

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
THEREON
MARCH 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of ADVANTECH CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material 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 part of investments accounted for under equity method were not reviewed by independent auditors. Those statements reflect total assets amounting to NT\$14,233,866 thousand and NT\$14,043,492 thousand (including the balance of investments accounted for under equity method), both constituting 20% of consolidated total assets as at March 31, 2024 and 2023, respectively, total liabilities amounting to NT\$2,137,354 thousand and NT\$2,311,894 thousand, both constituting 8% of consolidated total liabilities as at March 31, 2024 and 2023, respectively, and total comprehensive income amounting to NT\$133,021 thousand and NT\$201,300 thousand, both constituting 7% of consolidated total comprehensive income for the three-month periods then ended, respectively.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and investments accounted for under the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

April 26, 2024

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 12,805,970	18	\$ 11,011,580	16	\$ 10,097,390	15
1110	Financial assets at fair value through profit or loss - current	6(2)	10,150,411	14	8,619,027	13	6,229,375	9
1136	Financial assets at amortised cost - current	6(4) and 8	263,909	1	1,569,168	2	762,601	1
1150	Notes receivable	6(5)	1,406,683	2	1,293,317	2	1,505,616	2
1170	Accounts receivable	6(5)	7,526,972	11	7,961,226	12	9,791,138	14
1180	Accounts receivable - related parties	7	14,120	-	16,734	-	21,569	-
1200	Other receivables		72,769	-	73,265	-	73,967	-
1210	Other receivables - related parties	7	179,965	-	922	-	125,297	-
130X	Inventories	6(6)	9,603,880	14	9,803,796	14	13,324,854	19
1460	Non-current assets held for sale - net	6(11)	238,341	-	238,341	-	-	-
1470	Other current assets	7	793,559	1	798,361	1	1,141,650	2
11XX	Total current assets		<u>43,056,579</u>	<u>61</u>	<u>41,385,737</u>	<u>60</u>	<u>43,073,457</u>	<u>62</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	3,410,260	5	2,906,420	4	2,785,945	4
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,562,505	4	2,951,234	4	2,325,082	4
1535	Financial assets at amortised cost - non-current	6(4)	64,000	-	61,410	-	-	-
1550	Investments accounted for under equity method	6(7)	4,640,767	6	4,704,633	7	4,361,968	6
1600	Property, plant and equipment	6(8) and 8	11,319,705	16	11,326,045	17	11,172,912	16
1755	Right-of-use assets	6(9)	2,231,021	3	1,965,522	3	2,094,509	3
1780	Intangible assets	6(10)	2,833,924	4	2,750,414	4	2,772,951	4
1840	Deferred income tax assets		760,387	1	830,790	1	726,984	1
1915	Prepayments for business facilities		90,212	-	92,705	-	192,099	-
1990	Other non-current assets	8	76,540	-	81,362	-	69,536	-
15XX	Total non-current assets		<u>27,989,321</u>	<u>39</u>	<u>27,670,535</u>	<u>40</u>	<u>26,501,986</u>	<u>38</u>
1XXX	Total assets		<u>\$ 71,045,900</u>	<u>100</u>	<u>\$ 69,056,272</u>	<u>100</u>	<u>\$ 69,575,443</u>	<u>100</u>

