

**ADVANTECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**THEREON**  
**SEPTEMBER 30, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries (the "Group") as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" 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\$14,239,000 thousand and NT\$12,541,254 thousand (including the balance of investments accounted for under equity method), constituting 21% and 20% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to NT\$2,466,224 thousand and NT\$2,233,542 thousand, constituting 12% and 11% of consolidated total

liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income amounting to NT\$334,161 thousand, NT\$524,782 thousand, NT\$817,389 thousand and NT\$940,244 thousand, constituting 10%, 15%, 8% and 11% of consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

### ***Qualified conclusion***

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and investments accounted for under the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Liang, Hua-Ling

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Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

October 30, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

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

Assets		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 11,769,113	18	\$ 12,029,785	18	\$ 9,414,099	15
1110	Financial assets at fair value through profit or loss - current	6(2)	5,035,527	7	3,211,182	5	454,934	
1136	Financial assets at amortised cost - current	6(4) and 8	1,498,997	2	139,910	-	94,000	-
1150	Notes receivable	6(5)	1,340,471	2	1,434,823	2	1,532,355	2
1170	Accounts receivable	6(5)	8,400,236	13	9,641,564	15	11,145,110	18
1180	Accounts receivable - related parties	7	22,096	-	32,400	-	35,924	-
1200	Other receivables		45,997	-	80,598	-	56,203	-
1210	Other receivables - related parties	7	968	-	890	-	-	-
130X	Inventories	6(6)	10,849,623	16	14,007,765	21	14,938,046	24
1470	Other current assets	7	785,160	1	1,168,431	2	1,065,682	2
11XX	Total current assets		39,748,188	59	41,747,348	63	38,736,353	62
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,733,567	4	2,703,431	4	2,471,549	4
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,642,075	4	2,199,556	3	2,053,946	3
1550	Investments accounted for under equity method	6(7)	4,567,466	7	4,383,238	7	4,187,195	7
1600	Property, plant and equipment	6(8) and 8	11,439,062	17	11,039,395	17	10,789,753	17
1755	Right-of-use assets	6(9)	2,085,005	3	614,655	1	675,667	1
1780	Intangible assets	6(10)	2,812,392	4	2,789,279	4	2,830,513	5
1840	Deferred income tax assets		641,203	1	700,239	1	743,046	1
1915	Prepayments for business facilities		100,037	-	127,024	-	148,055	-
1990	Other non-current assets	8	186,255	1	80,773	-	79,713	-
15XX	Total non-current assets		27,207,062	41	24,637,590	37	23,979,437	38
1XXX	Total assets		\$ 66,955,250	100	\$ 66,384,938	100	\$ 62,715,790	100

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

	Liabilities and Equity	Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(11)	\$ 321,200	1	\$ 531,330	1	\$ 545,184	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	11,798	-	21,634	-	15,444	-
2130	Contract liabilities - current	6(21)	1,026,645	2	1,313,695	2	1,164,421	2
2170	Notes and accounts payable	7	6,428,661	10	7,126,418	11	7,322,044	12
2200	Other payables	6(12) and 7	4,410,866	7	5,146,661	8	4,473,375	7
2230	Current income tax liabilities		2,933,522	4	3,588,177	5	3,029,498	5
2250	Provisions for liabilities - current		239,287	-	252,434	-	259,323	-
2280	Lease liabilities - current	6(9)	218,814	-	168,012	-	258,175	-
2320	Long-term liabilities, current portion	6(13) and 8	119,000	-	-	-	-	-
2399	Other current liabilities		274,680	-	332,455	1	353,403	1
21XX	<b>Total current liabilities</b>		<u>15,984,473</u>	<u>24</u>	<u>18,480,816</u>	<u>28</u>	<u>17,420,867</u>	<u>28</u>
	<b>Non-current liabilities</b>							
2540	Long-term borrowings	6(13) and 8	-	-	121,500	-	110,500	-
2560	Current income tax liabilities - non-current		329,984	1	659,969	1	721,304	1
2570	Deferred income tax liabilities		1,925,346	3	2,137,306	3	2,180,474	4
2580	Lease liabilities - non-current	6(9)	1,608,915	2	175,846	-	140,278	-
2600	Other non-current liabilities		611,852	1	525,487	1	507,890	1
25XX	<b>Total non-current liabilities</b>		<u>4,476,097</u>	<u>7</u>	<u>3,620,108</u>	<u>5</u>	<u>3,660,446</u>	<u>6</u>
2XXX	<b>Total liabilities</b>		<u>20,460,570</u>	<u>31</u>	<u>22,100,924</u>	<u>33</u>	<u>21,081,313</u>	<u>34</u>
	<b>Equity attributable to shareholders of the parent</b>							
	Share capital	6(16)						
3110	Common shares		8,567,315	13	7,778,434	11	7,763,662	12
3140	Advance receipts for share capital		10,479	-	1,335	-	14,772	-
	Capital surplus	6(17)						
3200	Capital surplus		9,520,327	14	9,110,280	14	9,034,346	14
	Retained earnings	6(18)						
3310	Legal reserve		9,630,127	14	8,552,226	13	8,552,226	14
3320	Special reserve		-	-	555,794	1	555,794	1
3350	Unappropriated retained earnings		17,322,077	26	17,750,074	27	15,181,444	24
	Other equity	6(19)						
3400	Other equity		1,097,072	2	66,559	-	63,773	-
31XX	<b>Equity attributable to shareholders of the parent</b>		<u>46,147,397</u>	<u>69</u>	<u>43,814,702</u>	<u>66</u>	<u>41,166,017</u>	<u>65</u>
36XX	Non-controlling interest	6(20)	347,283	-	469,312	1	468,460	1
3XXX	<b>Total equity</b>		<u>46,494,680</u>	<u>69</u>	<u>44,284,014</u>	<u>67</u>	<u>41,634,477</u>	<u>66</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 66,955,250</u>	<u>100</u>	<u>\$ 66,384,938</u>	<u>100</u>	<u>\$ 62,715,790</u>	<u>100</u>

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

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

			For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2023		2022		2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(21) and 7		\$ 15,006,349	100	\$ 18,613,912	100	\$ 49,430,091	100	\$ 51,557,924	100
5000 Operating costs	6(6)(8)(9)(10)(14)(15)(25) and 7		( 8,989,704)	( 60)	( 11,834,275)	( 64)	( 29,488,165)	( 60)	( 32,121,677)	( 62)
5950 Gross profit			<u>6,016,645</u>	<u>40</u>	<u>6,779,637</u>	<u>36</u>	<u>19,941,926</u>	<u>40</u>	<u>19,436,247</u>	<u>38</u>
Operating expenses	6(8)(9)(10)(14)(15)(25) and 7									
6100 Selling expenses			( 1,498,010)	( 10)	( 1,428,671)	( 8)	( 4,484,980)	( 9)	( 4,184,863)	( 8)
6200 General and administrative expenses			( 823,768)	( 5)	( 757,412)	( 4)	( 2,463,776)	( 5)	( 2,219,020)	( 4)
6300 Research and development expenses			( 1,159,166)	( 8)	( 1,191,397)	( 6)	( 3,531,462)	( 7)	( 3,490,398)	( 7)
6450 Expected credit impairment loss			( 30,023)	-	( 23,771)	-	( 24,772)	-	( 41,279)	-
6000 Total operating expenses			( 3,510,967)	( 23)	( 3,401,251)	( 18)	( 10,504,990)	( 21)	( 9,935,560)	( 19)
6900 Operating profit			<u>2,505,678</u>	<u>17</u>	<u>3,378,386</u>	<u>18</u>	<u>9,436,936</u>	<u>19</u>	<u>9,500,687</u>	<u>19</u>
Non-operating income and expenses										
7100 Interest income	7		81,243	1	8,983	-	188,211	-	21,514	-
7010 Other income	6(22) and 7		186,647	1	271,023	1	362,199	1	352,773	1
7020 Other gains and losses	6(2)(23)		194,597	1	125,161	1	280,873	-	143,518	-
7050 Finance costs	6(9)(11)(13)(24)		( 11,468)	-	( 6,547)	-	( 34,112)	-	( 19,047)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(7)		<u>131,307</u>	<u>1</u>	<u>189,841</u>	<u>1</u>	<u>303,036</u>	<u>1</u>	<u>274,657</u>	<u>-</u>
7000 Total non-operating income and expenses			<u>582,326</u>	<u>4</u>	<u>588,461</u>	<u>3</u>	<u>1,100,207</u>	<u>2</u>	<u>773,415</u>	<u>1</u>
7900 Profit before income tax			3,088,004	21	3,966,847	21	10,537,143	21	10,274,102	20
7950 Income tax expense	6(26)		( 530,706)	( 4)	( 790,554)	( 4)	( 2,019,376)	( 4)	( 2,065,983)	( 4)
8200 Profit for the period			<u>\$ 2,557,298</u>	<u>17</u>	<u>\$ 3,176,293</u>	<u>17</u>	<u>\$ 8,517,767</u>	<u>17</u>	<u>\$ 8,208,119</u>	<u>16</u>

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

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2023		2022		2023		2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	\$ 331,858	3	(\$ 139,203)	( 1)	\$ 780,771	2	(\$ 465,330)	( 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)	9,510	-	60,657	1	27,172	-	66,985	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	<u>2</u>	-	<u>-</u>	-	<u>( 18)</u>	-	<u>-</u>	-
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>341,370</u>	<u>3</u>	<u>( 78,546)</u>	<u>-</u>	<u>807,925</u>	<u>2</u>	<u>( 398,345)</u>	<u>( 1)</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Financial statements translation differences of foreign operations	6(19)	554,717	4	535,892	3	505,498	1	1,219,396	2
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(19)	30,795	-	28,824	-	19,685	-	55,394	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(26)	<u>( 101,733)</u>	<u>( 1)</u>	<u>( 116,580)</u>	<u>( 1)</u>	<u>( 89,255)</u>	<u>-</u>	<u>( 257,076)</u>	<u>-</u>
8360 Other comprehensive income that will be reclassified to profit or loss		<u>483,779</u>	<u>3</u>	<u>448,136</u>	<u>2</u>	<u>435,928</u>	<u>1</u>	<u>1,017,714</u>	<u>2</u>
8300 <b>Total other comprehensive income for the period</b>		<u>\$ 825,149</u>	<u>6</u>	<u>\$ 369,590</u>	<u>2</u>	<u>\$ 1,243,853</u>	<u>3</u>	<u>\$ 619,369</u>	<u>1</u>
8500 <b>Total comprehensive income for the period</b>		<u>\$ 3,382,447</u>	<u>23</u>	<u>\$ 3,545,883</u>	<u>19</u>	<u>\$ 9,761,620</u>	<u>20</u>	<u>\$ 8,827,488</u>	<u>17</u>
Profit attributable to:									
8610 Shareholders of the parent		\$ 2,583,172	17	\$ 3,184,397	17	\$ 8,546,706	17	\$ 8,214,278	16
8620 Non-controlling interest		<u>( 25,874)</u>	<u>-</u>	<u>( 8,104)</u>	<u>-</u>	<u>( 28,939)</u>	<u>-</u>	<u>( 6,159)</u>	<u>-</u>
		<u>\$ 2,557,298</u>	<u>17</u>	<u>\$ 3,176,293</u>	<u>17</u>	<u>\$ 8,517,767</u>	<u>17</u>	<u>\$ 8,208,119</u>	<u>16</u>
Total comprehensive income attributable to:									
8710 Shareholders of the parent		\$ 3,404,320	23	\$ 3,572,172	19	\$ 9,784,495	20	\$ 8,844,236	17
8720 Non-controlling interest		<u>( 21,873)</u>	<u>-</u>	<u>( 26,289)</u>	<u>-</u>	<u>( 22,875)</u>	<u>-</u>	<u>( 16,748)</u>	<u>-</u>
		<u>\$ 3,382,447</u>	<u>23</u>	<u>\$ 3,545,883</u>	<u>19</u>	<u>\$ 9,761,620</u>	<u>20</u>	<u>\$ 8,827,488</u>	<u>17</u>
Basic earnings per share	6(27)								
9750 Profit for the period		<u>\$ 3.01</u>		<u>\$ 3.72</u>		<u>\$ 9.98</u>		<u>\$ 9.62</u>	
Diluted earnings per share	6(27)								
9850 Profit for the period		<u>\$ 2.98</u>		<u>\$ 3.69</u>		<u>\$ 9.88</u>		<u>\$ 9.52</u>	

