

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THEREON
JUNE 30, 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 of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-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\$14,035,450 thousand and NT\$12,206,213 thousand (including the balance of investments accounted for under equity method), constituting 20% and 19% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to NT\$2,547,714 thousand and NT\$2,081,404 thousand, constituting 9% and 8% of consolidated total

liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income amounting to NT\$281,928 thousand, NT\$124,294 thousand, NT\$483,228 thousand and NT\$415,462 thousand, constituting 9%, 6%, 8% and 8% of consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and investments accounted for under the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-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

August 1, 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 review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

Assets			June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Notes								
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 11,599,381	17	\$ 12,029,785	18	\$ 9,706,454	15
1110	Financial assets at fair value through profit or loss - current	6(2)	7,866,869	11	3,211,182	5	3,000,445	5
1136	Financial assets at amortised cost - current	6(4) and 8	468,449	1	139,910	-	81,906	-
1150	Notes receivable	6(5)	1,419,264	2	1,434,823	2	1,843,603	3
1170	Accounts receivable	6(5)	9,334,329	13	9,641,564	15	10,035,572	15
1180	Accounts receivable - related parties	7	29,056	-	32,400	-	55,543	-
1200	Other receivables		55,997	-	80,598	-	262,285	-
1210	Other receivables - related parties	7	123,858	-	890	-	119,908	-
130X	Inventories	6(6)	11,624,270	17	14,007,765	21	15,357,502	24
1470	Other current assets	7	818,411	1	1,168,431	2	973,526	2
11XX	Total current assets		43,339,884	62	41,747,348	63	41,427,744	64
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,723,762	4	2,703,431	4	2,097,882	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,645,574	4	2,199,556	3	2,193,033	4
1550	Investments accounted for under equity method	6(7)	4,523,758	6	4,383,238	7	3,940,642	6
1600	Property, plant and equipment	6(8) and 8	11,271,653	16	11,039,395	17	10,623,168	17
1755	Right-of-use assets	6(9)	2,050,304	3	614,655	1	688,842	1
1780	Intangible assets	6(10)	2,782,283	4	2,789,279	4	2,714,932	4
1840	Deferred income tax assets		740,806	1	700,239	1	838,222	1
1915	Prepayments for business facilities		103,857	-	127,024	-	143,525	-
1990	Other non-current assets	8	76,276	-	80,773	-	82,905	-
15XX	Total non-current assets		26,918,273	38	24,637,590	37	23,323,151	36
1XXX	Total assets		\$ 70,258,157	100	\$ 66,384,938	100	\$ 64,750,895	100

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	June 30, 2023		December 31, 2022		June 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 363,500	1	\$ 531,330	1	\$ 394,900	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	14,607	-	21,634	-	3,181	-
2130	Contract liabilities - current	6(21)	821,560	1	1,313,695	2	1,265,632	2
2170	Notes and accounts payable	7	5,680,355	8	7,126,418	11	7,894,610	12
2200	Other payables	6(12) and 7	12,160,382	17	5,146,661	8	10,351,998	16
2230	Current income tax liabilities		2,609,345	4	3,588,177	5	2,443,473	4
2250	Provisions for liabilities - current		251,127	-	252,434	-	221,307	-
2280	Lease liabilities - current	6(9)	249,961	-	168,012	-	252,017	-
2320	Long-term liabilities, current portion	6(13) and 8	118,000	-	-	-	-	-
2399	Other current liabilities		296,895	1	332,455	1	294,744	1
21XX	Total current liabilities		22,565,732	32	18,480,816	28	23,121,862	36
Non-current liabilities								
2540	Long-term borrowings	6(13) and 8	-	-	121,500	-	115,000	-
2560	Current income tax liabilities - non-current		439,979	1	659,969	1	879,959	2
2570	Deferred income tax liabilities		1,925,782	3	2,137,306	3	2,177,600	3
2580	Lease liabilities - non-current	6(9)	1,545,018	2	175,846	-	159,288	-
2600	Other non-current liabilities		606,386	1	525,487	1	518,412	1
25XX	Total non-current liabilities		4,517,165	7	3,620,108	5	3,850,259	6
2XXX	Total liabilities		27,082,897	39	22,100,924	33	26,972,121	42
Equity attributable to shareholders of the parent								
	Share capital	6(16)						
3110	Common shares		7,784,872	11	7,778,434	11	7,758,374	12
3140	Advance receipts for share capital		4,467	-	1,335	-	5,288	-
3150	Stock dividends to be distributed		777,977	1	-	-	-	-
	Capital surplus	6(17)						
3200	Capital surplus		9,389,912	13	9,110,280	14	8,778,181	14
	Retained earnings	6(18)						
3310	Legal reserve		9,630,127	14	8,552,226	13	8,552,226	13
3320	Special reserve		-	-	555,794	1	555,794	1
3350	Unappropriated retained earnings		14,744,153	21	17,750,074	27	11,986,945	18
	Other equity	6(19)						
3400	Other equity		374,434	1	66,559	-	(324,014)	(1)
31XX	Equity attributable to shareholders of the parent		42,705,942	61	43,814,702	66	37,312,794	57
36XX	Non-controlling interest	6(20)	469,318	-	469,312	1	465,980	1
3XXX	Total equity		43,175,260	61	44,284,014	67	37,778,774	58
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total liabilities and equity		\$ 70,258,157	100	\$ 66,384,938	100	\$ 64,750,895	100

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			For the three-month periods ended June 30				For the six-month periods ended June 30			
			2023		2022		2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7		\$ 17,028,135	100	\$ 16,824,495	100	\$ 34,423,742	100	\$ 32,944,012	100
5000 Operating costs	6(6)(8)(9)(10)(14)(15)(25) and 7		(10,013,834)	(59)	(10,325,096)	(61)	(20,498,461)	(60)	(20,287,402)	(61)
5950 Gross profit			7,014,301	41	6,499,399	39	13,925,281	40	12,656,610	39
Operating expenses	6(8)(9)(10)(14)(15)(25) and 7									
6100 Selling expenses			(1,557,012)	(9)	(1,448,522)	(9)	(2,986,970)	(8)	(2,756,192)	(8)
6200 General and administrative expenses			(821,602)	(5)	(760,009)	(4)	(1,640,008)	(5)	(1,461,608)	(5)
6300 Research and development expenses			(1,202,145)	(7)	(1,176,243)	(7)	(2,372,296)	(7)	(2,299,001)	(7)
6450 (Expected credit impairment loss) impairment gain			(3,786)	-	(6,999)	-	5,251	-	(17,508)	-
6000 Total operating expenses			(3,584,545)	(21)	(3,391,773)	(20)	(6,994,023)	(20)	(6,534,309)	(20)
6900 Operating profit			3,429,756	20	3,107,626	19	6,931,258	20	6,122,301	19
Non-operating income and expenses										
7100 Interest income	7		66,148	-	7,747	-	106,968	-	12,531	-
7010 Other income	6(22) and 7		139,981	1	43,985	-	175,552	1	81,750	-
7020 Other gains and losses	6(2)(23)		(2,224)	-	(68,577)	-	86,276	-	18,357	-
7050 Finance costs	6(9)(11)(13)(24)		(11,432)	-	(7,965)	-	(22,644)	-	(12,500)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)		146,780	1	54,868	-	171,729	1	84,816	-
7000 Total non-operating income and expenses			339,253	2	30,058	-	517,881	2	184,954	-
7900 Profit before income tax			3,769,009	22	3,137,684	19	7,449,139	22	6,307,255	19
7950 Income tax expense	6(26)		(763,216)	(4)	(673,893)	(4)	(1,488,670)	(4)	(1,275,429)	(4)
8200 Profit for the period			\$ 3,005,793	18	\$ 2,463,791	15	\$ 5,960,469	18	\$ 5,031,826	15

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items		Notes	For the three-month periods ended June 30				For the six-month periods ended June 30									
			2023		2022		2023		2022							
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%						
Other comprehensive income																
Components of other comprehensive income that will not be reclassified to profit or loss																
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	\$	323,935	1	(\$	593,902)	(	3)	\$	448,913	1	(\$	326,127)	(	1)
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(19)		4,419	-		8,746	-		17,662	-		6,328	-		
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(	20)	-		-	-	(	20)	-		-	-		
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss			328,334	1	(	585,156)	(	3)		466,555	1	(	319,799)	(	1)
Components of other comprehensive income that will be reclassified to profit or loss																
8361	Financial statements translation differences of foreign operations	6(19)	(	29,738)	-		85,298	-	(	49,219)	-		683,504		2	
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)	(	2,389)	-		13,878	-	(	11,110)	-		26,570		-	
8399	Income tax related to the components of other comprehensive income that will be reclassified to profit or loss	6(26)		6,629	-	(	19,982)	-		12,478	-	(	140,496)		-	
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(	25,498)	-		79,194	(	-)	(	47,851)	-		569,578		2
8300	Total other comprehensive income (loss) for the period		\$	302,836	1	(\$	505,962)	(	3)	\$	418,704	1	\$	249,779		1
8500	Total comprehensive income for the period		\$	3,308,629	19	\$	1,957,829	12	\$	6,379,173	19	\$	5,281,605		16	
Profit attributable to:																
8610	Shareholders of the parent		\$	3,004,331	18	\$	2,457,666	15	\$	5,963,534	18	\$	5,029,881		15	
8620	Non-controlling interest			1,462	-		6,125	-	(	3,065)	-		1,945		-	
			\$	3,005,793	18	\$	2,463,791	15	\$	5,960,469	18	\$	5,031,826		15	
Total comprehensive income attributable to:																
8710	Shareholders of the parent		\$	3,306,149	19	\$	1,952,434	12	\$	6,380,175	19	\$	5,272,064		16	
8720	Non-controlling interest			2,480	-		5,395	-	(	1,002)	-		9,541		-	
			\$	3,308,629	19	\$	1,957,829	12	\$	6,379,173	19	\$	5,281,605		16	
Basic earnings per share																
9750	Profit for the period	6(27)														
			\$		3.51	\$		2.88	\$		6.97	\$		5.90		
Diluted earnings per share																
9850	Profit for the period	6(27)														
			\$		3.48	\$		2.85	\$		6.90	\$		5.83		