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	March 31, 2024		December 31, 2023		March 31, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 237,619	-	\$ 237,730	-	\$ 537,240	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	17,136	-	635	-	16,850	-
2130	Contract liabilities - current	6(22)	1,045,212	2	1,088,750	2	1,026,781	2
2170	Notes and accounts payable	7	6,189,529	9	6,088,794	9	6,653,512	10
2200	Other payables	6(13) and 7	11,594,352	16	4,395,090	6	11,758,963	17
2230	Current income tax liabilities		3,558,441	5	3,440,853	5	3,756,841	5
2250	Provision for liabilities - current		206,380	-	212,893	-	252,188	-
2280	Lease liabilities - current	6(9)	336,204	-	106,391	-	320,049	-
2320	Long-term liabilities, current portion	6(14) and 8	-	-	118,500	-	117,000	-
2399	Other current liabilities		345,787	1	337,171	1	380,074	1
21XX	Total current liabilities		<u>23,530,660</u>	<u>33</u>	<u>16,026,807</u>	<u>23</u>	<u>24,819,498</u>	<u>36</u>
Non-current liabilities								
2560	Current income tax liabilities - non-current		109,995	-	219,989	-	549,974	1
2570	Deferred income tax liabilities		2,050,846	3	1,936,142	3	2,327,775	3
2580	Lease liabilities - non-current	6(9)	1,646,824	2	1,610,905	2	1,505,597	2
2600	Other non-current liabilities		452,706	1	452,851	1	636,543	1
25XX	Total non-current liabilities		<u>4,260,371</u>	<u>6</u>	<u>4,219,887</u>	<u>6</u>	<u>5,019,889</u>	<u>7</u>
2XXX	Total liabilities		<u>27,791,031</u>	<u>39</u>	<u>20,246,694</u>	<u>29</u>	<u>29,839,387</u>	<u>43</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Common shares	6(17)	8,584,494	12	8,577,795	12	7,779,769	11
3140	Advance receipts for share capital		19,983	-	6,699	-	5,102	-
Capital surplus								
3200	Capital surplus	6(18)	10,252,076	14	9,753,806	14	9,256,521	13
Retained earnings								
3310	Legal reserve	6(19)	9,630,127	14	9,630,127	14	8,552,226	12
3320	Special reserve		-	-	-	-	555,794	1
3350	Unappropriated retained earnings		13,439,263	19	19,599,420	28	12,929,507	19
Other equity								
3400	Other equity	6(20)	956,394	1	893,305	2	181,382	-
31XX	Equity attributable to shareholders of the parent		<u>42,882,337</u>	<u>60</u>	<u>48,461,152</u>	<u>70</u>	<u>39,260,301</u>	<u>56</u>
36XX	Non-controlling interest	6(21)	<u>372,532</u>	<u>1</u>	<u>348,426</u>	<u>1</u>	<u>475,755</u>	<u>1</u>
3XXX	Total equity		<u>43,254,869</u>	<u>61</u>	<u>48,809,578</u>	<u>71</u>	<u>39,736,056</u>	<u>57</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 71,045,900</u>	<u>100</u>	<u>\$ 69,056,272</u>	<u>100</u>	<u>\$ 69,575,443</u>	<u>100</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the three-month periods ended March 31				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 13,879,270	100	\$ 17,395,607	100
5000	Operating costs	6(6)(8)(9)(10)(15)				
		(16)(26) and 7	(8,331,592)	(60)	(10,484,627)	(60)
5950	Gross profit		<u>5,547,678</u>	<u>40</u>	<u>6,910,980</u>	<u>40</u>
	Operating expenses	6(8)(9)(10)(15)(16)				
		(26) and 7				
6100	Selling expenses		(1,460,114)	(11)	(1,429,958)	(8)
6200	General and administrative expenses		(863,892)	(6)	(818,406)	(5)
6300	Research and development expenses		(1,264,975)	(9)	(1,170,151)	(7)
6450	(Expected credit impairment loss)					
	impairment gain		(41,228)	-	9,037	-
6000	Total operating expenses		(3,630,209)	(26)	(3,409,478)	(20)
6900	Operating profit		<u>1,917,469</u>	<u>14</u>	<u>3,501,502</u>	<u>20</u>
	Non-operating income and expenses					
7100	Interest income	7	87,544	-	40,820	-
7010	Other income	6(23) and 7	96,393	1	35,571	-
7020	Other gains and losses	6(2)(24)	251,992	2	88,500	1
7050	Finance costs	6(9)(12)(14)(25)	(23,135)	-	(11,212)	-
7060	Share of profit of associates and	6(7)				
	joint ventures accounted for under					
	equity method		<u>66,285</u>	-	<u>24,949</u>	-
7000	Total non-operating income and					
	expenses		<u>479,079</u>	<u>3</u>	<u>178,628</u>	<u>1</u>
7900	Profit before income tax		<u>2,396,548</u>	<u>17</u>	<u>3,680,130</u>	<u>21</u>
7950	Income tax expense	6(27)	(427,790)	(3)	(725,454)	(4)
8200	Profit for the period		<u>\$ 1,968,758</u>	<u>14</u>	<u>\$ 2,954,676</u>	<u>17</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the three-month periods ended March 31				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive (loss) income that will not be reclassified to profit or loss						