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

ADVANTECH CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity
		Capital		Retained Earnings				Other Equity Interest			Total			
		Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation				
For the nine-month period ended September 30, 2022														
Balance at January 1, 2022		\$ 7,738,228	\$ 6,410	\$ 8,388,886	\$ 7,737,236	\$ 831,850	\$ 13,705,710	(\$ 1,575,937)	\$ 1,018,667	\$ 1,477	\$ 37,852,527	\$ 510,264	\$ 38,362,791	
Consolidated profit for the period		-	-	-	-	-	8,214,278	-	-	-	8,214,278	( 6,159)	8,208,119	
Other comprehensive income (loss) for the period	6(19)(20)	-	-	-	-	-	-	1,028,303	( 398,345)	-	629,958	( 10,589)	619,369	
Total comprehensive income (loss) for the period		-	-	-	-	-	8,214,278	1,028,303	( 398,345)	-	8,844,236	( 16,748)	8,827,488	
Appropriations of 2021 earnings	6(18)													
Legal reserve		-	-	-	814,990	-	( 814,990)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	( 276,056)	276,056	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	( 6,195,710)	-	-	-	( 6,195,710)	-	( 6,195,710)	
Cash dividends distributed by subsidiaries	6(20)	-	-	-	-	-	-	-	-	-	-	( 40,607)	( 40,607)	
Recognition of employee share options	6(15)(16)	25,434	8,362	378,079	-	-	-	-	-	-	411,875	-	411,875	
Compensation costs recognized for employee share options	6(15)	-	-	195,899	-	-	-	-	-	-	195,899	-	195,899	
Changes in associates and joint ventures accounted for under equity method	6(19)	-	-	62,740	-	-	-	-	-	( 9,678)	53,062	-	53,062	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(28)	-	-	8,428	-	-	( 4,614)	-	-	-	3,814	-	3,814	
Changes in non-controlling interest	6(20)(28)	-	-	-	-	-	-	-	-	-	-	17,675	17,675	
Changes in ownership interests in subsidiaries	6(20)(28)	-	-	314	-	-	-	-	-	-	314	( 2,124)	( 1,810)	
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(19)	-	-	-	-	-	714	-	( 714)	-	-	-	-	
Balance at September 30, 2022		\$ 7,763,662	\$ 14,772	\$ 9,034,346	\$ 8,552,226	\$ 555,794	\$ 15,181,444	(\$ 547,634)	\$ 619,608	(\$ 8,201)	\$ 41,166,017	\$ 468,460	\$ 41,634,477	
For the nine-month period ended September 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	\$ 44,284,014	
Consolidated profit for the period		-	-	-	-	-	8,546,706	-	-	-	8,546,706	( 28,939)	8,517,767	
Other comprehensive income for the period	6(19)(20)	-	-	-	-	-	74	429,864	807,851	-	1,237,789	6,064	1,243,853	
Total comprehensive income (loss) for the period		-	-	-	-	-	8,546,780	429,864	807,851	-	9,784,495	( 22,875)	9,761,620	
Appropriations of 2022 earnings	6(18)													
Legal reserve		-	-	-	1,077,901	-	( 1,077,901)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	( 555,794)	555,794	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	( 7,779,770)	-	-	-	( 7,779,770)	-	( 7,779,770)	
Stock dividends		777,977	-	-	-	-	( 777,977)	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	6(20)	-	-	-	-	-	-	-	-	-	-	( 19,989)	( 19,989)	
Recognition of employee share options	6(15)(16)	10,904	9,144	315,112	-	-	-	-	-	-	335,160	-	335,160	
Compensation costs recognized for employee share options	6(15)	-	-	116,610	-	-	-	-	-	-	116,610	-	116,610	
Changes in associates and joint ventures accounted for under equity method	6(19)	-	-	( 22,383)	-	-	110,320	-	( 110,320)	2,622	( 19,761)	-	( 19,761)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(28)	-	-	-	-	-	( 104,747)	-	-	-	( 104,747)	( 95,167)	( 199,914)	
Changes in ownership interests in subsidiaries	6(20)(28)	-	-	708	-	-	-	-	-	-	708	16,002	16,710	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	-	-	-	-	-	97,962	-	( 97,962)	-	-	-	-	
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(19)	-	-	-	-	-	1,542	-	( 1,542)	-	-	-	-	
Balance at September 30, 2023		\$ 8,567,315	\$ 10,479	\$ 9,520,327	\$ 9,630,127	\$ -	\$ 17,322,077	(\$ 285,097)	\$ 1,383,587	(\$ 1,418)	\$ 46,147,397	\$ 347,283	\$ 46,494,680	

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



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

		For the nine-month periods ended September 30	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax		\$ 10,537,143	\$ 10,274,102
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	674,074	649,214
Amortisation	6(10)(25)	128,022	138,522
Expected credit impairment loss		24,772	41,279
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(2)(23)	( 28,957 )	123,000
Finance costs	6(24)	34,112	19,047
Interest income		( 188,211 )	( 21,514 )
Dividend income	6(22)	( 211,872 )	( 237,261 )
Compensation costs of employee share options	6(15)(25)	116,610	195,900
Share of profit of associates accounted for under equity method	6(7)	( 303,036 )	( 274,657 )
Loss on disposal of property, plant and equipment	6(23)	5,410	1,183
Gain on disposal of investment	6(23)	( 17,212 )	( 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		( 1,834,067 )	1,334,639
Notes receivable		94,370	506,553
Accounts receivable		1,215,135	( 2,971,533 )
Accounts receivable – related parties		10,304	1,996
Other receivables (including related parties)		16,200	( 1,706 )
Inventories		3,158,142	( 2,420,630 )
Other current assets		333,640	( 234,027 )
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		( 9,836 )	12,757
Contract liabilities - current		( 287,050 )	213,729
Notes and accounts payable		( 697,757 )	( 164,931 )
Other payables		( 736,932 )	( 114,324 )
Provision for liabilities - current		( 13,147 )	62,825
Other current liabilities		( 57,775 )	65,767
Other non-current liabilities		( 16,631 )	( 111,192 )
Cash inflow generated from operations		11,945,451	7,088,329
Interest received		188,211	21,514
Dividends received		211,872	237,261
Interest paid		( 32,975 )	( 18,840 )
Income taxes paid		( 3,065,157 )	( 901,165 )
Net cash flows provided by operating activities		9,247,402	6,427,099
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at amortised cost		( 2,057,255 )	( 36,072 )
Proceeds from disposal of financial assets at amortised cost		700,647	58,926
Acquisition of financial assets at fair value through profit or loss		( 213,706 )	( 547,168 )
Proceeds from disposal of financial assets at fair value through profit or loss		305,700	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		332,908	-
Acquisition of investments accounted for under equity method	6(7)	( 60,274 )	( 53,050 )
Proceeds from disposal of investment accounted for under equity method	6(7)	37,215	940
Dividends received from associates		187,160	172,843
Acquisition of property, plant and equipment	6(8)	( 836,414 )	( 849,134 )
Proceeds from disposal of property, plant and equipment		1,224	6,456
Decrease (increase) in refundable deposits		3,587	( 10,343 )
Acquisition of intangible assets	6(10)	( 37,261 )	( 81,432 )
Proceeds from disposal of intangible assets	6(10)	10	-
Increase in other non-current assets		( 109,069 )	( 3,564 )
Increase in prepayments for business facilities		( 25,625 )	( 104,912 )
Net cash flows used in investing activities		( 1,771,153 )	( 1,446,510 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease) increase in short-term borrowings	6(29)	( 192,180 )	304,184
Increase in long-term borrowings	6(29)	-	110,500
Decrease in guarantee deposits received		-	( 89 )
Increase in guarantee deposits received		102,996	-
Payments of lease liabilities	6(9)(29)	( 194,344 )	( 188,433 )
Payments of cash dividends	6(18)	( 7,779,770 )	( 6,195,710 )
Employee share options exercised		335,160	411,875
Dividends paid to non-controlling interests	6(20)	( 19,989 )	( 40,607 )
Change in non-controlling interests	6(28)	( 183,204 )	2,004
Net cash flows used in financing activities		( 7,931,331 )	( 5,596,276 )
Effect of exchange rate changes		194,410	728,634
Net (decrease) increase in cash and cash equivalents		( 260,672 )	112,947
Cash and cash equivalents at beginning of period		12,029,785	9,301,152
Cash and cash equivalents at end of period		\$ 11,769,113	\$ 9,414,099

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

ADVANTECH CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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, and its operational headquarters is located in the Neihu Science Park of Taipei, Taiwan. The Company is primarily engaged in the research and development, design, manufacturing and marketing of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed and traded on the Taiwan Stock Exchange since December 1999.
- (3) The Company is a global leader in the IoT intelligent system and embedded platform industry, and takes the ‘smart driver of sustainable earth’ as its corporate brand vision. In accordance with the customers’ needs, the Company is divided into three major business groups: the Industrial IoT Group, the Embedded IoT Group and the Service IoT group. To meet the broad trends of the Internet of Things, Big Data, and artificial intelligence, the Company proposes IoT software and hardware solutions plan centered on the industrial IoT cloud platform to assist partners and customers connect the industrial chain.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on October 30, 2023.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IAS 12, 'International tax reform - pillar two model rules'

May 23, 2023

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

Amendments to IAS 12, 'International tax reform - pillar two model rules'

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). An entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

(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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

#### 4. SUMMARY OF MATERIAL 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
			September 30, 2023	December 31, 2022	September 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	
	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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	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	44.60	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 9
	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
	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 17
	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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	100.00	-	Notes 2 and 13
	Advantech Autornation Corp. (HK) Limited [ACC (HK)]	Oversea investment in manufacturing and services industries	100.00	-	-	Note 18
	Advantech Corporate Investment Ltd. (ACI KY)	Design, research and development and trade of IoT intelligent system services	100.00	-	-	Notes 2 and 19
	Cermate Technodgies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	45.00	-	-	Notes 2 and 20
Advantech Corporate Investment (ACI)	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	55.00	55.00	55.00	Notes 2 and 20
	Advantech Intellingent 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 7
Advantech Technology Co., Ltd. (ATC)	HK Advantech Technology Co., Ltd. [ATC (HK)]	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	
HK Advantech Technology Co., Ltd. [ATC (HK)]	Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	100.00	100.00	100.00	
Advantech Automation Corp. (BVI) [AAC (BVI)]	Advantech Corp. (ANA)	Marketing, trade and assembly of industrial use computers	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Advantech Automation Corp. (BVI) [AAC (BVI)]	Advantech Automation Corp. (HK) Limited [AAC (HK)]	Overseas investment in manufacturing and services industries	-	100.00	100.00	Note 18
	Advantech Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	-	0.10	0.10	Notes 2, 9 and 22
	Advantech Corporate Investment Ltd. (ACI KY)	Design, research and development and trade of IoT intelligent system services	-	100.00	100.00	Notes 2 and 19
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	-	-	100.00	Notes 2 and 13
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 5
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 5



Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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 10
	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 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
	Advantech Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	0.10	-	-	Notes 2, 9 and 22
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	100.00	Note 2
LandMark Co., Ltd. (LandMark)	Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	100.00	100.00	100.00	Note 2
	Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	90.00	90.00	90.00	Note 2
	Cermate software Inc. (CSI)	Software development	100.00	100.00	100.00	Notes 2 and 6

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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	87.27	Notes 2 and 8
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	100.00	100.00	Notes 2 and 11
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 12
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 14
	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	100.00	-	Notes 2 and 15
BEST MACHINE LTD. (BEST MACHINE)	LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN)	System intergration	100.00	-	-	Notes 2 and 16
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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN)	LNCMac Furniture Co., Ltd. (LNCMac Furniture)	System furniture intelligent design, manufacturing and sales	100.00	-	-	Note 21

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

Note 2: The financial statements of the entity as of and for the nine-month periods ended September 30, 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 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 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 6: In the first quarter of 2022, the Group established a wholly-owned subsidiary, Cermate Software Inc.

Note 7: 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 8: 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 9: 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 10: In the second quarter of 2022, the Group adjusted its investment structure. Accordingly, ACI CN held 100% equity interest in SIoT (China).

Note 11: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST PLC.

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

Note 13: In the fourth quarter of 2022, the Group adjusted its investment structure, accordingly, the Company held 100% equity interest in ADB.

Note 14: In the fourth quarter of 2022, the Group established a wholly-owned subsidiary, BEST MACHINE.

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

Note 16: In the first quarter of 2023, the Group established a wholly-owned subsidiary, LNCMac DONG GUAN Technology Co., Ltd.

Note 17: 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%.

Note 18: In the third quarter of 2023, the Group adjusted its investment structure, accordingly, the Company held equity interest in AAC (HK).

Note 19: In the third quarter of 2023, the Group adjusted its investment structure, accordingly, the Company held equity interest in ACI KY.

Note 20: In the third quarter of 2023, the Group acquired equity interest in Cermate Taiwan, which resulted to an increase in ownership from 55% to 100%.

Note 21: In the third quarter of 2023, the Group established a wholly-owned subsidiary, LNCMac Furniture Co., Ltd.

Note 22: In the third quarter of 2023, the Group adjusted its investment structure, accordingly, ASG held 0.1% equity interest in AMX.