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 SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent											Non-controlling interest	Total equity
		Capital			Retained Earnings				Other Equity Interest					
									Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation			
Notes		Common stock	Advance receipts for share capital	Stock dividends to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				Total		
For the six-month period ended June 30, 2022														
		\$ 7,738,228	\$ 6,410	\$ -	\$ 8,388,886	\$ 7,737,236	\$ 831,850	\$ 13,705,710	(\$ 1,575,937)	\$ 1,018,667	\$ 1,477	\$ 37,852,527	\$ 510,264	
		-	-	-	-	-	-	5,029,881	-	-	-	5,029,881	1,945	
6(19)(20)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	561,982	(319,799)	-	242,183	7,596	
	Total comprehensive income (loss) for the period	-	-	-	-	-	-	5,029,881	561,982	(319,799)	-	5,272,064	9,541	
6(18)	Appropriations of 2021 earnings													
	Legal reserve	-	-	-	-	814,990	-	(814,990)	-	-	-	-	-	
	Reversal of special reserve	-	-	-	-	-	(276,056)	276,056	-	-	-	-	-	
	Cash dividends	-	-	-	-	-	-	(6,195,710)	-	-	-	(6,195,710)	(6,195,710)	
	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(27,106)	
6(15)(16)	Recognition of employee share options	20,146	(1,122)	-	163,807	-	-	-	-	-	-	182,831	-	
6(15)	Compensation costs recognized for employee share options	-	-	-	166,292	-	-	-	-	-	-	166,292	-	
6(19)	Changes in associates and joint ventures accounted for under equity method	-	-	-	59,196	-	-	(9,388)	-	-	(10,404)	39,404	-	
6(28)	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	(4,614)	-	-	-	(4,614)	(26,894)	
6(20)(28)	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	175	
	Balance at June 30, 2022	\$ 7,758,374	\$ 5,288	\$ -	\$ 8,778,181	\$ 8,552,226	\$ 555,794	\$ 11,986,945	(\$ 1,013,955)	\$ 698,868	(\$ 8,927)	\$ 37,312,794	\$ 465,980	
For the six-month period ended June 30, 2023														
	Balance at January 1, 2023	\$ 7,778,434	\$ 1,335	\$ -	\$ 9,110,280	\$ 8,552,226	\$ 555,794	\$ 17,750,074	(\$ 714,961)	\$ 785,560	(\$ 4,040)	\$ 43,814,702	\$ 469,312	
	Consolidated profit for the period	-	-	-	-	-	-	5,963,534	-	-	-	5,963,534	(3,065)	
6(19)(20)	Other comprehensive income (loss) for the period	-	-	-	-	-	-	79	(49,914)	466,476	-	416,641	2,063	
	Total comprehensive income (loss) for the period	-	-	-	-	-	-	5,963,613	(49,914)	466,476	-	6,380,175	(1,002)	
6(18)	Appropriations of 2022 earnings													
	Legal reserve	-	-	-	-	1,077,901	-	(1,077,901)	-	-	-	-	-	
	Reversal of special reserve	-	-	-	-	-	(555,794)	555,794	-	-	-	-	-	
	Cash dividends	-	-	-	-	-	-	(7,779,770)	-	-	-	(7,779,770)	(7,779,770)	
	Stock dividends	-	-	777,977	-	-	-	(777,977)	-	-	-	-	-	
6(20)	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,404)	
6(15)(16)	Recognition of employee share options	6,438	3,132	-	161,111	-	-	-	-	-	-	170,681	-	
6(15)	Compensation costs recognized for employee share options	-	-	-	75,085	-	-	-	-	-	-	75,085	-	
6(3)(19)	Changes in associates and joint ventures accounted for under equity method	-	-	-	46,052	-	-	110,320	-	(110,320)	1,633	47,685	-	
6(28)	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(3,324)	-	-	-	-	-	-	(3,324)	(7,590)	
6(20)(28)	Changes in ownership interests in subsidiaries	-	-	-	708	-	-	-	-	-	-	708	16,002	
	Balance at June 30, 2023	\$ 7,784,872	\$ 4,467	\$ 777,977	\$ 9,389,912	\$ 9,630,127	\$ -	\$ 14,744,153	(\$ 764,875)	\$ 1,141,716	(\$ 2,407)	\$ 42,705,942	\$ 469,318	

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		For the six-month periods ended June 30			
	Notes	2023	2022		
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		\$ 7,449,139	\$ 6,307,255		
Adjustment items					
Adjustments to reconcile profit (loss)					
Depreciation	6(8)(9)(25)	441,609	429,034		
Amortisation	6(10)(25)	85,685	92,187		
Expected credit impairment (gain) loss	(	5,251)	17,508	
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(23)	(	117,758)	
Finance costs	6(24)	22,644	12,500		
Interest income	(106,968)	(12,531)	
Dividend income	6(22)	(66,603)	-	
Compensation costs of employee share options	6(15)(25)	75,085	166,293		
Share of profit of associates accounted for under equity method	6(7)	(171,729)	(84,816)
Loss on disposal of property, plant and equipment	6(23)	4,978	569		
Gain on disposal of investments	6(23)	(8,685)	(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	(4,338,200)	(1,292,966)	
Notes receivable		15,583	204,355		
Accounts receivable		312,609	(1,838,778)	
Accounts receivable - related parties		3,344	(17,623)	
Other receivables (including related parties)		7,807	(207,790)	
Inventories		2,383,495	(2,840,086)	
Other current assets		199,920	(141,871)	
Changes in liabilities relating to operating activities					
Financial liabilities at fair value through profit or loss	(	7,027)	494	
Contract liabilities - current	(	492,135)	314,940	
Notes and accounts payable	(	1,446,063)	407,635	
Other payables	(765,620)	(432,641)	
Provision for liabilities - current	(	1,307)	24,809	
Other current liabilities	(	35,560)	7,108	
Other non-current liabilities	(18,341)	(100,759)	
Cash inflow generated from operations		3,420,651	1,107,292		
Interest received		106,968	12,531		
Dividends received		66,603	-		
Interest paid	(23,073)	(11,063)	
Income taxes paid	(2,713,597)	(515,937)	
Net cash flows provided by operating activities		857,552	592,823		
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of financial assets at amortised cost	(647,809)	(24,858)	
Proceeds from disposal of financial assets at amortised cost		332,909	58,940		
Acquisition of financial assets at fair value through profit or loss	(213,706)	(227,837)	
Acquisition of investments accounted for under equity method	6(7)	(59,774)	(53,050)
Proceeds from disposal of investment accounted for under equity method	6(7)	17,509	940		
Dividends received from associates		8,135	6,000		
Acquisition of property, plant and equipment	6(8)	(556,175)	(574,315)
Proceeds from disposal of property, plant and equipment		409	6,372		
Decrease (increase) in refundable deposits		5,284	(11,202)	
Acquisition of intangible assets	6(10)	(31,898)	(32,497)
Proceeds from disposal of intangible assets	6(10)	10	-		
Increase in other non-current assets	(787)	(5,897)	
Increase in prepayments for business facilities	(65,141)	(88,588)	
Net cash flows used in investing activities	(1,211,034)	(945,992)	
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease) increase in short-term borrowings	6(29)	(147,560)	155,300	
Increase in long-term borrowings	6(29)	-	115,000		
Increase in guarantee deposits received		99,240	2		
Payments of lease liabilities	6(9)(29)	(120,399)	(123,960)
Employee share options exercised		170,681	182,831		
Dividends paid to non-controlling interests	6(20)	(7,404)	(27,106)
Change in non-controlling interests	6(28)	5,796	(31,508)	
Net cash flows provided by financing activities		354	270,559		
Effect of exchange rate changes	(	77,276)	487,912	
Net (decrease) increase in cash and cash equivalents	(	430,404)	405,302	
Cash and cash equivalents at beginning of period		12,029,785	9,301,152		
Cash and cash equivalents at end of period	\$	11,599,381	\$ 9,706,454		

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 SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) Advantech Co., Ltd. (the “Company”) was incorporated in September 1981, the operational headquarters is located in the Neihu Science Park of Taipei, Taiwan. The Company is primarily engaged in the research and development, design, manufacturing and marketing of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed and trade 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 our 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 August 1, 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 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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 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
			June 30, 2023	December 31, 2022	June 30, 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
			June 30, 2023	December 31, 2022	June 30, 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
	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 10
	Advantech Intelligent Services Co., Ltd. (AiCS)	Design, research and development and sales of intelligent services	100.00	100.00	100.00	Note 2
	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	51.00	51.00	51.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	PT. Advantech International (AID)	Manufacturing, marketing and trade of industrial use computers	1.00	1.00	1.00	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	62.40	60.00	60.00	Notes 2 and 18
	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 14
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
	Yan Xu Green Electricity Co., Ltd.	Green energy power plant development	82.50	82.50	82.50	Notes 2 and 8
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	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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 10
	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 14
Advantech Corp. (ANA)	Advantech Technology Limited (AIE)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2
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 6

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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 6
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	100.00	Notes 2 and 11
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	100.00	100.00	100.00	Note 2
Advantech Europe Holding B.V. (AEUH)	Advantech Europe B.V. (AEU)	Marketing and trade of industrial use computers	100.00	100.00	100.00	
	Advantech Poland Sp z o.o. (APL)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
Advantech Europe B.V. (AEU)	Advantech Service - IoT GmbH (A-SIoT)	Design, research and development and trade of industrial on-board computer products	-	-	100.00	Note 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	99.00	99.00	99.00	Note 2
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
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 7
LNC Technology Co., Ltd. (LNC)	Better Auto Holdings Limited (Better Auto)	Holding company	100.00	100.00	100.00	Note 2
	LNCMac Technology Corp. (LNCMac)	System integration and application, system furniture intelligent design, manufacturing and sales	77.52	87.27	100.00	Notes 2 and 9
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	100.00	100.00	Notes 2 and 12
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	100.00	Notes 2 and 13
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. (LNCMac)	BEST MACHINE LTD. (BEST MACHINE)	Holding company	100.00	100.00	-	Notes 2 and 15
	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	100.00	-	Notes 2 and 16

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
BEST MACHINE LTD. (BEST MACHINE)	LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN)	System intergration	100.00	-	-	Notes 2 and 17
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 six-month periods ended June 30, 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 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 7: In the first quarter of 2022, the Group established a wholly-owned subsidiary, Cermate Software Inc.

Note 8: 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 9: In the first quarter of 2022, the Group established a wholly-owned subsidiary, LNCMac Technology Corp., and in the third quarter of 2022, the first and second 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 77.52%.

Note 10: 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 11: In the second quarter of 2022, the Group adjusted its investment structure. Accordingly, ACI CN held 100% equity interest in SIoT (China).

Note 12: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST PLC.

Note 13: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST SERVO.

Note 14: In the fourth quarter of 2022, the Group adjusted its investment structure, accordingly, the Company held 100% equity interest in ADB.

Note 15: In the fourth quarter of 2022, the Group established a wholly-owned subsidiary, BEST MACHINE.

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

Note 17: In the first quarter of 2023, the Group established a wholly-owned subsidiary, LNCMac DONG GUAN Technology Co., Ltd.

Note 18: In the second quarter of 2023, the Group made additional investments in ATR, which resulted to an increase in ownership from 60% to 62.4%.

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 June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and revolving funds	\$ 1,272	\$ 1,212	\$ 1,344
Checking accounts and demand deposits	7,853,608	10,578,869	8,702,531
Cash equivalents (time deposits with original maturities less than three months)	<u>3,744,501</u>	<u>1,449,704</u>	<u>1,002,579</u>
	<u>\$ 11,599,381</u>	<u>\$ 12,029,785</u>	<u>\$ 9,706,454</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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	\$ 7,561	\$ 936	\$ 11,371
Non-derivative financial assets			
Beneficiary certificates	7,826,608	3,181,146	2,958,774
Convertible corporate bonds	<u>32,700</u>	<u>29,100</u>	<u>30,300</u>
	<u>\$ 7,866,869</u>	<u>\$ 3,211,182</u>	<u>\$ 3,000,445</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed and OTC stocks	\$ 202,836	\$ 187,708	\$ 206,844
Unlisted and non-OTC stocks	156,767	143,264	166,694
Beneficiary certificates	2,262,949	2,271,409	1,724,344
Ordinary corporate bonds	<u>101,210</u>	<u>101,050</u>	<u>-</u>
	<u>\$ 2,723,762</u>	<u>\$ 2,703,431</u>	<u>\$ 2,097,882</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial liabilities - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivative instruments (not under hedge accounting)			
Forward foreign exchange contracts	\$ <u>14,607</u>	\$ <u>21,634</u>	\$ <u>3,181</u>

