558	(865)	-	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	10,281	8,229	-	-	Subsidiary

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

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

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

Table 10

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the three-month period ended March 31, 2023

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Net profit (loss) of the investee for the three-month period ended March 31, 2023	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow						
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,332,188 USD 43,750 (Note D)	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,135,785 USD 37,300	\$ -	\$ -	\$ 1,135,785 USD 37,300	\$ 164,047	100.00	\$ 163,983	\$ 5,174,637	\$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	128,804 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	162,359 USD 5,332	-	-	162,359 (USD 5,332	46,946)	100.00	(47,356)	2,251,441	1,146,595 USD 37,655
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	295,184 CNY 66,618	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	243,600 USD 8,000	-	-	243,600 (USD 8,000	12,493)	100.00	(12,509)	1,745,254	-
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	30,450 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	25	100.00	25	30,051	-
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	121,800 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	97,257 USD 3,194	-	-	97,257 (USD 3,194	7,667)	100.00	(7,971)	65,626	-
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,862 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	9,379 USD 308	-	-	9,379 (USD 308	2,860)	90.00	(2,593)	98,119	81,712 CNY 18,441
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	15,834 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	17,417 USD 572	-	-	17,417 USD 572	4,917	100.00	4,892	42,446	29,369 CNY 6,628
Advantech Service-IoT (Shanghai) Co., Ltd. [(SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	66,465 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	164	100.00	164	52,725	-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,748 CNY 2,200	Other	Note F	-	-	Note F (	2)	100.00	(2)	5,218	-
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	13,293 CNY 3,000	Other	Notes F and K	-	-	Notes F and K	-	-	-	-	-
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	15,065 CNY 3,400	Other	Note F	-	-	Note F (	15,591)	25.36	(3,954)	3,851	-
LNCMac DONG GUAN Technology CO., Ltd.	System integration	7,613 USD 250	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	-	USD 7,613 250	-	USD 7,613 250	324	100.00	283	7,877	-
		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Commission of MOEA										
\$ 1,689,640 (USD 55,489 thousand) (Note H)	\$2,411,031 (USD 79,180 thousand)	\$ 23,556,181 (Note I)										

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

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between the Company and its investees in Mainland China are described in Table 8.

Note C: Remittance by ACN.

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

Note E: Remittance by AAC (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 net asset value of the Company.

Note J: The exchange rate was US\$1=NT\$30.45 and CNY\$1=NT\$4.431.

Note K: All shares of Tianjin Anjie IoT Science and Technology Co., Ltd. (Anjie) have been disposed of in the first quarter of 2023.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

March 31, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.25%
K&M Investment Co., Ltd.	91,369,108	11.73%
AIDC Investment Corp.	90,295,663	11.59%

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.