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

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

E. Significant restrictions: None.

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

#### (4) Defined benefit plans

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

#### (5) Income tax

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

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

There have been no significant changes as of September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and revolving funds	\$ 764	\$ 1,212	\$ 1,452
Checking accounts and demand deposits	9,582,072	10,578,869	8,694,461
Cash equivalents (time deposits with original maturities less than three months)	2,186,277	1,449,704	718,186
	<u>\$ 11,769,113</u>	<u>\$ 12,029,785</u>	<u>\$ 9,414,099</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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	\$ 4,960	\$ 936	\$ 1,457
Non-derivative financial assets			
Beneficiary certificates	4,995,392	3,181,146	423,477
Convertible corporate bonds	35,175	29,100	30,000
	<u>\$ 5,035,527</u>	<u>\$ 3,211,182</u>	<u>\$ 454,934</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed and OTC stocks	\$ 179,523	\$ 187,708	\$ 185,354
Unlisted and non-OTC stocks	160,424	143,264	174,255
Beneficiary certificates	2,292,506	2,271,409	2,111,940
Ordinary corporate bonds	101,114	101,050	-
	<u>\$ 2,733,567</u>	<u>\$ 2,703,431</u>	<u>\$ 2,471,549</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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>11,798</u>	\$ <u>21,634</u>	\$ <u>15,444</u>

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

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	(\$ 48,706)	(\$ 19,631)
Derivative instruments	( 40,095)	( 10,494)
	<u>(\$ 88,801)</u>	<u>(\$ 30,125)</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 94,160	(\$ 112,731)
Derivative instruments	( 65,203)	( 10,269)
	<u>\$ 28,957</u>	<u>(\$ 123,000)</u>

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

Derivative financial assets:

<u>September 30, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2023.10~2023.11	EUR 9,000/NTD 309,788
foreign exchange	JPY/NTD	2023.10~2023.11	JPY 120,000/NTD 26,282
<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>September 30, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2022.11	USD 200/NTD 6,365
foreign exchange	EUR/NTD	2022.10~2023.01	EUR 3,800/NTD 119,741
	JPY/NTD	2022.10~2023.01	JPY 160,000/NTD 35,690

Derivative financial liabilities:

<u>September 30, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.10~2023.11	USD 15,000/NTD 474,648
foreign exchange	EUR/NTD	2023.11	EUR 1,000/NTD 33,815
	CNY/NTD	2023.10~2023.11	CNY 46,000/NTD 200,791
<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>September 30, 2022</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2022.10~2022.11	USD 3,800/NTD 117,003
foreign exchange	EUR/NTD	2022.10~2023.02	EUR 10,400/NTD 318,625
	CNY/NTD	2022.10~2023.01	CNY 82,000/NTD 361,679
	JPY/NTD	2022.10~2023.01	JPY 100,000/NTD 21,790

C. The Group entered into forward foreign exchange contracts to manage exposure to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for under hedge accounting.

D. The Group had no financial assets at fair value through profit or loss pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Listed and OTC stocks	\$ 1,984,104	\$ 1,648,197	\$ 1,454,337
Unlisted and non-OTC stocks	657,971	551,359	599,609
	<u>\$ 2,642,075</u>	<u>\$ 2,199,556</u>	<u>\$ 2,053,946</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 September 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 331,858	(\$ 139,203)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 97,962	\$ -
	For the nine-month periods ended September 30,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 780,771	(\$ 465,330)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 97,962	\$ -

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

(4) Financial assets at amortised cost - current

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Time deposits with original maturity period of more than three months	\$ 1,498,997	\$ 139,910	\$ 94,000

A. As of September 30, 2023, December 31, 2022 and September 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 \$1,498,997, \$139,910 and \$94,000, respectively.

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

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

(5) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 1,341,272	\$ 1,435,641	\$ 1,533,099
Less: Allowance for uncollectible accounts	( 801)	( 818)	( 744)
	<u>\$ 1,340,471</u>	<u>\$ 1,434,823</u>	<u>\$ 1,532,355</u>



	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	\$ 8,547,309	\$ 9,764,037	\$ 11,259,398
Less: Allowance for uncollectible accounts	( 147,073)	( 122,473)	( 114,288)
	<u>\$ 8,400,236</u>	<u>\$ 9,641,564</u>	<u>\$ 11,145,110</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Not past due	\$ 8,944,159	\$ 10,067,584	\$ 11,527,823
Less than 90 days past due	747,193	986,491	1,078,024
Between 91 to 180 days past due	105,155	55,963	87,391
Over 181 days past due	92,074	89,640	99,259
	<u>\$ 9,888,581</u>	<u>\$ 11,199,678</u>	<u>\$ 12,792,497</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 September 30, 2023, December 31, 2022 and September 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 \$1,340,471, \$1,434,823 and \$1,532,355, respectively. The maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were \$8,400,236, \$9,641,564 and \$11,145,110, respectively.

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

#### (6) Inventories

	<u>September 30, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 6,176,888	(\$ 861,428)	\$ 5,315,460
Work in progress	860,458	( 9,270)	851,188
Finished goods	3,921,357	( 302,879)	3,618,478
Inventory in transit	1,064,497	-	1,064,497
	<u>\$ 12,023,200</u>	<u>(\$ 1,173,577)</u>	<u>\$ 10,849,623</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>
	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,585,800	(\$ 852,520)	\$ 7,733,280
Work in progress	1,354,689	( 16,931)	1,337,758
Finished goods	5,359,531	( 487,711)	4,871,820
Inventory in transit	995,188	-	995,188
	<u>\$ 16,295,208</u>	<u>(\$ 1,357,162)</u>	<u>\$ 14,938,046</u>

The cost of inventories recognized as expense for the period:

	For the three-month periods ended September 30,	
	2023	2022
Cost of goods sold	\$ 8,761,824	\$ 11,723,414
Loss on decline in market value (gain from price recovery)	89,590 (	19,633)
Others	138,290	130,494
	<u>\$ 8,989,704</u>	<u>\$ 11,834,275</u>
	For the nine-month periods ended September 30,	
	2023	2022
Cost of goods sold	\$ 28,894,132	\$ 31,481,109
Loss on decline in market value	175,908	337,880
Others	418,125	302,688
	<u>\$ 29,488,165</u>	<u>\$ 32,121,677</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 September 30, 2022.

(7) Investments accounted for under equity method

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Associates that are not individually material</u>			
<u>Listed and OTC companies</u>			
Axiomtek Co., Ltd.			
(Axiomtek)	\$ 1,049,039	\$ 1,004,985	\$ 945,996
Winmate Inc. (Winmate)	655,230	610,406	582,934
AzureWave Technologies, Inc. (AzureWave)	771,026	697,753	665,473
Nippon RAD Inc. (Nippon RAD)	246,775	257,187	242,029
Mildex Optical Inc. (Mildex)	178,491	164,948	164,026
Hwacom Systems Inc. (Hwacom)	467,591	456,377	428,188
Information Technology Total Services Co., Ltd. (ITTS)	147,379	160,480	160,513
<u>Unlisted companies</u>			
International Integrated Systems, Inc. (IISI)	275,105	286,522	266,924
CDIB Innovation Accelerator Co., Ltd. (CDIB)	289,946	286,711	275,151
VSO Electronics Co., Ltd. (VSO)	175,780	185,187	175,704
Feng Sang Enterprise Co., Ltd. (Feng Sang)	124,613	115,820	117,518
Others	186,491	156,862	162,739
	<u>\$ 4,567,466</u>	<u>\$ 4,383,238</u>	<u>\$ 4,187,195</u>

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

- 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%. In the third quarter of 2023, Foshan Technology made a cash capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 25.36% to 21.88%.
- 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%. In the third quarter of 2023, VSO converted treasury shares to employee share options, which resulted to a decrease in its equity interest from 12.55% to 12.51%. However, the Group continues to hold significant influence over VSO as the Group remains as one of its directors.
- (g) During 2022 and the first to the third quarter in 2023, Hwacom converted the corporate bonds into common shares, and accordingly, the Group’s equity interest decreased to 18.05%. 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 30.00% 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. In the third quarter of 2023, the Group acquired equity interest in Eli for a cash consideration of \$500. However, as the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 30.56% to 30.00%.
- (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. In the third quarter of 2023, the Group disposed part of its equity interest in ITTS for a cash consideration of \$19,706, which resulted to a decrease in its equity interest to 16.51%. However, the Group continues to hold significant influence over ITTS as the Group remains as one of its directors.

(l) In the third quarter of 2023, AzureWave repurchased employee restricted shares for capital reduction through cancellation, which resulted to an increase in its equity interest from 19.38% to 19.39%.

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

	For the three-month periods ended September 30,	
	2023	2022
Profit for the period from continuing operations	\$ 131,307	\$ 189,841
Other comprehensive income after tax	40,307	89,490
Total comprehensive income	<u>\$ 171,614</u>	<u>\$ 279,331</u>
	For the nine-month periods ended September 30,	
	2023	2022
Profit for the period from continuing operations	\$ 303,036	\$ 274,657
Other comprehensive income after tax	46,839	122,379
Total comprehensive income	<u>\$ 349,875</u>	<u>\$ 397,036</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value of associates	<u>\$ 5,780,812</u>	<u>\$ 3,911,446</u>	<u>\$ 3,798,397</u>

D. Except for the financial statements of Axiomtek in the third quarter of 2023 and 2022 which were reviewed by independent auditors, the investments accounted for under equity method were evaluated based on the investees' unreviewed financial statements. As of September 30, 2023 and 2022, the balance of these investments accounted for under equity method amounted to \$3,518,427 and \$3,241,199, respectively, and the share of comprehensive income amounted to \$107,288, \$140,997, \$185,611 and \$258,711 for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 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	-	403,127	186,743	52,355	119,452	74,737	836,414
Disposals	-	( 1,451)	( 321)	( 4,289)	( 573)	-	( 6,634)
Depreciation	-	( 165,769)	( 112,696)	( 57,266)	( 154,964)	-	( 490,695)
Reclassifications	-	957,007	19,012	948	26,403	( 950,758)	52,612
Net exchange differences	426	4,119	( 261)	1,965	( 1,480)	3,201	7,970
Balance at September 30, 2023	<u>\$ 3,079,140</u>	<u>\$ 6,487,731</u>	<u>\$ 930,341</u>	<u>\$ 178,869</u>	<u>\$ 643,974</u>	<u>\$ 119,007</u>	<u>\$ 11,439,062</u>
Balance at September 30, 2023							
Cost	\$ 3,079,140	\$ 9,768,507	\$ 2,386,806	\$ 871,074	\$ 2,216,836	\$ 119,007	\$ 18,441,370
Accumulated depreciation and impairment	-	( 3,280,776)	( 1,456,465)	( 692,205)	( 1,572,862)	-	( 7,002,308)
	<u>\$ 3,079,140</u>	<u>\$ 6,487,731</u>	<u>\$ 930,341</u>	<u>\$ 178,869</u>	<u>\$ 643,974</u>	<u>\$ 119,007</u>	<u>\$ 11,439,062</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	73,465	131,246	134,205	49,810	114,271	346,137	849,134
Disposals	-	-	( 3,311)	( 2,036)	( 2,292)	-	( 7,639)
Depreciation	-	( 162,504)	( 102,671)	( 58,658)	( 141,781)	-	( 465,614)
Reclassifications	21,291	( 15,147)	46,561	1,583	48,700	( 29,784)	73,204
Net exchange differences	7,135	55,362	13,364	3,916	14,133	7	93,917
Balance at September 30, 2022	<u>\$ 3,069,859</u>	<u>\$ 5,338,851</u>	<u>\$ 816,527</u>	<u>\$ 184,719</u>	<u>\$ 615,733</u>	<u>\$ 764,064</u>	<u>\$ 10,789,753</u>
Balance at September 30, 2022							
Cost	\$ 3,069,859	\$ 8,416,896	\$ 2,260,095	\$ 970,755	\$ 2,123,154	\$ 764,064	\$ 17,604,823
Accumulated depreciation and impairment	-	( 3,078,045)	( 1,443,568)	( 786,036)	( 1,507,421)	-	( 6,815,070)
	<u>\$ 3,069,859</u>	<u>\$ 5,338,851</u>	<u>\$ 816,527</u>	<u>\$ 184,719</u>	<u>\$ 615,733</u>	<u>\$ 764,064</u>	<u>\$ 10,789,753</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Carrying amount			
Land	\$ 1,437,205	\$ 267,691	\$ 273,911
Buildings	563,442	291,785	336,290
Machinery and equipment	1,701	1,210	1,307
Office equipment	9,890	3,447	4,815
Transportation equipment	65,613	50,053	59,066
Other equipment	7,154	469	278
	<u>\$ 2,085,005</u>	<u>\$ 614,655</u>	<u>\$ 675,667</u>

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Depreciation expenses		
Land	\$ 2,118	\$ 2,148
Buildings	50,170	47,939
Machinery and equipment	184	191
Office equipment	1,623	1,348
Transportation equipment	8,838	10,085
Other equipment	484	232
	<u>\$ 63,417</u>	<u>\$ 61,943</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Depreciation expenses		
Land	\$ 6,393	\$ 6,441
Buildings	144,051	141,667
Machinery and equipment	552	572
Office equipment	4,833	3,985
Transportation equipment	26,506	30,242
Other equipment	1,044	693
	<u>\$ 183,379</u>	<u>\$ 183,600</u>

C. The additions to right-of-use assets for the nine-month periods ended September 30, 2023 and 2022 were \$1,652,329 and \$250,678, respectively.