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

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 33,860	(\$ 52,408)
Derivative instruments	(11,918)	26,393
	<u>\$ 21,942</u>	<u>(\$ 26,015)</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 142,866	(\$ 93,100)
Derivative instruments	(25,108)	225
	<u>\$ 117,758</u>	<u>(\$ 92,875)</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>June 30, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2023.07~2023.08	EUR 1,000/NTD 33,842
foreign exchange	CNY/NTD	2023.07~2023.08	CNY 100,000/NTD 434,840
	JPY/NTD	2023.07~2023.08	JPY 170,000/NTD 37,440
<u>December 31, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	CNY/NTD	2023.01~2023.02	CNY 37,000/NTD 164,020
foreign exchange	JPY/NTD	2023.01	JPY 20,000/NTD 4,652
<u>June 30, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2022.07	USD 1,000/NTD 29,783
foreign exchange	EUR/NTD	2022.07~2022.10	EUR 14,200/NTD 447,744
	CNY/NTD	2022.07~2022.08	CNY 22,000/NTD 98,827
	JPY/NTD	2022.07~2022.10	JPY 290,000/NTD 66,525

Derivative financial liabilities:

<u>June 30, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.07~2023.08	USD 16,500/NTD 504,511
foreign exchange	EUR/NTD	2023.07~2023.08	EUR 9,500/NTD 315,887
<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>June 30, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	CNY/NTD	2022.07~2022.10	CNY 58,000/NTD 254,301
foreign exchange	USD/NTD	2022.07	USD 1,300/NTD 38,616

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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Listed and OTC stocks	\$ 2,003,149	\$ 1,648,197	\$ 1,921,274
Unlisted and non-OTC stocks	642,425	551,359	271,759
	<u>\$ 2,645,574</u>	<u>\$ 2,199,556</u>	<u>\$ 2,193,033</u>

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

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

	For the three-month periods ended June 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 323,935	(\$ 593,902)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	\$ -
	For the six-month periods ended June 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 448,913	(\$ 326,127)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	\$ -

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

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits with original maturity period of more than three months	\$ 468,449	\$ 139,910	\$ 81,906

A. As of June 30, 2023, December 31, 2022 and June 30, 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 were \$468,449, \$139,910 and \$81,906, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 1,420,058	\$ 1,435,641	\$ 1,835,377
Less: Allowance for uncollectible accounts	(794)	(818)	(774)
	<u>\$ 1,419,264</u>	<u>\$ 1,434,823</u>	<u>\$ 1,834,603</u>
Accounts receivable	\$ 9,449,835	\$ 9,764,037	\$ 10,127,916
Less: Allowance for uncollectible accounts	(115,506)	(122,473)	(92,344)
	<u>\$ 9,334,329</u>	<u>\$ 9,641,564</u>	<u>\$ 10,035,572</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Not past due	\$ 9,839,404	\$ 10,067,584	\$ 11,289,649
Less than 90 days past due	888,212	986,491	528,632
Between 91 to 180 days past due	38,415	55,963	49,249
Over 181 days past due	103,862	89,640	95,763
	<u>\$ 10,869,893</u>	<u>\$ 11,199,678</u>	<u>\$ 11,963,293</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 June 30, 2023, December 31, 2022 and June 30, 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 \$1,419,264, \$1,434,823 and \$1,834,603, respectively. The maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were \$9,334,329, \$9,641,564 and \$10,035,572, respectively.

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

(6) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,286,358	(\$ 783,622)	\$ 5,502,736
Work in progress	961,232	(8,396)	952,836
Finished goods	4,268,312	(289,468)	3,978,844
Inventory in transit	1,189,854	-	1,189,854
	<u>\$ 12,705,756</u>	<u>(\$ 1,081,486)</u>	<u>\$ 11,624,270</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>

	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 9,776,239	(\$ 833,130)	\$ 8,943,109
Work in progress	1,415,272	(36,501)	1,378,771
Finished goods	4,382,520	(492,956)	3,889,564
Inventory in transit	1,146,058	-	1,146,058
	<u>\$ 16,720,089</u>	<u>(\$ 1,362,587)</u>	<u>\$ 15,357,502</u>

The cost of inventories recognized as expense for the period:

	For the three-month periods ended June 30,	
	2023	2022
Cost of goods sold	\$ 9,924,112	\$ 10,136,445
(Gain from price recovery) loss on decline in market value	(9,761)	136,522
Others	99,483	52,129
	<u>\$ 10,013,834</u>	<u>\$ 10,325,096</u>

	For the six-month periods ended June 30,	
	2023	2022
Cost of goods sold	\$ 20,132,308	\$ 19,757,695
Loss on decline in market value	86,318	357,513
Others	279,835	172,194
	<u>\$ 20,498,461</u>	<u>\$ 20,287,402</u>

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories which were previously provided with allowance for valuation loss were subsequently sold during the three-month period ended June 30, 2023.

(7) Investments accounted for under equity method

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Associates that are not individually material</u>			
<u>Listed and OTC companies</u>			
Axiomtek Co., Ltd. (Axiomtek)	\$ 1,050,409	\$ 1,004,985	\$ 875,959
Winmate Inc. (Winmate)	615,493	610,406	549,337
AzureWave Technologies, Inc. (AzureWave)	723,828	697,753	627,658
Nippon RAD Inc. (Nippon RAD)	247,426	257,187	239,535
Mildex Optical Inc. (Mildex)	180,109	164,948	153,985
Hwacom Systems Inc. (Hwacom)	459,208	456,377	418,198
Information Technology Total Services Co., Ltd. (ITTS)	151,104	160,480	166,358
<u>Unlisted companies</u>			
International Integrated Systems, Inc. (IISI)	\$ 292,278	\$ 286,522	\$ 278,825
CDIB Innovation Accelerator Co., Ltd. (CDIB)	287,146	286,711	185,686
VSO Electronics Co., Ltd. (VSO)	199,815	185,187	157,298
Feng Sang Enterprise Co., Ltd. (Feng Sang)	121,474	115,820	115,742
Others	195,468	156,862	172,061
	<u>\$ 4,523,758</u>	<u>\$ 4,383,238</u>	<u>\$ 3,940,642</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%. However, the Group continues to hold significant influence over Dotzero as the Group remains as one of its directors.

- (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 Expetech 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%. However, the Group continues to hold significant influence over VSO as the Group remains as one of its directors.
- (g) In 2022 and the first half of 2023, Hwacom converted the corporate bonds into common shares, and accordingly, the Group’s equity interest decreased to 18.07%. However, the Group continues to hold significant influence over Hwacom as the Group remains as one of its directors.
- (h) In the first quarter of 2023, the Group disposed its equity interest in Tianjin Anjie IoT Science and Technology Co., Ltd. (Anjie) for a cash consideration of \$2,656.
- (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.
- (j) In the second quarter of 2023, the Group acquired 30.56% equity interest in Eli Co., Ltd. (Eli) for a cash consideration of \$5,500.
- (k) In the second quarter of 2023, the Group disposed part of its equity interest in Information Technology Total Services Co., Ltd. (ITTS) for a cash consideration of \$14,853, which resulted to a decrease in its equity interest from 18.61% to 17.74%. However, the Group continues to hold significant influence over ITTS as the Group remains as one of its directors.
- 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 June 30,	
	2023	2022
Profit for the period from continuing operations	\$ 146,780	\$ 54,868
Other comprehensive income after tax	2,010	22,624
Total comprehensive income	<u>\$ 148,790</u>	<u>\$ 77,492</u>

	For the six-month periods ended June 30,	
	2023	2022
Profit for the period from continuing operations	\$ 171,729	\$ 84,816
Other comprehensive income after tax	6,532	32,898
Total comprehensive income	\$ 178,261	\$ 117,714

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

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value of associates	\$ 5,474,773	\$ 3,911,446	\$ 3,864,051

D. Investments accounted for under equity method were evaluated based on the investees' unreviewed financial statements. As of June 30, 2023 and 2022, the balance of these investments accounted for under equity method amounted to \$3,473,349 and \$3,940,642, respectively, and the share of comprehensive income amounted to \$82,355, \$77,492, \$78,383 and \$117,714 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively.

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

(8) Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
Balance at January 1, 2023							
Cost	\$ 3,078,714	\$ 8,444,047	\$ 2,283,830	\$ 954,826	\$ 2,190,489	\$ 991,827	\$ 17,943,733
Accumulated depreciation and impairment	-	(3,153,349)	(1,445,966)	(769,670)	(1,535,353)	-	(6,904,338)
	<u>\$ 3,078,714</u>	<u>\$ 5,290,698</u>	<u>\$ 837,864</u>	<u>\$ 185,156</u>	<u>\$ 655,136</u>	<u>\$ 991,827</u>	<u>\$ 11,039,395</u>
Balance at January 1, 2023	\$ 3,078,714	\$ 5,290,698	\$ 837,864	\$ 185,156	\$ 655,136	\$ 991,827	\$ 11,039,395
Additions	-	12,882	71,271	25,221	73,367	373,434	556,175
Disposals	-	(1,456)	(329)	(3,260)	(342)	-	(5,387)
Depreciation	-	(107,528)	(73,511)	(38,363)	(102,245)	-	(321,647)
Reclassifications	-	11,077	13,800	914	17,983	44,534	88,308
Net exchange differences	(6,072)	(46,069)	(17,350)	(1,218)	(14,193)	(289)	(85,191)
Balance at June 30, 2023	<u>\$ 3,072,642</u>	<u>\$ 5,159,604</u>	<u>\$ 831,745</u>	<u>\$ 168,450</u>	<u>\$ 629,706</u>	<u>\$ 1,409,506</u>	<u>\$ 11,271,653</u>
Balance at June 30, 2023							
Cost	\$ 3,072,642	\$ 8,332,454	\$ 2,271,885	\$ 848,029	\$ 2,135,490	\$ 1,409,506	\$ 18,070,006
Accumulated depreciation and impairment	-	(3,172,850)	(1,440,140)	(679,579)	(1,505,784)	-	(6,798,353)
	<u>\$ 3,072,642</u>	<u>\$ 5,159,604</u>	<u>\$ 831,745</u>	<u>\$ 168,450</u>	<u>\$ 629,706</u>	<u>\$ 1,409,506</u>	<u>\$ 11,271,653</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment 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	74,101	85,516	85,692	29,381	49,271	250,354	574,315
Disposals	-	- (3,114)	(1,865)	(1,962)	- (6,941)		
Depreciation	- (108,391)	(67,440)	(39,124)	(92,422)	- (307,377)		
Reclassifications	21,495	(14,865)	37,531	1,494	45,828	(30,073)	61,410
Net exchange differences	(255)	35,138	9,016	1,334	10,188	(411)	55,010
Balance at June 30, 2022	<u>\$ 3,063,309</u>	<u>\$ 5,327,292</u>	<u>\$ 790,064</u>	<u>\$ 181,324</u>	<u>\$ 593,605</u>	<u>\$ 667,574</u>	<u>\$ 10,623,168</u>
Balance at June 30, 2022							
Cost	\$ 3,063,309	\$ 8,324,164	\$ 2,226,310	\$ 945,074	\$ 2,051,684	\$ 667,574	\$ 17,278,115
Accumulated depreciation and impairment	- (2,996,872)	(1,436,246)	(763,750)	(1,458,079)	- (6,654,947)		
	<u>\$ 3,063,309</u>	<u>\$ 5,327,292</u>	<u>\$ 790,064</u>	<u>\$ 181,324</u>	<u>\$ 593,605</u>	<u>\$ 667,574</u>	<u>\$ 10,623,168</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 77 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.

B. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Land	\$ 1,390,252	\$ 267,691	\$ 274,019
Buildings	570,180	291,785	337,826
Machinery and equipment	1,885	1,210	1,498
Office equipment	11,446	3,447	5,881
Transportation equipment	74,452	50,053	69,111
Other equipment	2,089	469	507
	<u>\$ 2,050,304</u>	<u>\$ 614,655</u>	<u>\$ 688,842</u>

	For the three-month periods ended June 30,	
	2023	2022
Depreciation expenses		
Land	\$ 2,122	\$ 2,157
Buildings	47,098	47,192
Machinery and equipment	184	190
Office equipment	1,608	1,340
Transportation equipment	8,835	10,081
Other equipment	300	192
	<u>\$ 60,147</u>	<u>\$ 61,152</u>

	For the six-month periods ended June 30,	
	2023	2022
Depreciation expenses		
Land	\$ 4,275	\$ 4,293
Buildings	93,881	93,728
Machinery and equipment	368	381
Office equipment	3,210	2,637
Transportation equipment	17,668	20,157
Other equipment	560	461
	<u>\$ 119,962</u>	<u>\$ 121,657</u>

C. The additions to right-of-use assets for the six-month periods ended June 30, 2023 and 2022 were \$1,562,872 and \$206,980, respectively.

D. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Current	\$ 249,961	\$ 168,012	\$ 252,017
Non-current	<u>1,545,018</u>	<u>175,846</u>	<u>159,288</u>
	<u>\$ 1,794,979</u>	<u>\$ 343,858</u>	<u>\$ 411,305</u>

E. Other lease information

	For the three-month periods ended June 30,	
	2023	2022
Expense on lease interest	<u>\$ 8,872</u>	<u>\$ 4,251</u>
Expense on short-term lease contracts	<u>\$ 83</u>	<u>\$ 163</u>
Expense on leases of low-value assets	<u>\$ 430</u>	<u>\$ 332</u>
Total cash outflow for leases	<u>\$ 57,018</u>	<u>\$ 62,572</u>

	For the six-month periods ended June 30,	
	2023	2022
Expense on lease interest	\$ 15,909	\$ 7,221
Expense on short-term lease contracts	\$ 166	\$ 285
Expense on leases of low-value assets	\$ 860	\$ 689
Total cash outflow for leases	\$ 121,425	\$ 124,934

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

(10) Intangible assets

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 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	-	-	-	-	31,898	31,898
Disposals	-	-	-	-	(10)	(10)
Amortization	-	(16,842)	(12,456)	-	(56,387)	(85,685)
Net exchange differences	2,398	694	110	29,518	14,081	46,801
Balance at June 30, 2023	<u>\$ 74,384</u>	<u>\$ 207,560</u>	<u>\$ 12,697</u>	<u>\$ 2,276,754</u>	<u>\$ 210,888</u>	<u>\$ 2,782,283</u>
Balance at June 30, 2023						
Cost	\$ 509,932	\$ 572,250	\$ 426,693	\$ 2,949,181	\$ 666,091	\$ 5,124,147
Accumulated amortization and impairment	(435,548)	(364,690)	(413,996)	(672,427)	(455,203)	(2,341,864)
	<u>\$ 74,384</u>	<u>\$ 207,560</u>	<u>\$ 12,697</u>	<u>\$ 2,276,754</u>	<u>\$ 210,888</u>	<u>\$ 2,782,283</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	-	-	-	-	32,497	32,497
Amortization	-	(16,449)	(11,712)	-	(64,026)	(92,187)
Net exchange differences	(594)	11,115	2,921	91,703	4,052	109,197
Balance at June 30, 2022	<u>\$ 68,312</u>	<u>\$ 232,652</u>	<u>\$ 36,353</u>	<u>\$ 2,184,313</u>	<u>\$ 193,302</u>	<u>\$ 2,714,932</u>
Balance at June 30, 2022						
Cost	\$ 483,999	\$ 549,946	\$ 403,313	\$ 2,870,090	\$ 590,657	\$ 4,898,005
Accumulated amortization and impairment	(415,687)	(317,294)	(366,960)	(685,777)	(397,355)	(2,183,073)
	<u>\$ 68,312</u>	<u>\$ 232,652</u>	<u>\$ 36,353</u>	<u>\$ 2,184,313</u>	<u>\$ 193,302</u>	<u>\$ 2,714,932</u>

A. The details of goodwill are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
B+B	\$ 1,393,943	\$ 1,374,694	\$ 1,330,378
LNC	227,127	227,127	227,127
A-SIoT	165,815	160,469	152,279
AEU	134,920	130,530	123,868
Others	354,949	354,416	350,661
	<u>\$ 2,276,754</u>	<u>\$ 2,247,236</u>	<u>\$ 2,184,313</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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 363,500</u>	<u>\$ 531,330</u>	<u>\$ 394,900</u>

A. The range of interest rates on bank loans were 0.23%~2.04%, 0.23%~5.43% and 0.23%~3.22% per annum as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

B. The interest expense recognized in profit and loss amounted to \$1,545, \$1,436, \$4,737 and \$2,258 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively.

(12) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Wages and salaries and bonuses payable	\$ 3,262,563	\$ 3,779,290	\$ 2,894,167
Employee benefits payable	211,231	217,486	182,267
Dividend payable	7,779,770	-	6,212,837
Others	906,818	1,149,885	1,062,727
	<u>\$ 12,160,382</u>	<u>\$ 5,146,661</u>	<u>\$ 10,351,998</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 118,000
Less: Current portion				(118,000) \$ -

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				- \$ 121,500

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 115,000
Less: Current portion				- \$ 115,000

A. The interest expense recognized for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022 were \$882, \$865, \$1,730 and \$1,398, 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 \$2,221, \$2,037, \$3,735 and \$4,245 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 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 \$108,586, \$99,528, \$216,563 and \$198,011 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 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 six-month periods ended June 30,			
	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	(957)	178.37	(1,902)	96.10
Options outstanding at the end of the period	<u>12,422</u>	179.25	<u>15,120</u>	182.37
Options exercisable at the end of the period	<u>9,421</u>	175.50	<u>7,619</u>	165.03
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 six-month periods ended June 30, 2023 and 2022 were \$324~ \$424.5 (in dollars) and \$325 ~ \$407 (in dollars), respectively.

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

	June 30, 2023		December 31, 2022		June 30, 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	3.08	\$ 191.00	3.58	\$ 195.70	4.08
Issuance in 2018	167.10	1.08	167.10	1.58	171.20	2.08
Issuance in 2016	-	-	-	-	72.30	0.20

(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 June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022 were \$37,543, \$83,146, \$75,085 and \$166,292, 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 six-month periods ended June 30,			
	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	20	\$ 20	636	\$ 20
Options expired	(20)	20	(616)	20
Options outstanding at the end of the period	-	-	20	20
Options exercisable at the end of the period	-	-	20	20

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

	June 30, 2023		December 31, 2022		June 30, 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	0.33	\$ 20	0.83

(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

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

Issuance in 2017

	<u>Before modification</u>	<u>After modification</u>
Grant-date valuation price (in dollars)	\$ 17.86	\$ 17.86
Exercise price (in dollars)	\$ 20	\$ 20
Expected price volatility	19.35~21.61%	19.89~23.34%
Expected option life (in years)	1.38~2.76	1.88~3.26
Expected dividends yield	-	-
Risk-free interest rate	0.49~0.61%	0.54~0.64%
Fair value per unit (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 June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022 were \$0, \$0, \$0 and \$1, respectively.

(16) Share capital

As of June 30, 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 \$7,789,339 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	<u>2023</u>	<u>2022</u>
At January 1	777,977	774,464
Employee share options exercised	957	1,902
At June 30	<u>778,934</u>	<u>776,366</u>

(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.

	June 30, 2023	December 31, 2022	June 30, 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	3,801,202	3,580,335	3,119,709
Difference between consideration and carrying amount of subsidiaries acquired or disposed	28,232	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	1,237	529	215
Changes in equity of associates accounted for under equity method	153,531	107,479	88,604
Employee share options forfeited	96,258	96,258	96,258
<u>Not to be used for any purpose</u>			
Employee share options	901,427	886,098	1,042,242
	<u>\$ 9,389,912</u>	<u>\$ 9,110,280</u>	<u>\$ 8,778,181</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 2023 and 2022 earnings had been approved by the shareholders on May 25, 2023 and May 26, 2022, respectively.

	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	\$ -

(19) Other equity items

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

	For the six-month periods ended June 30,	
	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	(41,026)	540,726
Share of (loss) profit of associates accounted for under equity method	(8,888)	21,256
Other comprehensive (loss) income recognized for the period	(49,914)	561,982
Balance at June 30	(\$ 764,875)	(\$ 1,013,955)

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

	For the six-month periods ended June 30,	
	2023	2022
Balance at January 1	\$ 785,560	\$ 1,018,667
Recognized for the period		
Unrealized gain or loss		
Equity instrument	448,913	(326,127)
Share of profit (loss) of associates accounted for under equity method	(92,757)	6,328
Total	356,156	(319,799)
Balance at June 30	\$ 1,141,716	\$ 698,868

C. Unearned employee benefits compensation

	For the six-month periods ended June 30,	
	2023	2022
Balance at January 1	(\$ 4,040)	\$ 1,477
Share of profit (loss) of associates accounted for under equity method	1,633	(10,404)
Balance at June 30	(\$ 2,407)	(\$ 8,927)

(20) Non-controlling interest

	For the six-month periods ended June 30,	
	2023	2022
Balance at January 1	\$ 469,312	\$ 510,264
(Loss) profit for the period	(3,065)	1,945
Exchange differences on translation of the financial statements of foreign operations	2,063	7,596
Increase in non-controlling interests arising from decrease in investment in subsidiaries	16,002	-
Decrease in non-controlling interests arising from increase in investment in subsidiaries	(7,590)	(26,894)
Increase in non-controlling interests arising from establishment of subsidiaries	-	175
Cash dividends distributed by subsidiaries	(7,404)	(27,106)
Balance at June 30	\$ 469,318	\$ 465,980

(21) Operating revenue

	For the three-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	\$ 17,028,135	\$ 16,824,495

	For the six-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	\$ 34,423,742	\$ 32,944,012

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 June 30, 2023

	Industrial-IoT Group (IIoT)	Embedded- IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Cloud & Video Group (ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	\$ 4,465,158	\$ 4,576,869	\$ 2,626,629	\$ 1,937,236	\$ 1,703,004	\$ 1,719,239	\$ 17,028,135

For the three-month period ended June 30, 2022

	Industrial-IoT Group (IIoT)	Embedded- IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Cloud & Video Group (ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	\$ 4,529,256	\$ 4,078,750	\$ 2,235,229	\$ 2,161,438	\$ 1,622,660	\$ 2,197,162	\$ 16,824,495

For the six-month period ended June 30, 2023

	Industrial-IoT Group (IIoT)	Embedded- IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Cloud & Video Group (ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	\$ 9,051,870	\$ 9,434,210	\$ 4,979,601	\$ 4,005,172	\$ 3,157,655	\$ 3,795,234	\$ 34,423,742

For the six-month period ended June 30, 2022

	Industrial-IoT Group (IIoT)	Embedded- IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Cloud & Video Group (ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	\$ 9,256,458	\$ 7,856,066	\$ 4,504,783	\$ 3,667,501	\$ 3,415,511	\$ 4,243,693	\$ 32,944,012

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$821,560, \$1,313,695, \$1,265,632 and \$950,692 as of June 30, 2023, December 31, 2022, June 30, 2022 and January 1, 2022, respectively.

(22) Other income

	For the three-month periods ended June 30,	
	2023	2022
Rental income	\$ 7,306	\$ 7,949
Dividend income	65,729	-
Others (Note)	66,946	36,036
	\$ 139,981	\$ 43,985

	For the six-month periods ended June 30,	
	2023	2022
Rental income	\$ 15,317	\$ 17,086
Dividend income	66,603	-
Others (Note)	93,632	64,664
	<u>\$ 175,552</u>	<u>\$ 81,750</u>

Note: For the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, the Group received government grants of \$1,809, \$5,843, \$11,018 and \$8,985 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$214, \$626, \$309 and \$1,188 for the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, respectively, and were deducted from the recorded expenses.