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	(\$ 359,095)	(2)	\$ 124,978	1
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(20)	(17,773)	-	13,243	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(376,868)	(2)	138,221	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(20)	540,390	4	(19,481)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(20)	11,086	-	(8,721)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(27)	(110,715)	(1)	5,849	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		440,761	3	(22,353)	-
8300	Total other comprehensive income for the period		<u>\$ 63,893</u>	<u>1</u>	<u>\$ 115,868</u>	<u>1</u>
8500	Total comprehensive income for the period		<u>\$ 2,032,651</u>	<u>15</u>	<u>\$ 3,070,544</u>	<u>18</u>
Profit attributable to:						
8610	Shareholders of the parent		\$ 1,993,057	14	\$ 2,959,203	17
8620	Non-controlling interest		(24,299)	-	(4,527)	-
			<u>\$ 1,968,758</u>	<u>14</u>	<u>\$ 2,954,676</u>	<u>17</u>
Total comprehensive income attributable to:						
8710	Shareholders of the parent		\$ 2,059,055	15	\$ 3,074,026	18
8720	Non-controlling interest		(26,404)	-	(3,482)	-
			<u>\$ 2,032,651</u>	<u>15</u>	<u>\$ 3,070,544</u>	<u>18</u>
Basic earnings per share						
9750	Profit for the period	6(28)	<u>\$</u>	<u>2.32</u>	<u>\$</u>	<u>3.46</u>
Diluted earnings per share						
9850	Profit for the period	6(28)	<u>\$</u>	<u>2.30</u>	<u>\$</u>	<u>3.42</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 THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent												
	Capital			Retained Earnings				Other Equity Interest					
	Notes	Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total	Non-controlling interest	Total equity
<u>For the three-month period ended March 31, 2023</u>													
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		-	-	-	-	-	2,959,203	-	-	-	2,959,203	(4,527)	2,954,676
Other comprehensive (loss) income for the period	6(20)(21)	-	-	-	-	-	-	(23,398)	138,221	-	114,823	1,045	115,868
Total comprehensive (loss) income for the period		-	-	-	-	-	2,959,203	(23,398)	138,221	-	3,074,026	(3,482)	3,070,544
Appropriation of 2022 earnings	6(19)												
Cash dividends		-	-	-	-	-	(7,779,770)	-	-	-	(7,779,770)	-	(7,779,770)
Recognition of employee share options	6(16)(17)	1,335	3,767	86,846	-	-	-	-	-	-	91,948	-	91,948
Compensation costs recognized for employee share options	6(16)	-	-	37,542	-	-	-	-	-	-	37,542	-	37,542
Changes in associates and joint ventures accounted for under equity method		-	-	21,451	-	-	-	-	-	-	21,451	-	21,451
Changes in ownership interests in subsidiaries	6(21)(29)	-	-	402	-	-	-	-	-	-	402	9,925	10,327
Balance at March 31, 2023		\$ 7,779,769	\$ 5,102	\$ 9,256,521	\$ 8,552,226	\$ 555,794	\$ 12,929,507	(\$ 738,359)	\$ 923,781	(\$ 4,040)	\$ 39,260,301	\$ 475,755	\$ 39,736,056
<u>For the three-month period ended March 31, 2024</u>													
Balance at January 1, 2024		\$ 8,577,795	\$ 6,699	\$ 9,753,806	\$ 9,630,127	\$ -	\$ 19,599,420	(\$ 827,011)	\$ 1,720,685	(\$ 369)	\$ 48,461,152	\$ 348,426	\$ 48,809,578
Consolidated profit for the period		-	-	-	-	-	1,993,057	-	-	-	1,993,057	(24,299)	1,968,758
Other comprehensive income (loss) for the period	6(20)(21)	-	-	-	-	-	-	442,866	(376,868)	-	65,998	(2,105)	63,893
Total comprehensive income (loss) for the period		-	-	-	-	-	1,993,057	442,866	(376,868)	-	2,059,055	(26,404)	2,032,651
Appropriation of 2023 earnings	6(19)												
Cash dividends		-	-	-	-	-	(8,155,269)	-	-	-	(8,155,269)	-	(8,155,269)
Recognition of employee share options	6(16)(17)	6,699	13,284	279,695	-	-	-	-	-	-	299,678	-	299,678
Compensation costs recognized for employee share options	6(16)	-	-	139,361	-	-	-	-	-	-	139,361	-	139,361
Changes in associates and joint ventures accounted for under equity method		-	-	70,120	-	-	-	-	-	369	70,489	-	70,489
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(21)(29)	-	-	-	-	-	(1,223)	-	-	-	(1,223)	2,701	1,478
Changes in non-controlling interest	6(21)	-	-	-	-	-	-	-	-	-	-	15,153	15,153
Changes in ownership interests in subsidiaries	6(21)(29)	-	-	9,094	-	-	-	-	-	-	9,094	32,656	41,750
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)(20)	-	-	-	-	-	3,278	-	(3,278)	-	-	-	-
Balance at March 31, 2024		\$ 8,584,494	\$ 19,983	\$ 10,252,076	\$ 9,630,127	\$ -	\$ 13,439,263	(\$ 384,145)	\$ 1,340,539	\$ -	\$ 42,882,337	\$ 372,532	\$ 43,254,869