#### D. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Current	\$ 218,814	\$ 168,012	\$ 258,175
Non-current	1,608,915	175,846	140,278
	<u>\$ 1,827,729</u>	<u>\$ 343,858</u>	<u>\$ 398,453</u>

#### E. Other lease information

	For the three-month periods ended September 30,	
	2023	2022
Expense on lease interest	\$ 8,575	\$ 4,137
Expense on short-term lease contracts	\$ 7	\$ -
Expense on leases of low-value assets	\$ 430	\$ 311
Total cash outflow for leases	<u>\$ 74,382</u>	<u>\$ 64,784</u>

  

	For the nine-month periods ended September 30,	
	2023	2022
Expense on lease interest	\$ 24,484	\$ 11,358
Expense on short-term lease contracts	\$ 173	\$ 285
Expense on leases of low-value assets	\$ 1,290	\$ 1,000
Total cash outflow for leases	<u>\$ 195,807</u>	<u>\$ 189,718</u>

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	-	-	-	-	37,261	37,261
Disposals	-	-	-	-	( 10)	( 10)
Amortization	-	( 25,313)	( 18,916)	-	( 83,793)	( 128,022)
Net exchange differences	2,619	7,529	452	81,736	21,548	113,884
Balance at September 30, 2023	<u>\$ 74,605</u>	<u>\$ 205,924</u>	<u>\$ 6,579</u>	<u>\$ 2,328,972</u>	<u>\$ 196,312</u>	<u>\$ 2,812,392</u>
Balance at September 30, 2023						
Cost	\$ 525,958	\$ 586,430	\$ 438,587	\$ 2,994,911	\$ 677,905	\$ 5,223,791
Accumulated amortization and impairment	( 451,353)	( 380,506)	( 432,008)	( 665,939)	( 481,593)	( 2,411,399)
	<u>\$ 74,605</u>	<u>\$ 205,924</u>	<u>\$ 6,579</u>	<u>\$ 2,328,972</u>	<u>\$ 196,312</u>	<u>\$ 2,812,392</u>



	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Technology licenses</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2022						
Cost	\$ 456,060	\$ 530,820	\$ 383,119	\$ 2,758,549	\$ 557,405	\$ 4,685,953
Accumulated amortization and impairment	( 387,154)	( 292,834)	( 337,975)	( 665,939)	( 336,626)	( 2,020,528)
	<u>\$ 68,906</u>	<u>\$ 237,986</u>	<u>\$ 45,144</u>	<u>\$ 2,092,610</u>	<u>\$ 220,779</u>	<u>\$ 2,665,425</u>
Balance at January 1, 2022	\$ 68,906	\$ 237,986	\$ 45,144	\$ 2,092,610	\$ 220,779	\$ 2,665,425
Acquired separately	-	-	-	-	81,432	81,432
Disposals	-	-	-	-	( 1)	( 1)
Amortization	-	( 24,823)	( 17,911)	-	( 95,788)	( 138,522)
Net exchange differences	( 132)	24,905	5,131	185,470	6,805	222,179
Balance at September 30, 2022	<u>\$ 68,774</u>	<u>\$ 238,068</u>	<u>\$ 32,364</u>	<u>\$ 2,278,080</u>	<u>\$ 213,227</u>	<u>\$ 2,830,513</u>
Balance at September 30, 2022						
Cost	\$ 512,854	\$ 575,362	\$ 424,906	\$ 2,985,777	\$ 644,469	\$ 5,143,368
Accumulated amortization and impairment	( 444,080)	( 337,294)	( 392,542)	( 707,697)	( 431,242)	( 2,312,855)
	<u>\$ 68,774</u>	<u>\$ 238,068</u>	<u>\$ 32,364</u>	<u>\$ 2,278,080</u>	<u>\$ 213,227</u>	<u>\$ 2,830,513</u>

A. The details of goodwill are as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
B+B	\$ 1,444,526	\$ 1,374,694	\$ 1,421,249
LNC	227,127	227,127	227,127
A-SIoT	166,305	160,469	153,309
AEU	127,454	130,530	124,682
Others	363,560	354,416	351,713
	<u>\$ 2,328,972</u>	<u>\$ 2,247,236</u>	<u>\$ 2,278,080</u>

B. Goodwill impairment assessment

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

(11) Short-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 321,200</u>	<u>\$ 531,330</u>	<u>\$ 545,184</u>

- A. The range of interest rates on bank loans were 0.23%~2.04%, 0.23%~5.43% and 0.23%~4.09% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.
- B. The interest expense recognized in profit and loss amounted to \$1,318, \$3,272, \$6,055 and \$5,530 for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022, respectively.

(12) Other payables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wages and salaries and bonuses payable	\$ 3,181,533	\$ 3,779,290	\$ 3,306,613
Employee benefits payable	211,183	217,486	192,883
Others	1,018,150	1,149,885	973,879
	<u>\$ 4,410,866</u>	<u>\$ 5,146,661</u>	<u>\$ 4,473,375</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2023</u>
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	\$ 119,000
Less: Current portion				( 119,000)
				<u>\$ -</u>
<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 121,500
Less: Current portion				-
				<u>\$ 121,500</u>

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

A. The interest expense recognized for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022 were \$896, \$607, \$2,626 and \$2,005, 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 \$2,193, \$2,001, \$5,928 and \$6,246 for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 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 \$111,135, \$105,279, \$327,698 and \$303,290 for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 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 8,000,000 options in 2023, 7,500 options in 2020 and 8,000 options in 2018. Each option entitles the holder to subscribe for one, one thousand and one thousand ordinary shares of the Company, respectively. The holders of these shares include employees who meet certain criteria set by the Company from both domestic and overseas subsidiaries in which the Company directly or indirectly invests over 50%. Options issued in 2023, 2020 and 2018 are all valid for six years. All options are exercisable at certain percentages after the second anniversary year from the grant date. The exercise price of options granted in 2023 and 2020 were \$200 (in dollars) per share. The options issued in 2018 were granted at an exercise price equal to the share price at the grant date. For any subsequent changes in the Company’s common shares, the exercise price and the number of options will be adjusted accordingly.

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

	For the nine-month periods ended September 30,			
	2023		2022	
	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the period	13,379	\$ 179.19	17,022	\$ 172.74
Options granted	8,000	200.00	-	-
Options exercised	( 2,005)	167.18	( 3,379)	121.87
Options forfeited	-	-	( 130)	-
Options outstanding at the end of the period	<u>19,374</u>	175.99	<u>13,513</u>	179.21
Options exercisable at the end of the period	<u>9,873</u>	157.55	<u>9,011</u>	173.34

(c) The weighted-average stock price of share options at exercise dates for the nine-month periods ended September 30, 2023 and 2022 were \$324~\$430 (in dollars) and \$290 ~\$407 (in dollars), respectively.

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

	September 30, 2023		December 31, 2022		September 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 2023	\$ 200.00	5.96	\$ -	-	\$ -	-
Issuance in 2020	169.30	2.83	191.00	3.58	191.00	3.83
Issuance in 2018	148.20	0.83	167.10	1.58	167.10	1.83

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

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

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

- (f) Compensation cost recognized for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022 were \$41,525, \$29,607, \$116,610 and \$195,899, respectively.

B. Employee share options granted by the subsidiary - LNC

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

	For the nine-month periods ended September 30,			
	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:

	September 30, 2023		December 31, 2022		September 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	0.58

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

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

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

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

Issuance in 2018

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

Issuance in 2017

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

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

- (f) Compensation cost recognized by the subsidiary, LNC, for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022 were \$0, \$0, \$0 and \$1, respectively.

(16) Share capital

As of September 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 \$8,577,794 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The change in the number of the Company's common shares outstanding at the beginning and end of the period are as follows (in thousand shares):

	2023	2022
At January 1	777,977	774,464
Stock dividends	77,797	-
Employee share options exercised	2,005	3,379
At September 30	<u>857,779</u>	<u>777,843</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.



	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Premium on issuance of ordinary shares	\$ 2,692,238	\$ 2,692,238	\$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499	1,636,499
Premium on issuance of ordinary shares for employee share options	3,990,284	3,580,335	3,402,729
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	31,556	31,556
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	529
Changes in equity of associates accounted for under equity method	85,096	107,479	92,148
Employee share options forfeited	96,258	96,258	96,258
<u>Not to be used for any purpose</u>			
Employee share options	907,871	886,098	1,003,101
	<u>\$ 9,520,327</u>	<u>\$ 9,110,280</u>	<u>\$ 9,034,346</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 nine-month periods ended September 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	414,116	983,988
Share of profit of associates accounted for under equity method	15,748	44,315
Other comprehensive income recognized for the period	429,864	1,028,303
Balance at September 30	(\$ 285,097)	(\$ 547,634)

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

	For the nine-month periods ended September 30,	
	2023	2022
Balance at January 1	\$ 785,560	\$ 1,018,667
Recognized for the period		
Unrealized gain or loss		
Equity instrument	780,771 (	465,330)
Share of (loss) profit of associates accounted for under equity method	( 83,240)	66,985
Total	697,531 (	398,345)
Realized gain or loss		
Transfer of valuation adjustments to retained earnings	( 97,962)	-
Transfer of valuation adjustments to retained earnings - share of loss of associates accounted for under equity method	( 1,542)	( 714)
Balance at September 30	\$ 1,383,587	\$ 619,608

C. Unearned employee benefits compensation

	For the nine-month periods ended September 30,	
	2023	2022
Balance at January 1	(\$ 4,040)	\$ 1,477
Share of profit (loss) of associates accounted for under equity method	2,622 (	9,678)
Balance at September 30	(\$ 1,418)	(\$ 8,201)

(20) Non-controlling interest

	For the nine-month periods ended September 30,	
	2023	2022
Balance at January 1	\$ 469,312	\$ 510,264
Loss for the period	( 28,939)	( 6,159)
Exchange differences on translation of the financial statements of foreign operations	6,064 (	10,589)
Increase in non-controlling interests arising from decrease in investment in subsidiaries	16,002	24,770
Decrease in non-controlling interests arising from increase in investment in subsidiaries	( 95,167)	( 26,894)
Increase in non-controlling interests arising from establishment of subsidiaries	-	17,675
Cash dividends distributed by subsidiaries	( 19,989)	( 40,607)
Balance at September 30	\$ 347,283	\$ 468,460

(21) Operating revenue

	For the three-month periods ended September 30,	
	2023	2022
Revenue from contracts with customers	\$ 15,006,349	\$ 18,613,912
	For the nine-month periods ended September 30,	
	2023	2022
Revenue from contracts with customers	\$ 49,430,091	\$ 51,557,924

A. Disaggregation of revenue from contracts with customers

The Group derives revenue mainly from the transfer of goods and services at a point in time in the following major product lines:

For the three-month period ended September 30, 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	\$ 3,845,000	\$ 4,124,741	\$ 2,351,181	\$ 1,697,354	\$ 1,440,932	\$ 1,547,141	\$ 15,006,349

For the three-month period ended September 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	\$ 5,136,228	\$ 4,532,287	\$ 2,662,127	\$ 2,556,435	\$ 1,772,775	\$ 1,954,060	\$ 18,613,912

For the nine-month period ended September 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	\$ 12,896,870	\$ 13,558,951	\$ 7,330,782	\$ 5,702,526	\$ 4,598,587	\$ 5,342,375	\$ 49,430,091

For the nine-month period ended September 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	\$ 14,392,686	\$ 12,388,353	\$ 7,166,910	\$ 6,223,936	\$ 5,188,286	\$ 6,197,753	\$ 51,557,924

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,026,645, \$1,313,695, \$1,164,421 and \$950,692 as of September 30, 2023, December 31, 2022, September 30, 2022 and January 1, 2022, respectively.