(23) Other gains and losses

	For the three-month periods ended June 30,	
	2023	2022
(Losses) gains on disposal of property, plant and equipment	(\$ 3,965)	\$ 55
Gains on disposals of investments	8,685	-
Currency exchange losses	(28,809)	(44,897)
Gains (losses) on financial assets/liabilities at fair value through profit or loss	21,942	(26,015)
Others	(77)	2,280
	<u>(\$ 2,224)</u>	<u>(\$ 68,577)</u>

	For the six-month periods ended June 30,	
	2023	2022
Losses on disposal of property, plant and equipment	(\$ 4,978)	(\$ 569)
Gains on disposals of investments	8,685	409
Currency exchange (losses) gains	(33,325)	110,037
Gains (losses) on financial assets/liabilities at fair value through profit or loss	117,758	(92,875)
Others	(1,864)	1,355
	<u>\$ 86,276</u>	<u>\$ 18,357</u>

(24) Finance costs

	For the three-month periods ended June 30,	
	2023	2022
Bank loan interest	\$ 2,427	\$ 2,301
Interest expense on lease liabilities	8,872	4,251
Others	133	1,413
	<u>\$ 11,432</u>	<u>\$ 7,965</u>
	For the six-month periods ended June 30,	
	2023	2022
Bank loan interest	\$ 6,467	\$ 3,656
Interest expense on lease liabilities	15,909	7,221
Others	268	1,623
	<u>\$ 22,644</u>	<u>\$ 12,500</u>

(25) Expenses by nature

A. Depreciation and amortisation expenses

	For the three-month periods ended June 30,	
	2023	2022
Depreciation categorised by function		
Operating costs	\$ 65,288	\$ 59,841
Operating expenses	155,576	156,281
	<u>\$ 220,864</u>	<u>\$ 216,122</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 392	\$ 782
Operating expenses	42,302	45,666
	<u>\$ 42,694</u>	<u>\$ 46,448</u>
	For the six-month periods ended June 30,	
	2023	2022
Depreciation categorised by function		
Operating costs	\$ 131,279	\$ 117,805
Operating expenses	310,330	311,229
	<u>\$ 441,609</u>	<u>\$ 429,034</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 801	\$ 1,563
Operating expenses	84,884	90,624
	<u>\$ 85,685</u>	<u>\$ 92,187</u>

B. Employee benefit expense

	For the three-month periods ended June 30,	
	2023	2022
Short-term employee benefits	\$ 2,979,312	\$ 2,895,382
Post-employment benefits		
Defined contribution plan	108,586	99,528
Defined benefit plan	2,221	2,037
	110,807	101,565
Share-based payment		
Equity-settled	37,543	83,146
Other employee benefits	284,762	214,450
Total employee benefit expense	\$ 3,412,424	\$ 3,294,543
An analysis of employee benefits expense by function		
Operating costs	\$ 772,749	\$ 740,938
Operating expenses	2,639,675	2,553,605
	\$ 3,412,424	\$ 3,294,543
	For the six-month periods ended June 30,	
	2023	2022
Short-term employee benefits	\$ 5,915,889	\$ 5,677,133
Post-employment benefits		
Defined contribution plan	216,563	198,011
Defined benefit plan	3,735	4,245
	220,298	202,256
Share-based payment		
Equity-settled	75,085	166,293
Other employee benefits	535,605	423,705
Total employee benefit expense	\$ 6,746,877	\$ 6,469,387
An analysis of employee benefits expense by function		
Operating costs	\$ 1,525,334	\$ 1,510,245
Operating expenses	5,221,543	4,959,142
	\$ 6,746,877	\$ 6,469,387

- (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 June 30, 2023 and 2022, and for the six-month periods ended June 30, 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 June 30,	
	2023	2022
Employees' compensation	\$ 215,000	\$ 150,000
Directors' remuneration	\$ 3,600	\$ 3,000

	For the six-month periods ended June 30,	
	2023	2022
Employees' compensation	\$ 400,000	\$ 300,000
Directors' remuneration	\$ 7,200	\$ 6,000

- (b) The appropriations of employees' compensation and directors' remuneration 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

The amounts of employees' compensation and directors' remuneration approved by the board of directors for 2022 was the same with the amounts recognized in the consolidated financial statements for 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 June 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 354,006	\$ 597,656
Difference between prior years' income tax estimation and assessed results	(98,192)	-
Tax on undistributed earnings	84,958	70,763
Total current tax	340,772	668,419
Deferred income tax:		
Origination and reversal of temporary differences	422,444	5,474
Income tax expense	\$ 763,216	\$ 673,893

	For the six-month periods ended June 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 1,288,302	\$ 1,198,318
Difference between prior years' income tax estimation and assessed results	(149,159)	-
Tax on undistributed earnings	84,958	70,763
Total current tax	1,224,101	1,269,081
Deferred income tax:		
Origination and reversal of temporary differences	264,569	6,348
Income tax expense	<u>\$ 1,488,670</u>	<u>\$ 1,275,429</u>

(b) Income tax recognized in other comprehensive income

	For the three-month periods ended June 30,	
	2023	2022
Translation of foreign operations	<u>(\$ 6,629)</u>	<u>\$ 19,982</u>
	For the six-month periods ended June 30,	
	2023	2022
Translation of foreign operations	<u>(\$ 12,478)</u>	<u>\$ 140,496</u>

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 June 30,	
	2023	2022
Basic earnings per share	<u>\$ 3.51</u>	<u>\$ 2.88</u>
Diluted earnings per share	<u>\$ 3.48</u>	<u>\$ 2.85</u>

Unit: expressed in dollars per share

	For the six-month periods ended June 30,	
	2023	2022
Basic earnings per share	<u>\$ 6.97</u>	<u>\$ 5.90</u>
Diluted earnings per share	<u>\$ 6.90</u>	<u>\$ 5.83</u>

The weighted average number of shares outstanding used for the computation of earnings per share was adjusted retroactively for the issuance of bonus shares or share splits on July 10, 2023. The basic and diluted earnings per share adjusted retrospectively for the three-month period ended June 30, 2023, and for the six-month period ended June 30, 2023 were as follows:

Unit: expressed in dollars per share

	Before retrospective adjustment	
	For the three-month period ended June 30, 2023	For the six-month period ended June 30, 2023
Basic earnings per share	\$ 3.17	\$ 6.49
Diluted earnings per share	\$ 3.13	\$ 6.41

Unit: expressed in dollars per share

	After retrospective adjustment	
	For the three-month period ended June 30, 2023	For the six-month period ended June 30, 2023
Basic earnings per share	\$ 2.88	\$ 5.90
Diluted earnings per share	\$ 2.85	\$ 5.83

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 June 30,	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 3,004,331	\$ 2,457,666
Earnings used in the computation of diluted earnings per share	\$ 3,004,331	\$ 2,457,666
	For the six-month periods ended June 30,	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 5,963,534	\$ 5,029,881
Earnings used in the computation of diluted earnings per share	\$ 5,963,534	\$ 5,029,881

Unit: expressed in thousand shares

	For the three-month periods ended June 30,	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	856,349	853,444
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,570	8,969
Employees' compensation	488	954
Weighted average number of ordinary shares used in the computation of diluted earnings per share	863,407	863,367

	For the six-month periods ended June 30,	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	856,136	852,926
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,366	8,048
Employees' compensation	1,619	1,519
Weighted average number of ordinary shares used in the computation of diluted earnings per share	864,121	862,493

(28) Transactions with non-controlling interest

A. Acquisition of additional interests in subsidiaries:

- (1) 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%.
- (2) In the second quarter of 2023, the Group acquired 2.4% equity interest in ATR, resulting to an increase in the Group's equity investment in ATR from 60% to 62.4%.

	For the six-month periods ended June 30,	
	2023	2022
	ATR	AMX
Consideration paid	(\$ 10,914)	(\$ 31,508)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	7,590	26,894
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ 3,324)	(\$ 4,614)
<u>Line items adjusted for equity transactions</u>		
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ 3,324)	\$ -
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 the first half 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 77.52%.

	For the six-month period ended June 30, 2023
	LNCMac Technology Corp.
Cash	\$ 16,710
The proportionate share of the carrying amount of the net assets of the subsidiary transferred in non-controlling interests	(16,002)
Capital surplus - changes in ownership interest in subsidiaries	\$ 708

(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	(147,560)	-	(120,399)	(267,959)
Increase	-	-	1,562,872	1,562,872
Others (Note)	(20,270)	(3,500)	8,648	(15,122)
At June 30	<u>\$ 363,500</u>	<u>\$ 118,000</u>	<u>\$ 1,794,979</u>	<u>\$ 2,276,479</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	155,300	115,000	(123,960)	146,340
Others (Note)	(16,100)	-	217,859	201,759
At June 30	<u>\$ 394,900</u>	<u>\$ 115,000</u>	<u>\$ 411,305</u>	<u>\$ 921,205</u>

Note: Including exchange differences and 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
Expotech 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
OYALIN 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 June 30,	
	2023	2022
Associates	\$ 26,962	\$ 47,309
Other related parties	2,132	632
	<u>\$ 29,094</u>	<u>\$ 47,941</u>

	For the six-month periods ended June 30,	
	2023	2022
Associates	\$ 45,682	\$ 91,997
Other related parties	2,418	1,229
	<u>\$ 48,100</u>	<u>\$ 93,226</u>

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

B. Purchases and other operating costs

	For the three-month periods ended June 30,	
	2023	2022
Purchases of goods:		
Associates	\$ 79,597	\$ 108,601
Purchases of services:		
Associates	-	72
Other related parties	-	30
	<u>\$ 79,597</u>	<u>\$ 108,703</u>

	For the six-month periods ended June 30,	
	2023	2022
Purchases of goods:		
Associates	\$ 186,556	\$ 239,836
Purchases of services:		
Associates	-	455
Other related parties	-	30
	<u>\$ 186,556</u>	<u>\$ 240,321</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)

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable - related parties			
Associates	\$ 27,018	\$ 32,300	\$ 55,194
Other related parties	2,038	100	349
	<u>\$ 29,056</u>	<u>\$ 32,400</u>	<u>\$ 55,543</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables - related parties			
Associates	\$ 123,858	\$ -	\$ 119,906
Other related parties	-	890	2
	<u>\$ 123,858</u>	<u>\$ 890</u>	<u>\$ 119,908</u>

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes and accounts payable - related parties			
Associates	\$ 65,506	\$ 82,002	\$ 72,504
Other payables - related parties			
Associates	\$ 5,290	\$ 2,733	\$ 4,030

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

E. Prepayments to related parties

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other current assets			
Associates	\$ 39,259	\$ 18,693	\$ 23,717

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

F. Property transactions

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment		
Associates	\$ -	\$ 484
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment		
Associates	\$ 134	\$ 484

G. Other related party transactions

(a) Operating expenses

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Selling expenses		
Associates	<u>\$ 115</u>	<u>\$ 37</u>
General and administrative expense		
Associates	<u>\$ 13,243</u>	<u>\$ 3,894</u>
Research and development expense		
Associates	<u>\$ 1,031</u>	<u>\$ 1,472</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Selling expenses		
Associates	<u>\$ 115</u>	<u>\$ 37</u>
General and administrative expense		
Associates	<u>\$ 22,606</u>	<u>\$ 6,779</u>
Research and development expense		
Associates	<u>\$ 5,616</u>	<u>\$ 2,118</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 June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income		
Associates	<u>\$ -</u>	<u>\$ 79</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income		
Associates	<u>\$ 2</u>	<u>\$ 79</u>