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

	Notes	For the three-month periods ended March 31,	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 2,396,548	\$ 3,680,130
Adjustments items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	242,306	220,745
Amortisation	6(10)(26)	35,484	42,991
Expected credit impairment loss (impairment gain)	12(2)	41,228	(9,037)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	(35,019)	(95,816)
Finance costs	6(25)	23,135	11,212
Interest income		(87,544)	(40,820)
Dividend income	6(23)	(46,471)	(874)
Compensation costs of employee share options	6(16)(26)	139,361	37,542
Share of profit of associates accounted for under equity method	6(7)	(66,285)	(24,949)
Loss on disposal of property, plant and equipment	6(24)	507	1,013
Gain on disposal of investments	6(24)	(12,576)	-
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		(1,532,753)	(3,016,054)
Notes receivable		(113,366)	(70,762)
Accounts receivable		390,366	(140,717)
Accounts receivable - related parties		2,614	10,831
Other receivables (including related parties)		52,566	(12,841)
Inventories		199,916	682,911
Other current assets		(10,473)	(22,850)
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		16,501	(4,784)
Contract liabilities - current		(43,538)	(286,914)
Notes and accounts payable		100,735	(472,906)
Other payables		(955,998)	(1,239,868)
Provision for liabilities - current		(6,513)	(246)
Other current liabilities		8,616	47,619
Other non-current liabilities		(3,114)	(6,461)
Cash inflow (outflow) generated from operations		736,233	(710,905)
Interest received		37,339	40,820
Interest paid		(23,144)	(11,648)
Income tax paid		(288,284)	(339,312)
Dividends received		46,471	874
Net cash flows provided by (used in) operating activities		<u>508,615</u>	<u>(1,020,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(48,399)	(638,308)
Proceeds from disposal of financial assets at amortised cost		1,405,332	16,900
Acquisition of financial assets at fair value through profit or loss		(389,968)	-
Cash received from capital reduction of financial assets at fair value through other comprehensive income		22,660	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		8,257	-
Acquisition of investments accounted for under equity method	6(7)	-	(54,274)
Proceeds from disposal of investments accounted for under equity method	6(7)	26,836	2,656
Dividends received from associates		1,064	-
Acquisition of property, plant and equipment	6(8)	(85,362)	(276,651)
Proceeds from disposal of property, plant and equipment		808	123
Decrease in refundable deposits		4,260	10,221
Acquisition of intangible assets	6(10)	(38,538)	(28,793)
Increase in prepayments for business facilities		(17,414)	(87,437)
Decrease in other non-current assets		562	1,016
Net cash flows provided by (used in) investing activities		<u>890,098</u>	<u>(1,054,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(30)	1,389	15,000
Payment of long-term borrowings	6(30)	(118,500)	-
Increase in guarantee deposits received		2,969	117,517
Payment of lease liabilities	6(9)(30)	(74,526)	(63,894)
Employee share options exercised		299,678	91,949
Change in non-controlling interests	6(29)	58,381	10,327
Net cash flows provided by financing activities		<u>169,391</u>	<u>170,899</u>
Effect of exchange rate changes		226,286	(28,576)
Net increase (decrease) in cash and cash equivalents		1,794,390	(1,932,395)
Cash and cash equivalents at beginning of period		11,011,580	12,029,785
Cash and cash equivalents at end of period		<u>\$ 12,805,970</u>	<u>\$ 10,097,390</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

- (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 April 26, 2024.

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[®]”) Accounting Standards 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 2024 are as follows:

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

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

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

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, 2023, 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, 2023.