(22) Other income

	For the three-month periods ended September 30,	
	2023	2022
Rental income	\$ 8,253	\$ 7,067
Dividend income	145,269	237,261
Others (Note)	33,125	26,695
	\$ 186,647	\$ 271,023

	For the nine-month periods ended September 30,	
	2023	2022
Rental income	\$ 23,570	\$ 24,153
Dividend income	211,872	237,261
Others (Note)	126,757	91,359
	<u>\$ 362,199</u>	<u>\$ 352,773</u>

Note: For the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022, the Group received government grants of \$7,194, \$2,133, \$18,212 and \$11,118 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$2, \$414, \$311 and \$1,602 for the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022, respectively, and were deducted from the recorded expenses.

(23) Other gains and losses

	For the three-month periods ended September 30,	
	2023	2022
Losses on disposal of property, plant and equipment	(\$ 432)	(\$ 614)
Gains on disposals of investments	8,527	-
Currency exchange gains	277,033	158,943
Losses on financial assets/liabilities at fair value through profit or loss	( 88,801)	( 30,125)
Others	( 1,730)	( 3,043)
	<u>\$ 194,597</u>	<u>\$ 125,161</u>

  

	For the nine-month periods ended September 30,	
	2023	2022
Losses on disposal of property, plant and equipment	(\$ 5,410)	(\$ 1,183)
Gains on disposals of investments	17,212	409
Currency exchange gains	243,708	268,980
Gains (losses) on financial assets/liabilities at fair value through profit or loss	28,957	( 123,000)
Others	( 3,594)	( 1,688)
	<u>\$ 280,873</u>	<u>\$ 143,518</u>

(24) Finance costs

	For the three-month periods ended September 30,	
	2023	2022
Bank loan interest	\$ 2,214	\$ 3,879
Interest expense on lease liabilities	8,575	4,137
Others	679	(1,469)
	<u>\$ 11,468</u>	<u>\$ 6,547</u>
	For the nine-month periods ended September 30,	
	2023	2022
Bank loan interest	\$ 8,681	\$ 7,535
Interest expense on lease liabilities	24,484	11,358
Others	947	154
	<u>\$ 34,112</u>	<u>\$ 19,047</u>

(25) Expenses by nature

A. Depreciation and amortisation expenses

	For the three-month periods ended September 30,	
	2023	2022
Depreciation categorised by function		
Operating costs	\$ 64,361	\$ 63,104
Operating expenses	168,104	157,076
	<u>\$ 232,465</u>	<u>\$ 220,180</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 65	\$ 505
Operating expenses	42,272	45,830
	<u>\$ 42,337</u>	<u>\$ 46,335</u>
	For the nine-month periods ended June 30,	
	2023	2022
Depreciation categorised by function		
Operating costs	\$ 195,640	\$ 180,909
Operating expenses	478,434	468,305
	<u>\$ 674,074</u>	<u>\$ 649,214</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 866	\$ 2,068
Operating expenses	127,156	136,454
	<u>\$ 128,022</u>	<u>\$ 138,522</u>

B. Employee benefit expense

	For the three-month periods ended September 30,	
	2023	2022
Short-term employee benefits	\$ 2,867,842	\$ 3,123,902
Post-employment benefits		
Defined contribution plan	111,135	105,279
Defined benefit plan	2,193	2,001
	113,328	107,280
Share-based payment		
Equity-settled	41,525	29,607
Other employee benefits	278,073	237,876
Total employee benefit expense	<u>\$ 3,300,768</u>	<u>\$ 3,498,665</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 725,663	\$ 978,993
Operating expenses	2,575,105	2,519,672
	<u>\$ 3,300,768</u>	<u>\$ 3,498,665</u>
	For the nine-month periods ended September 30,	
	2023	2022
Short-term employee benefits	\$ 8,783,731	\$ 8,801,035
Post-employment benefits		
Defined contribution plan	327,698	303,290
Defined benefit plan	5,928	6,246
	333,626	309,536
Share-based payment		
Equity-settled	116,610	195,900
Other employee benefits	813,678	661,581
Total employee benefit expense	<u>\$ 10,047,645</u>	<u>\$ 9,968,052</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,250,997	\$ 2,489,238
Operating expenses	7,796,648	7,478,814
	<u>\$ 10,047,645</u>	<u>\$ 9,968,052</u>

- (a) The Company accrues employees' compensation at the rate of no less than 5% and directors' remuneration at the rate of no higher than 1%, of net profit before income tax. For the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 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 September 30,	
	2023	2022
Employees' compensation	\$ 200,000	\$ 205,000
Directors' remuneration	\$ 3,600	\$ 3,000
	For the nine-month periods ended September 30,	
	2023	2022
Employees' compensation	\$ 600,000	\$ 505,000
Directors' remuneration	\$ 10,800	\$ 9,000

- (b) The appropriations of employees' compensation and directors' remuneration for 2022 and 2021 as 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 September 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 1,112,375	\$ 809,084
Difference between prior years' income tax estimation and assessed results	( 74,903)	-
Total current tax	1,037,472	809,084
Deferred income tax:		
Origination and reversal of temporary differences	( 506,766)	( 18,530)
Income tax expense	\$ 530,706	\$ 790,554



	For the nine-month periods ended September 30,	
	2023	2022
Current income tax:		
Current tax on profits for the period	\$ 2,400,677	\$ 2,007,402
Difference between prior years' income tax estimation and assessed results	( 224,062)	-
Tax on undistributed earnings	84,958	70,763
Total current tax	2,261,573	2,078,165
Deferred income tax:		
Origination and reversal of temporary differences	( 242,197)	( 12,182)
Income tax expense	\$ 2,019,376	\$ 2,065,983

(b) Income tax recognized in other comprehensive income

	For the three-month periods ended September 30,	
	2023	2022
Translation of foreign operations	\$ 101,733	\$ 116,580
Share of other comprehensive income of associates	( 2)	-
Total	\$ 101,731	\$ 116,580

	For the nine-month periods ended September 30,	
	2023	2022
Translation of foreign operations	\$ 89,255	\$ 257,076
Share of other comprehensive income of associates	18	-
Total	\$ 89,273	\$ 257,076

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

C. The Group had applied the exception to the requirements to recognise and disclose information on deferred tax assets and liabilities related to Pillar Two income taxes.

(27) Earnings per share

Unit: expressed in dollars per share

	For the three-month periods ended September 30,	
	2023	2022
Basic earnings per share	\$ 3.01	\$ 3.72
Diluted earnings per share	\$ 2.98	\$ 3.69

Unit: expressed in dollars per share

	For the nine-month periods ended September 30,	
	2023	2022
Basic earnings per share	\$ 9.98	\$ 9.62
Diluted earnings per share	\$ 9.88	\$ 9.52

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 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 September 30,	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 2,583,172	\$ 3,184,397
Earnings used in the computation of diluted earnings per share	\$ 2,583,172	\$ 3,184,397

	For the nine-month periods ended September 30,	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 8,546,706	\$ 8,214,278
Earnings used in the computation of diluted earnings per share	\$ 8,546,706	\$ 8,214,278

Unit: expressed in thousand shares

	For the three-month periods ended September 30,	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	857,153	854,665
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,323	8,076
Employees' compensation	580	1,686
Weighted average number of ordinary shares used in the computation of diluted earnings per share	864,056	864,427

	For the nine-month periods ended September 30,	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	856,475	853,505
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,271	6,893
Employees' compensation	2,167	2,063
Weighted average number of ordinary shares used in the computation of diluted earnings per share	864,913	862,461

(28) Transactions with non-controlling interest

A. Acquisition of additional interests in subsidiaries:

- (a) 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%.
- (b) 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%.
- (c) In the third quarter of 2023, the Group acquired 45% equity interest in Cermate Taiwan, resulting to an increase in the Group's equity investment in Cermate Taiwan from 55% to 100%.

	For the nine-month period ended September 30, 2023		
	ATR	Cermate Taiwan	Total
Consideration paid	(\$ 10,914)	(\$ 189,000)	(\$ 199,914)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	7,590	87,577	95,167
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ 3,324)	(\$ 101,423)	(\$ 104,747)
<u>Line items adjusted for equity transactions</u>			
Unappropriated retained earnings	(\$ 3,324)	(\$ 101,423)	(\$ 104,747)

		For the nine-month period ended September 30, 2022
		AMX
Consideration paid	(\$	31,508)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests		26,894
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$	4,614)
<u>Line items adjusted for equity transactions</u>		
Unappropriated retained earnings	(\$	4,614)

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

In the third quarter of 2022, the Group disposed 3.50% equity interest in LNC Technology Co., Ltd., resulting to a decrease in the Group's equity investment in LNC from 48.10% to 44.60%.

		For the nine-month period ended September 30, 2022
Consideration received	\$	29,312
The proportionate share of the carrying amount of the net assets of the subsidiary transferred out non-controlling interests	(	20,884)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	\$	8,428
<u>Line items adjusted for equity transactions</u>		
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	\$	8,428

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

- (a) In the third quarter of 2022, the Group did not participate in the capital increase proportionally to its interest, resulting to a decrease in the Group's equity investment in LNCMac Technology Corp. from 100% to 87.27%.
- (b) In the first and second quarter of 2023, the Group did not participate in the capital increase proportionally to its interest, resulting to a decrease in the Group's equity investment in LNCMac Technology Corp. from 87.27% to 77.52%.

	For the nine-month periods ended September 30,	
	2023	2022
Cash	\$ 16,710	\$ 4,200
The proportionate share of the carrying amount of the net assets of the subsidiary transferred in non-controlling interests	( 16,002)	( 3,886)
Capital surplus - changes in ownership interest in subsidiaries	\$ 708	\$ 314

(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	( 192,180)	-	( 194,344)	( 386,524)
Increase	-	-	1,652,329	1,652,329
Others (Note)	( 17,950)	( 2,500)	25,886	5,436
At September 30	\$ 321,200	\$ 119,000	\$ 1,827,729	\$ 2,267,929

  

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

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
LNC Rich investment Co., Ltd.	Other related party
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
Oya System Furniture Design Ltd.	Other related party

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

(3) Significant related party transactions

A. Operating revenue

	For the three-month periods ended September 30,	
	2023	2022
Associates	\$ 19,654	\$ 27,150
Other related parties	2,875	368
	<u>\$ 22,529</u>	<u>\$ 27,518</u>
	For the nine-month periods ended September 30,	
	2023	2022
Associates	\$ 65,336	\$ 119,147
Other related parties	5,293	1,597
	<u>\$ 70,629</u>	<u>\$ 120,744</u>

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

B. Purchases and other operating costs

	For the three-month periods ended September 30,	
	2023	2022
Purchases of goods:		
Associates	<u>\$ 72,392</u>	<u>\$ 125,961</u>
	For the nine-month periods ended September 30,	
	2023	2022
Purchases of goods:		
Associates	\$ 258,948	\$ 365,797
Purchases of services:		
Associates	-	455
Other related parties	-	30
	<u>\$ 258,948</u>	<u>\$ 366,282</u>

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable - related parties			
Associates	\$ 19,695	\$ 32,300	\$ 35,756
Other related parties	2,401	100	168
	<u>\$ 22,096</u>	<u>\$ 32,400</u>	<u>\$ 35,924</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other receivables - related parties			
Other related parties	\$ <u>968</u>	\$ <u>890</u>	\$ <u>-</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes and accounts payable - related parties			
Associates	\$ <u>82,054</u>	\$ <u>82,002</u>	\$ <u>88,873</u>
Other payables - related parties			
Associates	\$ <u>5,462</u>	\$ <u>2,733</u>	\$ <u>7,107</u>

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

E. Prepayments to related parties

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other current assets			
Associates	\$ <u>30,086</u>	\$ <u>18,693</u>	\$ <u>27,803</u>

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

F. Property transactions

	<u>For the three-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment		
Associates	\$ <u>525</u>	\$ <u>-</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment		
Associates	\$ <u>659</u>	\$ <u>484</u>



G. Other related party transactions

(a) Operating expenses

	For the three-month periods ended September 30,	
	2023	2022
Selling expenses		
Associates	\$ 81	\$ 6
General and administrative expense		
Associates	\$ 10,549	\$ 1,047
Research and development expense		
Associates	\$ 1,360	\$ 6,276
	For the nine-month periods ended September 30,	
	2023	2022
Selling expenses		
Associates	\$ 196	\$ 43
General and administrative expense		
Associates	\$ 33,155	\$ 7,826
Research and development expense		
Associates	\$ 6,976	\$ 8,394

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

(b) Interest income

	For the three-month periods ended September 30,	
	2023	2022
Interest income		
Associates	\$ -	\$ 29
	For the nine-month periods ended September 30,	
	2023	2022
Interest income		
Associates	\$ 2	\$ 108

(c) Other income

		For the three-month periods ended September 30,	
		2023	2022
Rental income			
Other related parties	\$	358	\$ 358
Other income			
Associates	\$	96	\$ -
Other related parties		1,856	3,359
	\$	1,952	\$ 3,359
		For the nine-month periods ended September 30,	
		2023	2022
Rental income			
Other related parties	\$	1,074	\$ 1,074
Other income			
Associates	\$	96	\$ 30
Other related parties		7,069	7,078
	\$	7,165	\$ 7,108

Lease contracts between the Group and its associates were based on market rental prices and had normal payment terms. Revenue contracts for technical services between the Group and its associates were based on market prices and had payment terms as stipulated in the contracts. For other transactions with related parties, since normal payment terms with related parties were not stipulated, the payment terms were based on mutual agreement.