(c) Other income

	For the three-month periods ended June 30,	
	2023	2022
Rental income		
Other related parties	\$ 358	\$ 358
Other income		
Associates	\$ -	\$ 30
Other related parties	3,357	1,863
	<u>\$ 3,357</u>	<u>\$ 1,893</u>
	For the six-month periods ended June 30,	
	2023	2022
Rental income		
Other related parties	\$ 716	\$ 716
Other income		
Associates	\$ -	\$ 30
Other related parties	5,213	3,719
	<u>\$ 5,213</u>	<u>\$ 3,749</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 June 30,	
	2023	2022
Short-term employee benefits	\$ 9,407	\$ 9,330
Post-employment benefits	106	89
Share-based payment	2,703	5,986
	<u>\$ 12,216</u>	<u>\$ 15,405</u>
	For the six-month periods ended June 30,	
	2023	2022
Short-term employee benefits	\$ 18,815	\$ 18,660
Post-employment benefits	212	179
Share-based payment	5,406	11,973
	<u>\$ 24,433</u>	<u>\$ 30,812</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Pledged deposits (classified as financial assets at amortised cost)	\$ 11,118	\$ 10,832	\$ 10,562	Lease mortgage
Demand deposits (classified as other non-current assets)	5,566	1,322	1,332	Performance guarantee
Property, plant and equipment				
Land	99,174	102,116	96,653	Long-term borrowings
Buildings	129,025	134,565	83,706	Long-term borrowings
	<u>\$ 244,883</u>	<u>\$ 248,835</u>	<u>\$ 192,253</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Group has signed a contract amounting to \$182,026 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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	\$ 10,590,631	\$ 5,914,613	\$ 5,098,327
Financial assets at amortised cost (Note 1)	23,109,625	23,440,301	22,175,093
Financial assets at fair value through other comprehensive income			
Equity instruments	2,645,574	2,199,556	2,193,033
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	14,607	21,634	3,181
Financial liabilities at amortised cost (Note 2)	18,322,237	12,925,909	18,756,508
Lease liabilities	1,794,979	343,858	411,305

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:

June 30, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 202,540	31.140	\$ 6,307,091
CNY:NTD	1,317,783	4.282	5,642,748
EUR:NTD	40,333	33.810	1,363,649
USD:CNY	62,317	7.2723	1,940,564
USD:EUR	42,370	0.9210	1,319,395
CNY:USD	589	0.1375	2,522
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	74,191	31.140	2,310,307
CNY:NTD	427,110	4.282	1,828,885
USD:CNY	27,264	7.2723	848,996
USD:EUR	19,879	0.9210	619,024
EUR:NTD	64	33.810	2,163
December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 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
<u>Financial liabilities</u>			
<u>Monetary items</u>			
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

June 30, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	\$ 209,320	29.720	\$ 6,220,988
CNY:NTD	569,573	4.439	2,528,334
EUR:NTD	38,114	31.050	1,183,449
USD:CNY	71,715	6.6952	2,131,386
USD:EUR	79,383	0.9572	2,359,276
Financial liabilities			
Monetary items			
USD:NTD	118,395	29.720	3,518,700
CNY:NTD	168,153	4.439	746,430
USD:CNY	48,106	6.6952	1,429,722
USD:EUR	45,810	0.9572	1,361,484

For the three-month periods ended June 30, 2023 and 2022, and for the six-month periods ended June 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were (\$28,809), (\$44,897), (\$33,325) and \$110,037, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

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

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

For the six-month period ended June 30, 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%	\$ 63,071	\$	-
CNY:NTD	1%	56,427		-
EUR:NTD	1%	13,636		-
USD:CNY	1%	19,406		-
USD:EUR	1%	13,194		-
CNY:USD	1%	25		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	23,103		-
CNY:NTD	1%	18,289		-
USD:CNY	1%	8,490		-
USD:EUR	1%	6,190		-
EUR:NTD	1%	22		-
For the six-month period ended June 30, 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%	\$ 62,210	\$	-
CNY:NTD	1%	25,283		-
EUR:NTD	1%	11,834		-
USD:CNY	1%	21,314		-
USD:EUR	1%	23,593		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	35,187		-
CNY:NTD	1%	7,464		-
USD:CNY	1%	14,297		-
USD:EUR	1%	13,615		-

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 4,212,950	\$ 1,589,614	\$ 1,084,485
- Financial liabilities	2,106,479	674,158	682,905
Cash flow interest rate risk			
- Financial assets	7,854,880	10,580,081	8,703,875
- Financial liabilities	170,000	322,530	238,300

- 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 six-month periods ended June 30, 2023 and 2022 would have increased by \$19,212 and \$21,164, 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 is exposed to equity price risk through its investments in listed and OTC equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments trading in Taiwan.
- ii. If equity prices had been 1% higher, pre-tax profit for the six-month periods ended June 30, 2023 and 2022 would have increased by \$3,596 and \$3,735, 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 six-month periods ended June 30, 2023 and 2022 would have increased by \$26,456 and \$21,930, 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 June 30, 2023, December 31, 2022 and June 30, 2022, is as follows:

		1~ 90 days	91~ 180 days	181~ 360 days	Over 360 days	
	Not past due	past due	past due	past due	past due	Total
<u>June 30, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 9,839,404	\$ 888,212	\$ 38,415	\$ 48,307	\$ 54,761	\$10,869,099
Loss allowance (lifetime expected credit losses)	-	(26,797)	(7,427)	(26,521)	(54,761)	(115,506)
Amortised cost	<u>\$ 9,839,404</u>	<u>\$ 861,415</u>	<u>\$ 30,988</u>	<u>\$ 21,786</u>	<u>\$ -</u>	<u>\$10,753,593</u>
		1~ 90 days	91~ 180 days	181~ 360 days	Over 360 days	
	Not past due	past due	past due	past due	past due	Total
<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>
		1~ 90 days	91~ 180 days	181~ 360 days	Over 360 days	
	Not past due	past due	past due	past due	past due	Total
<u>June 30, 2022</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$11,289,649	\$ 528,632	\$ 49,249	\$ 34,013	\$ 50,232	\$11,951,775
Loss allowance (lifetime expected credit losses)	-	(1,853)	(13,622)	(15,893)	(50,232)	(81,600)
Amortised cost	<u>\$11,289,649</u>	<u>\$ 526,779</u>	<u>\$ 35,627</u>	<u>\$ 18,120</u>	<u>\$ -</u>	<u>\$11,870,175</u>

vii. The Group individually assesses the customers that have low credit rating and default. As of June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amount of notes and accounts receivable amounted to \$794, \$8,699 and \$11,518, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$794, \$8,699 and \$11,518, 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	(5,251)	17,508
Amounts written off (Note)	(1,593)	-
Net exchange differences	(147)	763
Balance at June 30	<u>\$ 116,300</u>	<u>\$ 93,118</u>

Note: The Group wrote off accounts receivable and related loss allowance for the six-month periods ended June 30, 2023 and 2022 amounting to \$1,593 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:

June 30, 2023				
		Lifetime		Total
		12 months	Significant increase in credit risk	Impairment of credit
Financial assets at amortised cost	\$ 468,449	\$ -	\$ -	\$ 468,449
Financial assets at fair value through profit or loss	\$ 133,910	\$ -	\$ -	\$ 133,910
December 31, 2022				
		Lifetime		Total
		12 months	Significant increase in credit risk	Impairment of credit
Financial assets at amortised cost	\$ 139,910	\$ -	\$ -	\$ 139,910
Financial assets at fair value through profit or loss	\$ 130,150	\$ -	\$ -	\$ 130,150

June 30, 2022				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 81,906	\$ -	\$ -	\$ 81,906
Financial assets at fair value through profit or loss	\$ 30,300	\$ -	\$ -	\$ 30,300

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 June 30, 2023, December 31, 2022 and June 30, 2022, the Group's undrawn bank borrowing facilities are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowing facilities			
- Amount used (Note)	\$ 378,770	\$ 538,067	\$ 401,293
- Amount unused	6,926,127	5,983,003	5,961,545
	<u>\$ 7,304,897</u>	<u>\$ 6,521,070</u>	<u>\$ 6,362,838</u>
Secured bank overdraft facilities			
- Amount used (Note)	\$ 118,000	\$ 121,500	\$ 115,000

Note: As of June 30, 2023, December 31, 2022 and June 30, 2022, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$481,500, \$652,830 and \$509,900, respectively, and lease and salary guarantees amounting to \$15,270, \$6,737 and \$6,393, 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.

June 30, 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	\$ 6,590,062	\$ 9,474,946	\$ 1,775,729	\$ -
Lease liability	17,216	36,719	262,326	2,514,474
Floating rate instruments	70,257	100,178	-	-
Fixed rate instruments	43,323	151,099	119,138	-
	<u>\$ 6,720,858</u>	<u>\$ 9,762,942</u>	<u>\$ 2,157,193</u>	<u>\$ 2,514,474</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>

June 30, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,157,920	\$ 3,373,448	\$ 7,715,240	\$ -
Lease liability	12,827	22,392	229,882	167,557
Floating rate instruments	75,513	876	164,453	-
Fixed rate instruments	315	157,193	2,536	116,954
	<u>\$ 7,246,575</u>	<u>\$ 3,553,909</u>	<u>\$ 8,112,111</u>	<u>\$ 284,511</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.

June 30, 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	\$ 837,420	\$ 489,099	\$ -	\$ 1,326,519
- Outflows	(837,896)	(495,669)	-	(1,333,565)
	<u>(\$ 476)</u>	<u>(\$ 6,570)</u>	<u>\$ -</u>	<u>(\$ 7,046)</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>

June 30, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 313,382	\$ 454,992	\$ 167,422	\$ 935,796
- Outflows	(309,397)	(451,906)	(166,303)	(927,606)
	<u>\$ 3,985</u>	<u>\$ 3,086</u>	<u>\$ 1,119</u>	<u>\$ 8,190</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:

<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - recurring fair value measurements				
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 7,561	\$ -	\$ 7,561
Listed and OTC stocks	202,836	-	-	202,836
Unlisted and non-OTC stocks	-	-	156,767	156,767
Convertible corporate bonds	32,700	-	-	32,700
Ordinary corporate bonds	101,210	-	-	101,210
Fund beneficiary certificates	7,826,608	-	2,262,949	10,089,557
	<u>8,163,354</u>	<u>7,561</u>	<u>2,419,716</u>	<u>10,590,631</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 2,003,149	\$ -	\$ -	\$ 2,003,149
Unlisted and non-OTC stocks	-	-	642,425	642,425
	<u>2,003,149</u>	<u>-</u>	<u>642,425</u>	<u>2,645,574</u>
	<u>\$ 10,166,503</u>	<u>\$ 7,561</u>	<u>\$ 3,062,141</u>	<u>\$ 13,236,205</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 14,607	\$ -	\$ 14,607

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - recurring fair value measurements				
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 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
	<u>-</u>	<u>21,634</u>	<u>-</u>	<u>21,634</u>
<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - recurring fair value measurements				
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 11,371	\$ -	\$ 11,371
Listed and OTC stocks	206,844	-	-	206,844
Unlisted and non-OTC stocks	-	-	166,694	166,694
Convertible corporate bonds	30,300	-	-	30,300
Fund beneficiary certificates	3,203,574	-	1,479,544	4,683,118
	<u>3,440,718</u>	<u>11,371</u>	<u>1,646,238</u>	<u>5,098,327</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 1,921,274	\$ -	\$ -	\$ 1,921,274
Unlisted and non-OTC stocks	-	-	271,759	271,759
	<u>1,921,274</u>	<u>-</u>	<u>271,759</u>	<u>2,193,033</u>
	<u>\$ 5,361,992</u>	<u>\$ 11,371</u>	<u>\$ 1,917,997</u>	<u>\$ 7,291,360</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 3,181	\$ -	\$ 3,181
	<u>-</u>	<u>3,181</u>	<u>-</u>	<u>3,181</u>

- (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:

	Listed and OTC stocks	Open-end fund	Corporate bonds
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 six-month periods ended June 30, 2023 and 2022.