(4) Key management compensation

		For the three-month periods ended September 30,	
		2023	2022
Short-term employee benefits	\$	9,408	\$ 9,330
Post-employment benefits		106	90
Share-based payment		2,768	3,798
	\$	12,282	\$ 13,218
		For the nine-month periods ended September 30,	
		2023	2022
Short-term employee benefits	\$	28,223	\$ 27,990
Post-employment benefits		318	269
Share-based payment		8,174	15,771
	\$	36,715	\$ 44,030

## 8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Pledged deposits (classified as financial assets at amortised cost)	\$ 11,778	\$ 10,832	\$ 10,559	Lease mortgage
Demand deposits (classified as other non-current assets)	5,756	1,322	1,342	Performance guarantee
Property, plant and equipment				
Land	100,015	102,116	92,871	Long-term borrowings
Buildings	129,190	134,565	122,786	Long-term borrowings
	<u>\$ 246,739</u>	<u>\$ 248,835</u>	<u>\$ 227,558</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

The Group has signed a contract amounting to \$149,299 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of September 30, 2023.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. On October 30, 2023, the Board of Directors of the Company resolved a plan to purchase the land located in Hwa Ya Technology Park from AIDC Investment Corp. (referred herein as AIDC) at a total price of NT\$1,880 million for the purpose of plant construction. Upon signing the land purchase and sale agreement with AIDC, the Company will make a payment of NT\$200 million as the first installment. The final payment will be made after completing the construction of the plant and obtaining the usage license.
- B. To improve operating efficiency and meet the needs of future business development, the Company intends to relocate and consolidate the Donghu Plant into the Linkou Plant. Therefore, on October 30, 2023, the Board of Directors resolved to dispose the land and buildings of the Donghu Plant.
- C. On October 30, 2023, the Board of Directors resolved to invest up to NT\$3,400 million in the construction of Advantech Hwa Ya Manufacturing Center project and authorised the chairman of the Board of Directors to handle the subsequent project planning and price negotiation on contracting.

## 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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	\$ 7,769,094	\$ 5,914,613	\$ 2,926,483
Financial assets at amortised cost (Note 1)	23,159,056	23,440,301	22,355,663
Financial assets at fair value through other comprehensive income			
Equity instruments	2,642,075	2,199,556	2,053,946
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	11,798	21,634	15,444
Financial liabilities at amortised cost (Note 2)	11,279,727	12,925,909	12,451,103
Lease liabilities	1,827,729	343,858	398,453

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:

September 30, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	\$ 197,911	32.270	\$ 6,386,603
CNY:NTD	1,056,367	4.415	4,663,860
EUR:NTD	32,624	33.910	1,106,291
USD:CNY	70,118	7.3092	2,262,714
USD:EUR	34,621	0.9516	1,117,226
CNY:USD	589	0.1368	2,614
Financial liabilities			
Monetary items			
USD:NTD	104,169	32.270	3,361,522
CNY:NTD	447,349	4.415	1,975,046
USD:CNY	23,397	7.3092	755,036
USD:EUR	16,863	0.9516	544,173
EUR:NTD	107	33.910	3,620
December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	\$ 265,547	30.71	\$ 8,154,957
CNY:NTD	647,850	4.408	2,855,721
EUR:NTD	51,930	32.72	1,699,136
USD:CNY	63,014	6.9669	1,935,147
USD:EUR	37,343	0.9386	1,146,815
CNY:USD	3,087	0.1435	13,605
Financial liabilities			
Monetary items			
USD:NTD	113,611	30.71	3,489,007
CNY:NTD	349,233	4.408	1,539,418
USD:CNY	37,743	6.9669	1,159,079
USD:EUR	15,805	0.9386	485,377
EUR:NTD	126	32.72	4,132

September 30, 2022			
	Foreign currency		Book value
	amount	Exchange rate	
(Foreign currency: functional currency)	(in thousands)		(NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 208,873	31.750	\$ 6,631,721
CNY:NTD	482,042	4.473	2,156,175
EUR:NTD	55,185	31.260	1,725,074
USD:CNY	66,688	7.0981	2,117,335
USD:EUR	39,672	1.0157	1,259,577
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	94,170	31.750	2,989,912
CNY:NTD	330,996	4.473	1,480,547
USD:CNY	52,880	7.0981	1,678,936
USD:EUR	16,869	1.0157	535,599

For the three-month periods ended September 30, 2023 and 2022, and for the nine-month periods ended September 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$277,033, \$158,943, \$243,708 and \$268,980, 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 nine-month period ended September 30, 2023				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 63,866	\$	-
CNY:NTD	1%	46,639		-
EUR:NTD	1%	11,063		-
USD:CNY	1%	22,627		-
USD:EUR	1%	11,172		-
CNY:USD	1%	26		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	33,615		-
CNY:NTD	1%	19,750		-
USD:CNY	1%	7,550		-
USD:EUR	1%	5,442		-
EUR:NTD	1%	36		-
For the nine-month period ended September 30, 2022				
Sensitivity Analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<b>(Foreign currency: functional currency)</b>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 66,317	\$	-
CNY:NTD	1%	21,562		-
EUR:NTD	1%	17,251		-
USD:CNY	1%	21,173		-
USD:EUR	1%	12,596		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	29,899		-
CNY:NTD	1%	14,805		-
USD:CNY	1%	16,789		-
USD:EUR	1%	5,356		-



### Interest rate risk

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 3,685,274	\$ 1,589,614	\$ 812,186
- Financial liabilities	2,097,929	674,158	706,952
Cash flow interest rate risk			
- Financial assets	9,582,836	10,580,081	8,695,913
- Financial liabilities	170,000	322,530	347,184

- 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 nine-month periods ended September 30, 2023 and 2022 would have increased by \$35,298 and \$31,308, 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 nine-month periods ended September 30, 2023 and 2022 would have increased by \$3,399 and \$3,596, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the nine-month periods ended September 30, 2023 and 2022 would have increased by \$26,421 and \$20,539, respectively,

as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax profit and other comprehensive income would have decreased by the same respective amounts.

- iii. The Group's sensitivity to equity prices increased or decreased because of volatility of stock price.

(b) Credit risk

- i. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.
- ii. Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas and, thus, no concentration of credit risk was observed. According to the Group's credit policy, each entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risks limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.
- iii. The average credit period of the sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.
- iv. The Group measures the loss allowance for accounts receivable at an amount that equals to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, expected economic growth rate and industry trends at the same time. As there were various loss patterns for different customer geographical segments, the Group adopts respective approaches to prepare the provision matrix for loss allowance based on past due status of the Group's different geographical customer base, and sets out the expected credit loss rate for accounts receivable that are

overdue and based on geographical economic conditions.

- v. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, the default occurs when counterparties are processing the liquidation or the debt has been past due over 1 year, the Group will provide impairment loss in full. However, the Group will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognized in profit or loss.
- vi. The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of notes and accounts receivable from general credit conditions customers. The provision matrix as of September 30, 2023, December 31, 2022 and September 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>September 30, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 8,944,159	\$ 747,193	\$ 105,155	\$ 29,194	\$ 62,079	\$ 9,887,780
Loss allowance (lifetime expected credit losses)	-	( 39,738)	( 28,248)	( 17,008)	( 62,079)	( 147,073)
Amortised cost	<u>\$ 8,944,159</u>	<u>\$ 707,455</u>	<u>\$ 76,907</u>	<u>\$ 12,186</u>	<u>\$ -</u>	<u>\$ 9,740,707</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>September 30, 2022</u>						
Expected credit loss rate	-	0%~30%	10%~40%	40%~60%	100%	
Total book value	\$11,527,823	\$ 1,078,024	\$ 87,391	\$ 33,570	\$ 57,042	\$12,783,850
Loss allowance (lifetime expected credit losses)	-	( 10,436)	( 23,114)	( 15,793)	( 57,042)	( 106,385)
Amortised cost	<u>\$11,527,823</u>	<u>\$ 1,067,588</u>	<u>\$ 64,277</u>	<u>\$ 17,777</u>	<u>\$ -</u>	<u>\$12,677,465</u>

- vii. The Group individually assesses the customers that have low credit rating and default. As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of notes and accounts receivable amounted to \$801, \$8,699 and \$8,647, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$801, \$8,699 and \$8,647, 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
Impairment loss	24,772	41,279
Amounts written off (Note)	( 1,592)	( 835)
Net exchange differences	1,403	( 259)
Balance at September 30	<u>\$ 147,874</u>	<u>\$ 115,032</u>

Note: The Group wrote off accounts receivable and related loss allowance for the nine-month periods ended September 30, 2023 and 2022 amounting to \$1,592 and \$835, respectively, as the customers' accounts receivable have aged more than 2 years and the legal attest letters were served without receivables collected.

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

September 30, 2023				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 1,498,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,498,997</u>
Financial assets at fair value through profit or loss	<u>\$ 136,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,289</u>
December 31, 2022				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 139,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,910</u>
Financial assets at fair value through profit or loss	<u>\$ 130,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,150</u>

September 30, 2022				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 94,000	\$ -	\$ -	\$ 94,000
Financial assets at fair value through profit or loss	\$ 30,000	\$ -	\$ -	\$ 30,000

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

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowing facilities			
- Amount used (Note)	\$ 336,531	\$ 538,067	\$ 551,620
- Amount unused	7,158,421	5,983,003	6,085,975
	<u>\$ 7,494,952</u>	<u>\$ 6,521,070</u>	<u>\$ 6,637,595</u>
Secured bank overdraft facilities			
- Amount used (Note)	\$ 119,000	\$ 121,500	\$ 110,500

Note: As of September 30, 2023, December 31, 2022 and September 30, 2022, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$440,200, \$652,830 and \$655,684, respectively, and lease and salary guarantees amounting to \$15,331, \$6,737 and \$6,436, respectively.

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

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

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

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

September 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	\$ 7,619,633	\$ 1,589,029	\$ 1,630,865	\$ -
Lease liability	31,960	32,151	226,601	2,356,688
Floating rate instruments	70,254	100,217	-	-
Fixed rate instruments	321	641	270,516	-
	<u>\$ 7,722,168</u>	<u>\$ 1,722,038</u>	<u>\$ 2,127,982</u>	<u>\$ 2,356,688</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>

September 30, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 6,832,481	\$ 3,428,791	\$ 1,534,147	\$ -
Lease liability	30,282	32,496	184,729	195,890
Floating rate instruments	178,076	71,105	99,737	-
Fixed rate instruments	44,306	154,562	2,437	111,559
	<u>\$ 7,085,145</u>	<u>\$ 3,686,954</u>	<u>\$ 1,821,050</u>	<u>\$ 307,449</u>

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.

September 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	\$ 464,592	\$ 580,730	\$ -	\$ 1,045,322
- Outflows	( 465,885)	( 586,275)	-	( 1,052,160)
	<u>(\$ 1,293)</u>	<u>(\$ 5,545)</u>	<u>\$ -</u>	<u>(\$ 6,838)</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>

September 30, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 327,893	\$ 479,012	\$ 173,986	\$ 980,891
- Outflows	( 331,812)	( 487,128)	( 175,938)	( 994,878)
	<u>(\$ 3,919)</u>	<u>(\$ 8,116)</u>	<u>(\$ 1,952)</u>	<u>(\$ 13,987)</u>

- 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 and 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>September 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	\$ -	\$ 4,960	\$ -	\$ 4,960
Listed and OTC stocks	179,523	-	-	179,523
Unlisted and non-OTC stocks	-	-	160,424	160,424
Convertible corporate bonds	35,175	-	-	35,175
Ordinary corporate bonds	101,114	-	-	101,114
Fund beneficiary certificates	4,995,392	-	2,292,506	7,287,898
	<u>5,311,204</u>	<u>4,960</u>	<u>2,452,930</u>	<u>7,769,094</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 1,984,104	\$ -	\$ -	\$ 1,984,104
Unlisted and non-OTC stocks	-	-	657,971	657,971
	<u>1,984,104</u>	<u>-</u>	<u>657,971</u>	<u>2,642,075</u>
	<u>\$ 7,295,308</u>	<u>\$ 4,960</u>	<u>\$ 3,110,901</u>	<u>\$ 10,411,169</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 11,798	\$ -	\$ 11,798

<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>September 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	\$ -	\$ 1,457	\$ -	\$ 1,457
Listed and OTC stocks	185,354	-	-	185,354
Unlisted and non-OTC stocks	-	-	174,255	174,255
Convertible corporate bonds	30,000	-	-	30,000
Fund beneficiary certificates	655,977	-	1,879,440	2,535,417
	<u>871,331</u>	<u>1,457</u>	<u>2,053,695</u>	<u>2,926,483</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 1,454,337	\$ -	\$ -	\$ 1,454,337
Unlisted and non-OTC stocks	-	-	599,609	599,609
	<u>1,454,337</u>	<u>-</u>	<u>599,609</u>	<u>2,053,946</u>
	<u>\$ 2,325,668</u>	<u>\$ 1,457</u>	<u>\$ 2,653,304</u>	<u>\$ 4,980,429</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 15,444	\$ -	\$ 15,444
	<u>-</u>	<u>15,444</u>	<u>-</u>	<u>15,444</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 nine-month periods ended September 30, 2023 and 2022.