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

For the six-month period ended June 30, 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
Purchase	211,949	-	211,949
Recognized in profit or loss	25,594	-	25,594
Recognized in other comprehensive income	-	91,066	91,066
Balance at June 30	<u>\$ 2,419,716</u>	<u>\$ 642,425</u>	<u>\$ 3,062,141</u>

For the six-month period ended June 30, 2022

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 1,378,520	\$ 120,017	\$ 1,498,537
Purchase	177,349	-	177,349
Disposal / transfer	-	327	327
Recognized in profit or loss	90,369	-	90,369
Recognized in other comprehensive income	-	151,415	151,415
Balance at June 30	<u>\$ 1,646,238</u>	<u>\$ 271,759</u>	<u>\$ 1,917,997</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:

	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	<u>\$ 799,192</u>	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	<u>\$ 2,262,949</u>	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 and non-OTC stocks	\$ 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 June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	\$ 438,453	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 1,479,544	Net asset value	Not applicable	Not applicable	Not applicable

(4) Others

Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$34.424 billion for the six-month period ended June 30, 2023, an increase of 4% over the same period last year. The gross profit was NT\$13.925 billion (gross profit margin was 40.5%), the operating profit was NT\$6.931 billion (operating profit margin was 20.1%), the consolidated net profit after tax was NT\$5.964 billion (increased 19% YoY) and the basic earnings per share was \$6.97 (in dollars) for the six-month period ended June 30, 2023. The cumulative consolidated operating revenue and net profit after tax of the Group for the six-month period ended June 30, 2023 both reached its record high.

The Group's consolidated operating revenue reached NT\$17.028 billion for the three-month period ended June 30, and remain constant compared to the same period last year. The gross profit was NT\$7.014 billion (gross profit margin was 41.2%), the consolidated net profit after tax was NT\$3.004 billion (increased 22% YoY), and the basic earnings per share was \$3.51 (in dollars) for the three-month period ended June 30, 2023.

Regarding the operating results of the six-month period ended June 30, 2023 in US dollars, the Group achieved an overall revenue of US\$1,126 million, decreased 2% YoY. In terms of a geographic overview, Europe and North Asia markets were the best performers with a YoY growth both at 13%, respectively, while North America maintained a single-digit growth in YoY. On the contrary, China, Taiwan, and Emerging markets were impacted by the economic slowdown of China after the dismantling of COVID lockdowns and the off-season for project shipments, which have resulted in a relatively weaker performance with double-digit decline in YoY. By business units, Embedded-IoT Group (EIoT) outperformed with 13% growth in YoY, while Applied Computing Group (ACG) and Industrial Cloud & Video Group (ICVG) enjoyed a single-digit increase in YoY. Though, the revenue of Industrial-IoT Group (IIoT) and Service-IoT Group (SIoT) declined in YoY

were mainly due to customers' inventory adjustment and order deferrals in major medical projects. The Group's revenue performance in the six-month period ended June 30, 2023 met its expectations while profitability slightly outperformed contributed by normalizing on raw material prices, leading to a significant improvement in gross margin, operating margin and net profit. Though, facing the dual challenges of global inflation and uncertain recovery in China market, the overall order demand has notably slowdown. In terms of the Orders-to-Shipments ratio (BB ratio) for the three-month period ended June 30, 2023, the company overall reached 0.79. For regional breakdown, BB ratio of North America remain stabled for the three-month period ended June 30, 2023; however, Europe and China markets were below average with BB ratio of 0.68 and 0.78, respectively. The expected revenue momentum will be facing year on year decline due to the weak order demand since the beginning of this year for the three-month period ended September 30, 2023.

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-IoT Group (IIoT): Focus on the market of industrial internet-of-things;
- B. Embedded-IoT Group (EIoT): Provide services involving embedded boards, systems and peripheral hardware and software;
- C. Applied Computing Group (ACG): Including Networks and Communications, data acquisition and control, and provide the customized collaboration designs and services;
- D. Industrial Cloud & Video Group (ICVG): Responsible for the Industrial cloud related market, specializing in video streaming, enterprise network, communication and cloud platform application products.
- E. Service-IoT Group (SIoT): Provide services involving digital logistics, digital healthcare and intelligent retail;
- 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 six-month period ended June 30, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Could & Video Group (ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 9,051,870	\$ 9,434,210	\$ 4,979,601	\$ 4,005,172	\$ 3,157,655	\$ 3,795,234	\$ 34,423,742
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 9,051,870</u>	<u>\$ 9,434,210</u>	<u>\$ 4,979,601</u>	<u>\$ 4,005,172</u>	<u>\$ 3,157,655</u>	<u>\$ 3,795,234</u>	34,423,742
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	-	-	-	-	-	-	34,423,742
Segment income (loss)	<u>\$ 3,052,548</u>	<u>\$ 2,367,659</u>	<u>\$ 1,223,136</u>	<u>\$ 668,071</u>	<u>\$ 520,321</u>	<u>\$ 279,577</u>	8,111,312
Interest and other income							282,520
Other unamortised expenses							(1,180,054)
Other gains and losses							86,276
Finance costs							(22,644)
Share of profit (loss) of associates accounted for under equity method							171,729
Profit from continuing operations before tax							<u>\$ 7,449,139</u>

For the six-month period ended June 30, 2022

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIIoT)	Applied Computing Group (ACG)	Industrial Could & Video Group (ICVG)	Service-IoT Group (SIIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 9,256,458	\$ 7,856,066	\$ 4,504,783	\$ 3,667,501	\$ 3,415,511	\$ 4,243,693	\$ 32,944,012
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 9,256,458</u>	<u>\$ 7,856,066</u>	<u>\$ 4,504,783</u>	<u>\$ 3,667,501</u>	<u>\$ 3,415,511</u>	<u>\$ 4,243,693</u>	32,944,012
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	-	-	-	-	-	-	32,944,012
Segment income (loss)	<u>\$ 3,004,620</u>	<u>\$ 1,722,077</u>	<u>\$ 754,480</u>	<u>\$ 680,014</u>	<u>\$ 463,324</u>	<u>\$ 348,806</u>	6,973,321
Interest and other income							94,281
Other unamortised expenses							(851,020)
Other gains and losses							18,357
Finance costs							(12,500)
Share of profit (loss) of associates accounted for under equity method							84,816
Profit from continuing operations before tax							<u>\$ 6,307,255</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 six-month period ended June 30, 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	\$ 155,700	\$ 155,700	\$ 108,990	3%~4%	Short-term financing	\$ -	Operating need	\$ -	None	-	\$ 4,270,594 (Note B)	\$ 8,541,188 (Note B)
1	LNC	LNC Dong Guan	Other receivable - related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Operating need	-	None	-	118,974 (Note C)	118,974 (Note C)
1	LNC	LNCMac Technology Corp.	Other receivable - related parties	Yes	60,000	60,000	10,000	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 six-month period ended June 30, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of June 30, 2023	Outstanding endorsement/ guarantee amount at June 30, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note B)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship with the endorser/guarantor										
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 4,270,594	\$ 622,800	\$ 622,800	\$ -	\$ -	1.46	\$ 12,811,783	Y	N	Y
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,270,594	USD 20,000	USD 20,000	-	-	1.46	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AJP	Subsidiary	4,270,594	USD 20,000	USD 20,000	193,500	-	0.76	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,270,594	JPY 1,500,000	JPY 1,500,000	JPY 900,000	-	0.73	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,270,594	USD 10,000	USD 10,000	-	-	0.73	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	4,270,594	USD 10,000	USD 10,000	-	-	0.73	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,270,594	USD 10,000	USD 10,000	-	-	0.73	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,270,594	USD 10,000	USD 10,000	-	-	0.44	12,811,783	Y	N	Y
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,270,594	USD 6,000	USD 6,000	1,557	-	0.44	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,270,594	USD 6,000	USD 6,000	USD 50	-	0.22	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,270,594	USD 3,000	USD 3,000	-	-	0.22	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,270,594	USD 46,710	USD 46,710	-	-	0.11	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,270,594	USD 1,500	USD 1,500	-	-	0.07	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,270,594	USD 1,000	USD 1,000	-	-	0.07	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,270,594	USD 31,140	USD 31,140	1,500	-	0.07	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,270,594	USD 1,000	USD 1,000	-	-	0.07	12,811,783	Y	N	Y
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,270,594	USD 15,570	USD 15,570	-	-	0.04	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,270,594	USD 500	USD 500	-	-	0.04	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,270,594	USD 15,570	USD 15,570	500	-	0.04	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,270,594	USD 500	USD 500	4,752	-	0.01	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,270,594	USD 200	USD 200	USD 153	-	0.01	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,270,594	USD 3,114	USD 3,114	-	-	0.01	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,270,594	USD 100	USD 100	-	-	0.01	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,270,594	USD 3,114	USD 3,114	-	-	0.01	12,811,783	Y	N	N
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary	4,270,594	USD 100	USD 100	-	-	0.00	12,811,783	Y	N	N
1	LNC	LNCMac Technology Corp.	Subsidiary	29,744	USD 50	USD 50	-	-	1.23	12,811,783	Y	N	N
									0.08	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 June 30, 2023 were USD\$1= NT\$31.14, EUR\$1= NT\$33.81 and JPY\$1=NT\$0.215.
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)										
June 30, 2023										
Expressed in thousands of NTD (Except as otherwise indicated)										
Marketable Securities			Relationship with the securities issuer	General ledger account	As of June 30, 2023					Footnote
Holding Company Name	Type	Name			Number of shares	Book value	Ownership (%)	Fair value		
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,739,461	\$ 1,490,560	0.64	\$ 1,490,560	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	166,200	2.34	166,200	Note A	
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	32,700	-	32,700	Note A	
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	101,210	-	101,210	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	805,262	-	805,262	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	141,687,078	1,816,372	-	1,816,372	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	127,874,303	2,107,663	-	2,107,663	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	134,616,231	2,154,439	-	2,154,439	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	None	Financial assets at fair value through profit or loss - current	26,680,185	300,000	-	300,000	Note B	
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	139,719	6.94	139,719	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	28,140	0.10	28,140	Note A	
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	34,977	0.04	34,977	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	346,389	4.88	346,389	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	151,349	-	151,349	Note B	
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	None	Financial assets at fair value through profit or loss - current	30,000,000	305,700	-	305,700	Note B	
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	100,767	4.38	100,767	Note B	
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,984,733	105,879	-	105,879	Note B	
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	330,577	5,011	-	5,011	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	1,569,353	23,789	-	23,789	Note B	
AIH	Beneficiary certificates	Capital Money Market	None	Financial assets at fair value through profit or loss - current	379,158	6,249	-	6,249	Note B	
Cermate	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,752,283	35,283	-	35,283	Note B	
Yan Xu Green Electricity Co., Ltd.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	693,862	9,612	-	9,612	Note B	
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	872,905	-	872,905	Note B	
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	713,340	-	713,340	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	-	629,831	8.33	629,831	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	-	464,755	-	464,755	Note B	
ACI CN	Beneficiary certificates	Tianying Hehua (Ningbo) Venture Investment Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	211,949	-	211,949	Note B	

Note A: Market value was based on the closing price on June 30, 2023.