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

For the nine-month period ended September 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	58,808	-	58,808
Recognized in other comprehensive income	-	106,612	106,612
Balance at September 30	<u>\$ 2,452,930</u>	<u>\$ 657,971</u>	<u>\$ 3,110,901</u>

For the nine-month period ended September 30, 2022

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

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 September 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>\$ 818,395</u>	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	<u>\$ 2,292,506</u>	Net asset value	Not applicable	Not applicable	Not applicable

	<u>Fair value at December 31, 2022</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>694,623</u>	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ <u>2,038,909</u>	Net asset value	Not applicable	Not applicable	Not applicable
	<u>Fair value at September 30, 2022</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>773,864</u>	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ <u>1,879,440</u>	Net asset value	Not applicable	Not applicable	Not applicable

#### (4) Others

##### Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$49.430 billion for the nine-month period ended September 30, 2023, a decrease of 4% over the same period last year. The gross profit was NT\$19.942 billion (gross profit margin was 40.3%), the operating profit was NT\$9.437 billion (operating profit margin was 19.1%), the consolidated net profit after tax was NT\$8.547 billion (increased 4% YoY) and the basic earnings per share was \$9.98 (in dollars) for the nine-month period ended September 30, 2023. The cumulative consolidated operating revenue of the Group for the nine-month period ended September 30, 2023 incurred a single-digit decline. However, the gross profit margin, operating profit margin and net profit margin have all improved compared with last year.

The Group's consolidated operating revenue reached NT\$15.006 billion for the three-month period ended September 30, 2023, with a double-digit decline over the same period last year. The gross profit was NT\$6.017 billion (gross profit margin was 40.1%), the operating profit was NT\$2.506 billion (operating profit margin was 16.7%), the consolidated net profit after tax was NT\$2.583 billion (decreased 19% YoY), and the basic earnings per share was \$3.01 (in dollars) for the three-month period ended September 30, 2023.

Regarding the operating results of the nine-month period ended September 30, 2023 in US dollars, the Group achieved an overall revenue of US\$ 1,600 million, decreased 10% YoY. In terms of a geographic overview, North Asia markets outperformed with a single-digit growth YoY, while Europe maintained flat YoY. On the contrary, North America underperformed with a single-digit decline YoY; China, Taiwan, and Emerging markets were impacted by the economic slowdown in China and the weak demand of Semi equipment, resulting in a double-digit decline YoY. By

business units, Embedded-IoT Group (EIoT) was the best performer with 4% growth YoY, while the other business units relatively underperformed.

Due to the impact of global economic slowdown and uncertainty in China's recovery, the revenue and profitability for the three-month period ended September 30, 2023 suffered a double-digit decline YoY, furthermore, the cumulative revenue of the first three quarters has resulted a decrease YoY. However, the profitability structure remained stable and slightly improved, which is mainly attributed to the decrease in raw material prices. In terms of the Orders-to-Shipments ratio (BB ratio) for the three-month period ended September 30, 2023, the Group's overall BB ratio reached 0.82. For regional breakdown, China market has slightly recovered to 1.01 but North America and Europe markets were below average with BB ratio of 0.77 and 0.63, respectively.

### 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): Includes 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, etc;
- F. Advantech Service Plus and Others (AS+ and Others): Global repair, technical support and warranty services, etc.

##### (2) Measurement of segment information

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

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

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



For the nine-month period ended September 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	\$ 12,896,870	\$ 13,558,951	\$ 7,330,782	\$ 5,702,526	\$ 4,598,587	\$ 5,342,375	\$ 49,430,091
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 12,896,870</u>	<u>\$ 13,558,951</u>	<u>\$ 7,330,782</u>	<u>\$ 5,702,526</u>	<u>\$ 4,598,587</u>	<u>\$ 5,342,375</u>	49,430,091
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	49,430,091
Segment income (loss)	<u>\$ 4,212,207</u>	<u>\$ 3,286,409</u>	<u>\$ 1,794,190</u>	<u>\$ 973,772</u>	<u>\$ 652,046</u>	<u>\$ 340,547</u>	11,259,171
Interest and other income							550,410
Other unamortised expenses							( 1,822,235)
Other gains and losses							280,873
Finance costs							( 34,112)
Share of profit (loss) of associates accounted for under equity method							303,036
Profit from continuing operations before tax							<u>\$ 10,537,143</u>

For the nine-month period ended September 30, 2022

	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	\$ 14,392,686	\$ 12,388,353	\$ 7,166,910	\$ 6,223,936	\$ 5,188,286	\$ 6,197,753	\$ 51,557,924
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 14,392,686</u>	<u>\$ 12,388,353</u>	<u>\$ 7,166,910</u>	<u>\$ 6,223,936</u>	<u>\$ 5,188,286</u>	<u>\$ 6,197,753</u>	51,557,924
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	51,557,924
Segment income (loss)	<u>\$ 4,748,810</u>	<u>\$ 2,848,038</u>	<u>\$ 1,257,199</u>	<u>\$ 1,167,870</u>	<u>\$ 771,435</u>	<u>\$ 463,804</u>	11,257,156
Interest and other income							374,287
Other unamortised expenses							( 1,756,469)
Other gains and losses							143,518
Finance costs							( 19,047)
Share of profit (loss) of associates accounted for under equity method							274,657
Profit from continuing operations before tax							<u>\$ 10,274,102</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note D)	Ending Balance (Note D)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted ( Note B )
													Item	Value		
0	ADVANTECH CO., LTD.	AKR	Other receivable - related parties	Yes	\$ 161,350	\$ 161,350	\$ 112,945	3%~4%	Short-term financing	\$ -	Operating need	\$ -	None	-	\$ 4,614,740 ( Note B )	\$ 9,229,479 ( Note B )
1	LNC	LNC Dong Guan	Other receivable - related parties	Yes	30,000	30,000	-	-	Short-term financing	-	Operating need	-	None	-	102,666 ( Note C )	102,666 ( Note C )
1	LNC	LNCMac	Other receivable - related parties	Yes	60,000	60,000	35,000	Note E	Short-term financing	-	Operating need	-	None	-	102,666 ( Note C )	102,666 ( 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 creditors.

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 nine-month period ended September 30, 2023														
Expressed in thousands of NTD (Except as otherwise indicated)														
Party being endorsed/guaranteed			Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of September 30, 2023	Outstanding endorsement/ guarantee amount at September 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		
No.	Endorser/ guarantor	Company name											Relationship with the endorser/guarantor	
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 4,614,740	\$ 645,400 USD 20,000	\$ 645,400 USD 20,000	\$ -	\$ -	1.40	\$ 13,844,219	Y	N	Y	
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,614,740	645,400 USD 20,000	645,400 USD 20,000	-	-	1.40	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AJP	Subsidiary	4,614,740	346,500 JPY 1,500,000	324,000 JPY 1,500,000	151,200	-	0.70	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,614,740	322,700 USD 10,000	322,700 USD 10,000	-	-	0.70	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,614,740	322,700 USD 10,000	322,700 USD 10,000	-	-	0.70	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	4,614,740	322,700 USD 10,000	322,700 USD 10,000	-	-	0.70	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,614,740	322,700 USD 10,000	322,700 USD 10,000	-	-	0.70	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,614,740	193,620 USD 6,000	193,620 USD 6,000	-	-	0.42	13,844,219	Y	N	Y	
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,614,740	193,620 USD 6,000	193,620 USD 6,000	1,614	-	0.42	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,614,740	96,810 USD 3,000	96,810 USD 3,000	-	-	0.21	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,614,740	96,810 USD 3,000	96,810 USD 3,000	-	-	0.21	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,614,740	48,405 USD 1,500	48,405 USD 1,500	-	-	0.10	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,614,740	32,270 USD 1,000	32,270 USD 1,000	-	-	0.07	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,614,740	32,270 USD 1,000	32,270 USD 1,000	-	-	0.07	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,614,740	32,270 USD 1,000	32,270 USD 1,000	1,500	-	0.07	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,614,740	32,270 USD 1,000	32,270 USD 1,000	-	-	0.07	13,844,219	Y	N	Y	
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,614,740	16,135 USD 500	16,135 USD 500	-	-	0.03	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,614,740	16,135 USD 500	16,135 USD 500	-	-	0.03	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,614,740	16,135 USD 500	16,135 USD 500	500	-	0.03	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,614,740	6,454 USD 200	6,454 USD 200	4,736	-	0.01	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,614,740	3,227 USD 100	3,227 USD 100	-	-	0.01	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,614,740	3,227 USD 100	3,227 USD 100	-	-	0.01	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,614,740	3,227 USD 100	3,227 USD 100	-	-	0.01	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,614,740	1,614 USD 50	1,614 USD 50	-	-	0.00	13,844,219	Y	N	N	
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary	4,614,740	526,680	526,680	-	-	1.14	13,844,219	Y	N	N	
1	LNC	LNCMac	Subsidiary	25,667	30,000	-	-	-	0.00	77,000	Y	N	N	

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

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

Note C: The exchange rates as of September 30, 2023 were USD\$1= NT\$32.27, EUR\$1= NT\$33.91, and JPY\$1=NT\$0.216.

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)										
September 30, 2023										
Expressed in thousands of NTD (Except as otherwise indicated)										
Holding Company Name	Marketable Securities		Relationship with the securities issuer	General ledger account	As of September 30, 2023					
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	Footnote	
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,039,461	\$ 1,482,482	0.54	\$ 1,482,482	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	181,200	2.34	181,200	Note A	
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	35,175	-	35,175	Note A	
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	101,114	-	101,114	Note A	
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	25,534,631	400,577	-	400,577	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	142,874,321	2,362,255	-	2,362,255	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	31,160,414	500,218	-	500,218	Note B	
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	None	Financial assets at fair value through profit or loss - current	80,040,554	902,591	-	902,591	Note B	
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	111,724	6.94	111,724	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	29,040	0.10	29,040	Note A	
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	38,759	0.04	38,759	Note A	
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,122,000	320,422	4.14	320,422	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	46,482,073	645,961	-	645,961	Note B	
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	104,424	4.38	104,424	Note B	
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	7,446,420	113,228	-	113,228	Note B	
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	614,183	9,339	-	9,339	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	23,863	-	23,863	Note B	
AIH	Beneficiary certificates	Capital Money Market	None	Financial assets at fair value through profit or loss - current	367,047	6,069	-	6,069	Note B	
Cermate	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,683,528	21,648	-	21,648	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	9,643	-	9,643	Note B	
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	898,462	-	898,462	Note B	
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	696,367	-	696,367	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	-	645,377	8.33	645,377	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	-	479,159	-	479,159	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	-	218,518	-	218,518	Note B	

Note A: Market value was based on the closing price on September 30, 2023.  
Note B: Market value was based on the net asset values of the open-ended mutual funds on September 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 nine-month period ended September 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 September 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	FSITC Taiwan Money Market	Note A	None	None	51,489,673	\$ 800,680	63,863,860	\$ 1,000,005	89,818,902	\$ 1,406,393	\$ 1,400,007	\$ 6,386	(\$ 101)		25,534,631	\$ 400,577
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	145,321,670	1,852,241	101,751,518	1,300,007	247,073,188	3,168,670	3,152,248	16,422	-		-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	Note A	None	None	-	-	227,711,494	3,750,019	84,837,173	1,400,000	1,393,235	6,765	5,471		142,874,321	2,362,255
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	Note A	None	None	-	-	165,776,645	2,650,013	134,616,231	2,156,983	2,150,011	6,972	216		31,160,414	500,218
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	Note A	None	None	-	-	80,040,554	900,005	-	-	-	-	2,586		80,040,554	902,591
ACI	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	19,044,347	262,149	37,941,768	526,000	10,504,042	145,000	144,590	410	2,402		46,482,073	645,961
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	Note A	None	None	30,000,000	305,700	-	-	30,000,000	305,700	305,700	-	-		-	-

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

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more  
September 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					Pricing Reference	Purpose of Acquisition	Other Property Terms
							Property Terms	Owner	Relationship	Transfer date	Amount			
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Under the contract, based on percentage of construction completed; as of September 30, 2023, a total of \$1,260,701 had been paid, with \$32,727 paid in the third 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 nine-month period ended September 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	\$ 10,571,018	30.96%	30 days after month-end	Contract price	No significant difference	\$ 2,252,159	23.74%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	6,496,366	19.03%	45 days after month-end	Contract price	No significant difference	1,527,674	16.10%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	6,508,654	19.06%	90 days after month-end	Contract price	No significant difference	3,262,161	34.38%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	1,022,925	3.00%	30 days after month-end	Contract price	No significant difference	121,063	1.28%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,035,759	3.03%	90 days after month-end	Contract price	No significant difference	352,536	3.72%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	457,868	1.34%	30 days after month-end	Contract price	No significant difference	92,260	0.97%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	216,487	0.63%	45 days after month-end	Contract price	No significant difference	25,204	0.27%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	206,467	0.60%	45 days after month-end	Contract price	No significant difference	52,608	0.55%
ADVANTECH CO., LTD.	ARI	Subsidiary	Sales	106,011	0.31%	45 days after month-end	Contract price	No significant difference	81,468	0.86%
ADVANTECH CO., LTD.	AIN	Subsidiary	Sales	100,389	0.29%	45 days after month-end	Contract price	No significant difference	49,197	0.52%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	152,792	0.45%	45 days after month-end	Contract price	No significant difference	38,330	0.40%
ADVANTECH CO., LTD.	AMX	Subsidiary	Sales	106,991	0.31%	30 days after month-end	Contract price	No significant difference	10,150	0.11%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	162,030	1.03%	30 days from the invoice date	Contract price	No significant difference	50,374	2.06%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	10,156,456	95.59%	60 days after month-end	Contract price	No significant difference	2,522,593	98.16%
AKMC	ACN	Fellow subsidiary	Sales	353,715	3.33%	60 days after month-end	Contract price	No significant difference	41,846	1.63%
ACZ	AEU	Fellow subsidiary	Sales	155,035	67.69%	60 days from the invoice date	Contract price	No significant difference	43,099	77.16%
APL	AEU	Fellow subsidiary	Sales	105,654	107.30%	30 days from the invoice date	Contract price	No significant difference	21,644	90.10%
LNC	LNC Dong Guan	Sub-subsidiary	Sales	239,669	79.43%	150 days after month-end	Contract price	No significant difference	159,530	89.15%

Note: All intercompany transactions have been eliminated during consolidation.



ADVANTECH CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
September 30, 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	\$ 3,262,161	3.72	\$ 1,214,397	Monthly reconciliation and collection	\$ 445,915	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,258,177	6.61	-	-	-	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,535,413	4.96	137,476	Monthly reconciliation and collection	706,606	-
ADVANTECH CO., LTD.	AKR	Subsidiary	500,167	4.10	-	-	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	498,088	Note	186,719	Monthly reconciliation and collection	105,851	-
ADVANTECH CO., LTD.	AJP	Subsidiary	122,491	6.49	1,258	Monthly reconciliation and collection	-	-
AKMC	ADVANTECH CO., LTD.	Parent company	2,522,593	6.21	835,418	Monthly reconciliation and collection	746,391	-
LNC	LNC Dong Guan	Sub-subsidiary	159,596	1.87	27,705	Monthly reconciliation and collection	14,553	-

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

Table 8

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
For the nine-month period ended September 30, 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	\$ 216,487	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	3,262,161	90 days after month-end	5%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	6,508,654	Usual trade terms	13%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,527,674	45 days after month-end	2%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	6,496,366	Usual trade terms	13%
0	ADVANTECH CO., LTD.	AIN	1	Sales revenue	100,389	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ARI	1	Sales revenue	106,011	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	121,063	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	1,022,925	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	498,088	45 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	352,536	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,035,759	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKR	1	Other receivables from related parties	147,631	90 days after month-end	0%
0	ADVANTECH CO., LTD.	AMX	1	Sales revenue	106,991	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	152,792	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,252,159	30 days after month-end	3%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	10,571,018	Usual trade terms	21%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	206,467	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	457,868	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	2,522,593	60 days after month-end	4%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	10,156,456	Usual trade terms	21%
2	ANA	ADVANTECH CO., LTD.	2	Sales revenue	162,030	Usual trade terms	0%
3	ACZ	AEU	3	Sales revenue	155,035	Usual trade terms	0%
4	APL	AEU	3	Sales revenue	105,654	Usual trade terms	0%
1	AKMC	ACN	3	Sales revenue	353,715	Usual trade terms	1%
5	LNC	LNC Dong Guan	3	Receivables from related parties	159,530	150 days after month-end	0%
5	LNC	LNC Dong Guan	3	Sales revenue	239,669	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 September 30, 2023, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the nine-month period ended September 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 nine-month period ended September 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 September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2023 (Note C)		Footnote
				Balance as at September 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	126,592,273	100.00	7,730,218	843,881	843,881		Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	5,293,483	347,835	347,835		Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	232,387	44,456	44,456		Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	4,211,327	245,209	245,209		Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	25,542,984	25.18	1,049,039	572,054	152,408		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	202,595	(68,115)	(30,379)		Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	93,338	93,338	16,650,003	99.90	105,432	8,759	8,555		Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,545,935	255,291	255,291		Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	221,375	50,813	50,651		Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	53,973	10,346	5,222		Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	42,753	23,236	23,153		Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,109,037	197,540	197,536		Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	81,286	16,473	16,442		Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	559,429	65,782	65,444		Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,845	103,146	12,723,038	100.00	111,726	12,611	12,384		Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	86,075	11,787	11,787		Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	18,595	(2,837)	(1,682)		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	2,996	(50,283)	(13,577)		Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	15.34	655,230	421,318	66,208		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	55,532	4,790	2,685		Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	202,001	38,134	4,999		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	3,219	(4,468)	(4,468)		Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	69,396	58,482	288,622	62.40	27,168	19,500	12,010		Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,292	198	198		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	22,098	(1,267)	(1,140)		Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	-	100.00	3,860	288	288		Subsidiary
ADVANTECH CO., LTD.	AID	Indonesia	Marketing and trade of industrial use computers	48	48	30	1.00	48	5,283	-		Subsidiary
ADVANTECH CO., LTD.	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,471,030	-	15,230,001	100.00	1,426,354	(97,127)	(52,464)		Subsidiary
ADVANTECH CO., LTD.	ACI KY	Cayman Islands	Design, research and development and trade of IoT intelligent system services	2,156,908	-	100,000,000	100.00	2,173,417	(72,675)	(40,101)		Subsidiary
ADVANTECH CO., LTD.	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	189,000	-	4,500,000	45.00	90,913	28,915	3,099		Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	143,696	28,915	-		Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	13,199	(1,037)	-		Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	16,976,999	17.86	289,946	38,115	-		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	19.39	771,026	281,002	-		Investments accounted for under equity method
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,774	38,134	-		Investments accounted for under equity method
ACI	DotZero	Taiwan	Intelligent metal processing integration	10,928	10,928	415,245	10.38	345	(17,205)	-		Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	11,947,343	15.37	178,491	49,572	-		Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	130,856	147,444	4,512,273	16.51	147,379	51,584	-		Investments accounted for under equity method
ACI	Smasoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	33,270	33,270	561,955	25.63	16,376	(22,789)	-		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	7,703	(5,568)	-		Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	116,400	4,694,800	12.51	175,780	103,212	-		Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	18.05	467,591	(58,771)	-		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	6,310	4,364	-		Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	124,613	24,261	-		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	275,105	82,886	-		Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of September 30, 2023			Net profit (loss) of the investee for the nine-month period ended September 30, 2023	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2023 (Note C)	Footnote
				Balance as at September 30, 2023	Balance as at January 1, 2023	Shares	Ownership (%)	Carrying Value			
ACI	Freedom Systems	Taiwan	Electronic information service	\$ 37,500	\$ 37,500	1,653,750	20.00	\$ 38,871	\$ 3,028	\$ -	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	80,837	(2,363)	-	Subsidiary
ACI	Expotech Co., Ltd.	Taiwan	Computer system integration service	40,000	40,000	4,000,000	43.01	32,073	(12,422)	-	Investments accounted for under equity method
ACI	Encore Med	Malaysia	Wise Information Technology of med cloud service	54,274	-	66,700	30.00	54,874	1,998	-	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	5,342,322	347,951	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	8,167,114	921,749	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	-	539,146	-	-	-	(97,127)	-	Subsidiary
AAC (BVI)	ACI KY	Cayman Islands	Design, research and development and trade of IoT intelligent system services	-	1,535,500	-	-	-	(72,675)	-	Subsidiary
AAC (BVI)	AMX	Mexico	Marketing and trade of industrial use computers	-	85	-	-	-	8,759	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,929,855	252,685	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	58,802	2,985	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	53,112	10,346	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,749	4,749	2,970	99.00	13,649	5,283	-	Subsidiary
ASG	AMX	Mexico	Marketing and trade of industrial use computers	98	-	16,667	0.10	99	8,759	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	148,890	15,017	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	7,609	4,272	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	53,153	(11,460)	-	Subsidiary
LNC	LNCMac	Taiwan	System integration and application,system furniture intelligent design, production, and sales	72,090	28,800	7,208,965	77.52	31,724	(42,850)	-	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	61,801	(11,460)	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	Subsidiary
LNCMac	BEST MACHINE	British Virgin Islands	Holding company	17,294	-	550,000	100.00	8,585	(8,486)	-	Subsidiary
LNCMac	BEST AUTOMATION	Samoa	Holding company	-	-	-	100.00	-	-	-	Subsidiary
LNCMac	Eli	Taiwan	Boutique furniture and decoration sales, interior design services	6,000	-	600,000	30.00	3,938	(9,139)	-	Investments accounted for under equity method
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	344,823	12,849	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	305,591	10,612	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	6,831	802	-	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 nine-month period ended September 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 Flows		Accumulated Outflow of	Net profit (loss) of the investee for	Ownership held by the	Investment net profit	Carrying Value as of	Accumulated Inward
				Investment from Taiwan as of January 1, 2023	Outflow	Inflow	Investment from Taiwan as of September 30, 2023	the nine-month period ended September 30, 2023	Company (direct or indirect) (%)			(loss)
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,411,813 USD 43,750 (Note D)	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,203,671 USD 37,300	\$ -	\$ -	\$ 1,203,671 USD 37,300	\$ 347,951	100.00	\$ 347,760	\$ 5,342,322	\$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	136,502 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	172,064 USD 5,332	-	-	172,064 ( USD 5,332	201,691)	100.00	( 202,922)	50,207	3,328,651 USD 103,150
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	294,118 CNY 66,618	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	258,160 USD 8,000	-	-	258,160 USD 8,000	128,744	100.00	128,695	1,999,493	-
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	32,270 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	82	100.00	82	30,000	-
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	129,080 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	103,070 USD 3,194	-	-	103,070 ( USD 3,194	10,876)	100.00	( 11,460)	61,801	-
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,830 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	9,939 USD 308	-	-	9,939 USD 308	2,136	90.00	1,866	102,218	81,417 CNY 18,441
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	16,780 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	18,458 USD 572	-	-	18,458 USD 572	8,823	100.00	8,749	35,463	40,022 CNY 9,065
Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China) ]	Technology development, consulting and services in the field of intelligent technology	66,225 CNY 15,000	Other	Note E	-	-	Note E	491	100.00	491	52,864	-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,713 CNY 2,200	Other	Note F	-	-	Note F ( (	6)	100.00	( 6)	5,196	-
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	13,245 CNY 3,000	Other	Note F and L	-	-	Note F and L	-	-	-	-	-
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	15,011 CNY 3,400	Other	Note F	-	-	Note F	3,540	21.88	506	8,276	-
LNCMac DONG GUAN Technology Co., Ltd. (LNCMac DONG GUAN)	System integration	8,068 USD 250	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	-	17,749 USD 550	-	17,749 ( USD 550	8,460)	100.00	( 8,486)	9,671	-
LNCMac Furniture Co.,Ltd. (LNCMac Furniture)	System furniture intelligent design, production, and sales	2,208 CNY 500	Other	Note I	-	-	Note I ( (	3,332)	100.00	( 3,277) ( (	1,086)	-
Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
\$ 1,798,698 (USD 55,739 thousand) (Note H)	\$ 2,563,206 (USD 79,430 thousand)	\$ 27,688,438 (Note J)										

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

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

Note C: Remittance by ACN.

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

Note E: Remittance by AAC (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: Remittance by LNCMac DONG GUAN.

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

Note K: The exchange rate was US\$1=NT\$32.27 and CNY\$1=NT\$4.415.

Note L: 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

September 30, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	113,483,106	13.23%
K&M Investment Co., Ltd.	100,494,794	11.71%
AIDC Investment Corp.	99,314,136	11.57%

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.