Note B: Market value was based on the net asset values of the open-ended mutual funds on June 30, 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 six-month period ended June 30, 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 June 30, 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 (Note B)		Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	145,321,670	\$ 1,852,241	78,364,994	\$ 1,000,005	81,999,585	\$ 1,050,000	\$ 1,044,765	\$ 5,235	\$ 8,891		141,687,079	\$ 1,816,372
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	Note A	None	None	-	-	127,874,303	2,100,011	-	-	-	-	7,652		127,874,303	2,107,663
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	Note A	None	None	-	-	134,616,231	2,150,011	-	-	-	-	4,428		134,616,231	2,154,439
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	Note A	None	None	-	-	26,680,185	300,002	-	-	-	-	(2)		26,680,185	300,000

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
June 30, 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					Purpose of Acquisition	Other Property Terms
							Property Terms	Relationship	Transfer date	Amount	Pricing Reference		
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Under the contract, based on percentage of construction completed; as of June 30, 2023, a total of \$1,227,974 had been paid, with \$135,274 paid in the second quarter of 2023.	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 six-month period ended June 30, 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)	
			Sales/(purchases)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	Percentage of total
Purchaser/seller	Counterparty	Relationship			sales/(purchases)					notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	\$ 7,497,440	31.17%	30 days after month-end	Contract price	No significant difference	\$ 2,659,589	25.93%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	4,519,344	18.79%	45 days after month-end	Contract price	No significant difference	1,870,216	18.23%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	4,500,975	18.71%	90 days after month-end	Contract price	No significant difference	3,323,673	32.40%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	763,252	3.17%	30 days after month-end	Contract price	No significant difference	133,159	1.30%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	693,475	2.88%	90 days after month-end	Contract price	No significant difference	330,562	3.22%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	343,162	1.43%	30 days after month-end	Contract price	No significant difference	51,971	0.51%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	163,730	0.68%	45 days after month-end	Contract price	No significant difference	54,754	0.53%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	138,108	0.57%	45 days after month-end	Contract price	No significant difference	55,396	0.54%
ADVANTECH CO., LTD.	ARI	Subsidiary	Sales	100,664	0.42%	45 days after month-end	Contract price	No significant difference	99,772	0.97%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	7,169,516	95.82%	30 days after month-end	Contract price	No significant difference	2,105,338	96.90%
AKMC	ACN	Fellow subsidiary	Sales	218,137	2.92%	30 days after month-end	Contract price	No significant difference	58,270	2.68%
ACZ	AEU	Fellow subsidiary	Sales	102,182	65.23%	60 days from the invoice date	Contract price	No significant difference	31,502	54.98%
LNC	LNC Dong Guan	Sub-subsiary	Sales	168,121	80.58%	150 days after month-end	Contract price	No significant difference	201,333	88.95%

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
June 30, 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	\$ 3,323,833	3.81	\$ 1,719,617	Monthly reconciliation and collection	\$ 573,788	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,663,233	6.43	-	-	-	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,877,813	4.71	317,164	Monthly reconciliation and collection	634,138	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	532,602	Note	198,168	Monthly reconciliation and collection	179,264	-
ADVANTECH CO., LTD.	AKR	Subsidiary	473,346	4.29	-	Monthly reconciliation and collection	112,051	-
ADVANTECH CO., LTD.	AJP	Subsidiary	134,584	7.06	229	Monthly reconciliation and collection	105,923	-
AKMC	ADVANTECH CO., LTD.	Parent company	2,105,338	7.27	699,718	Monthly reconciliation and collection	927,811	-
LNC	LNC Dong Guan	Sub-subsidiary	201,333	1.75	37,159	Received after the reporting period	37,159	-

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 six-month period ended June 30, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Percentage of consolidated total operating revenues or total assets (Note C)
No. (Note A)	Company Name	Counterparty	Relationship (Note B)	General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	\$ 163,730	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	3,323,673	90 days after month-end	5%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	4,500,975	Usual trade terms	13%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,870,216	45 days after month-end	3%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	4,519,344	Usual trade terms	13%
0	ADVANTECH CO., LTD.	ARI	1	Sales revenue	100,664	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	133,159	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	763,252	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	532,602	45 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	330,562	90 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	693,475	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKR	1	Other receivables from related parties	142,784	90 days after month-end	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,659,589	30 days after month-end	4%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	7,497,440	Usual trade terms	22%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	138,108	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	343,162	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	2,105,338	30 days after month-end	3%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	7,169,516	Usual trade terms	21%
2	ACZ	AEU	3	Sales revenue	102,182	Usual trade terms	0%
3	AKMC	ACN	3	Sales revenue	218,137	Usual trade terms	1%
4	LNC	LNC Dong Guan	3	Receivables from related parties	201,333	150 days after month-end	0%
4	LNC	LNC Dong Guan	3	Sales revenue	168,121	Usual trade terms	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 June 30, 2023, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six-month period ended June 30, 2023.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the six-month period ended June 30, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of June 30, 2023			Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2023 (Note C)		Footnote
				Balance as at June 30, 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	126,592,773	100.00	\$ 10,736,485	\$ 582,302	\$ 582,302		Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	5,055,112	266,257	266,257		Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	220,261	32,330	32,330		Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	4,067,327	167,150	167,150		Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	25,542,984	27.63	1,050,409	344,965	95,413		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	213,366	(40,743)	(18,171)		Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	93,338	93,338	16,650,003	99.90	103,189	7,750	7,612		Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,571,945	240,092	240,092		Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	196,399	33,299	33,191		Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	52,548	7,496	3,787		Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	39,711	19,878	19,823		Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,060,832	155,046	155,043		Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	67,464	3,217	3,196		Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	530,553	45,422	45,197		Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,845	103,146	12,723,038	100.00	107,682	6,046	5,894		Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	84,239	9,951	9,951		Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	29,476	5,761	6,532		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	8,951	(28,228)	(7,622)		Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	15.62	615,493	254,826	40,361		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	55,033	767	334		Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	202,486	31,387	5,963		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	3,611	(4,513)	(4,513)		Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	69,396	58,482	288,622	62.40	32,266	18,255	11,384		Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,145	128	128		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	22,477	(846)	(761)		Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	-	100.00	3,635	193	193		Subsidiary
ADVANTECH CO., LTD.	AID	Indonesia	Marketing and trade of industrial use computers	48	48	30	1.00	48	2,965	-		Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	150,867	23,242	-		Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	12,943	(1,682)	-		Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	287,146	2,435	-		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	723,828	122,485	-		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	850	(12,336)	-		Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	11,947,313	15.37	180,109	91,197	-		Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	140,600	147,444	4,848,273	17.74	151,104	32,444	-		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	18,065	(16,198)	-		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	7,938	(4,391)	-		Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	116,400	4,694,800	12.55	199,815	88,138	-		Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	18.07	459,208	(102,132)	-		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	6,409	4,463	-		Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	121,474	15,600	-		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	292,278	25,279	-		Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of June 30, 2023			Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2023 (Note C)		Footnote
				Balance as at June 30, 2023	Balance as at January 1, 2023	Shares	Ownership (%)	Carrying Value				
ACI	Freedom Systems	Taiwan	Electronic information service	\$ 37,500	\$ 37,500	1,575,000	20.00	\$ 38,458	\$ 963	\$ -	-	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	80,812	(2,393)	-	-	Subsidiary
ACI	Expetech Co., Ltd.	Taiwan	Computer system integration service	40,000	40,000	4,000,000	43.01	33,991	(7,963)	-	-	Investments accounted for under equity method
ACI	Encore Med	Malaysia	Wise Information Technology of med cloud service	54,274	-	66,700	30.03	55,400	3,859	-	-	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	5,101,384	266,341	-	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	7,619,347	637,707	-	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	1,453,020	(25,651)	-	-	Subsidiary
AAC (BVI)	ACI KY	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,535,500	1,535,500	100,000,000	100.00	2,140,155	(29,754)	-	-	Subsidiary
AAC (BVI)	AMX	Mexico	Marketing and trade of industrial use computers	85	85	16,667	0.10	86	-	-	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,915,507	239,434	-	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	59,063	1,030	-	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	51,725	7,496	-	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,749	4,749	2,970	99.00	11,057	2,965	-	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	143,382	11,385	-	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	7,218	3,965	-	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	58,029	(5,724)	-	-	Subsidiary
LNC	LNCMac Technology Corp.	Taiwan	System integration and application,system furniture intelligent design, production, and sales	72,090	28,800	7,208,965	77.52	51,956	(16,609)	-	-	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	65,542	(5,725)	-	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	-	Subsidiary
LNCMac Technology Corp.	BEST MACHINE	British Virgin Islands	Holding company	7,785	-	250,000	100.00	5,411	(1,993)	-	-	Subsidiary
LNCMac Technology Corp.	BEST AUTOMATION	Samoa	Holding company	-	-	-	100.00	-	-	-	-	Subsidiary
LNCMac Technology Corp.	Eli Co., Ltd.	Taiwan	Boutique furniture and decoration sales, Interior design services	5,500	-	550,000	30.56	5,500	-	-	-	Investments accounted for under equity method
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	414,693	6,127	-	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	376,383	4,709	-	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	14,273	14,627	-	-	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 six-month period ended June 30, 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 June 30, 2023	Net profit (loss) of the investee for the six-month period ended June 30, 2023	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of June 30, 2023	Accumulated Inward	
					Outflow	Inflow						Remittance of Earnings as of June 30, 2023	Remittance of Earnings as of June 30, 2023
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,362,375 USD 43,750 (NOTE D)	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,161,522 USD 37,300	\$ -	\$ -	\$ 1,161,522 USD 37,300	\$ 266,341	100.00	\$ 266,214	\$ 5,101,384	\$ -	
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	131,722 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	166,038 USD 5,332	-	-	166,038 (USD 5,332	102,159)	100.00	(102,980)	146,344	3,212,091 USD 103,150	
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	285,258 CNY 66,618	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	249,120 USD 8,000	-	-	249,120 USD 8,000	100,704	100.00	100,671	1,911,759	-	
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	30,140 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	56	100.00	56	29,073	-	
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	124,560 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	99,461 USD 3,194	-	-	99,461 (USD 3,194	5,473)	100.00	(5,725)	65,537	-	
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,564 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	9,591 USD 308	-	-	9,591 (USD 308	648)	90.00	(620)	96,722	78,964 CNY 18,441	
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	16,193 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	17,812 USD 572	-	-	17,812 USD 572	8,003	100.00	7,954	44,029	28,381 CNY 6,628	
Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	64,230 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	327	100.00	327	51,115	-	
Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	9,420 CNY 2,200	Other	Note F	-	-	Note F	(2)	100.00	(2)	5,043	-	
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	12,846 CNY 3,000	Other	Note F and K	-	-	Note F and K	-	-	-	-	-	
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	14,559 CNY 3,400	Other	Note F	-	-	Note F	(8,127)	25.36	(2,061)	5,532	-	
LNCMac DONG GUAN Technology CO., Ltd.	System integration	7,785 USD 250	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	-	7,785 USD 250	-	7,785 (USD 250	1,952)	100.00	(1,993)	5,411	-	

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
		\$ 25,623,565 (Note I)
\$ 1,735,712 (USD 55,739 thousand) (Note H)	\$ 2,473,450 (USD 79,430 thousand)	

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 consolidated net asset value of the Company.
Note J: The exchange rate was US\$1=NT\$31.14 and CNY\$1=NT\$4.282.
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

June 30, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.24%
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.