(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 2023 consolidated financial statements.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Advantech Automation Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)])	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	Note 16
	Advantech Technology Co., Ltd. (ATC)	Overseas investment in manufacturing and services industries	100.00	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	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	Note 2
	Advantech Co., Malaysia Sdn. Bhd (AMY)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech KR Co., Ltd. (AKR)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech Brasil Ltd. (ABR)	Marketing and trade of industrial use computers	100.00	100.00	100.00	Note 2
	Advantech Industrial Computing India Private Limited (AIN)	Marketing and trade of industrial use computers	99.99	99.99	99.99	Note 2
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	44.60	44.60	44.60	Note 2
	Advantech Electronics, S.A.P.I DE C. V. (AMX)	Marketing and trade of industrial use computers	97.50	99.90	99.90	Notes 2 and 10
	Advantech Intelligent Services Co., Ltd. (AiCS)	Design, research and development and sales of intelligent services	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	51.00	51.00	51.00	Note 2
	PT. Advantech International (AID)	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	80.10	80.10	60.00	Notes 2 and 5
	ADVANTECH IOT ISRAEL LTD. (AIL)	Trading of industrial network communications systems	100.00	100.00	100.00	Note 2
	Huan Yan Water Solution Co., Ltd.	Service plan for combination of related technologies of water treatment and Applications of Internet of Things	90.00	90.00	90.00	Note 2
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2
	Advantech Automation Corp. (HK) Limited [ACC (HK)]	Oversea investment in manufacturing and services industries	100.00	100.00	-	Note 6
	Advantech Corporate Investment Ltd. (ACI KY)	General investment	100.00	100.00	-	Notes 2 and 7

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	45.00	45.00	-	Notes 2 and 8
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 8
	Advantech Intelligent Health Co., Ltd. (AIH)	Servicing of information software and data processing	100.00	100.00	100.00	Note 2
	Yan Xu Green Electricity Co., Ltd.	Green energy power plant development	82.50	82.50	82.50	Note 2
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 Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)])	Advantech Corp. (ANA)	Marketing, trade and assembly of industrial use computers	100.00	100.00	100.00	
	Advantech Automation Corp. (HK) Limited [AAC (HK)]	Overseas investment in manufacturing and services industries	-	-	100.00	Note 6
	Advantech Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	-	-	0.10	Notes 2 and 10

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Advantech Automation Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)])	Advantech Corporate Investment Ltd. (ACI KY)	General investment	-	-	100.00	Notes 2 and 7
Advantech Corp. (ANA)	Advantech Technology Limited (AIE)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2
	BitFlow, Inc. (ABO)	High-speed image capture core technology in the advanced fields of image and AI machine vision technology	100.00	100.00	-	Notes 2 and 11
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	Note 2
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	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
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	Note 2
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	100.00	100.00	100.00	Note 2
	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	25.61	-	-	Notes 2, 12 and 17
	Adveco Management Consulting Co., Ltd. (Adveco Management)	Enterprise management consulting, information consulting, planning, service.	60.00	-	-	Notes 2 and 13
Adveco Management Consulting Co., Ltd. (Adveco Management)	Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Enterprise management consulting, information consulting, planning, service.	100.00	-	-	Notes 2, 14 and 17
	Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2)	Enterprise management consulting, information consulting, planning, service.	100.00	-	-	Notes 2, 15 and 17

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	24.39	-	-	Notes 2, 12 and 17
Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2)	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	24.39	-	-	Notes 2, 12 and 17
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	100.00	Note 2
	Advantech Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	0.10	0.10	-	Notes 2 and 10
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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
LandMark Co., Ltd. (LandMark)	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	Note 2
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	57.49	66.32	80.10	Notes 2 and 3
LNC Technology Co., Ltd. (LNC)	BEST PLC LTD. (BEST PLC)	Holding company	100.00	100.00	100.00	Note 2
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	Note 2
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	100.00	Note 2
	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	100.00	100.00	Note 2
BEST MACHINE LTD. (BEST MACHINE)	LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN)	System intergration	100.00	100.00	100.00	Notes 2 and 4

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
Advantech Technology Limited (AIE)	Advantech Czech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	100.00	Note 2
Advantech Industrial Computer Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	55.00	55.00	Note 2
LNCMac DONG GUAN Technology Co., Ltd. (LNCMac DONG GUAN)	LNCMac Furniture Co., Ltd. (LNCMac Furniture)	System furniture intelligent design, manufacturing and sales	100.00	100.00	-	Notes 2 and 9

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

Note 2: The financial statements of the entity as of and for the three-month periods ended March 31, 2024 and 2023 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 3: In the first, second and fourth quarter of 2023 and the first quarter of 2024, LNC did not participate in the capital increase proportionally to LNCMac's interest, which resulted to a decrease in ownership from 80.10% to 57.49%.

Note 4: In the first quarter of 2023, BEST MACHINE established a wholly-owned subsidiary, LNCMac DONG GUAN.

Note 5: 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%, and in the fourth quarter of 2023, the Group acquired equity interest in ATR from non-controlling interest, which resulted to an increase in ownership from 62.4% to 80.1%.

Note 6: In the third quarter of 2023, the Group adjusted its investment structure, and accordingly, the Company held equity interest in AAC (HK).

Note 7: In the third quarter of 2023, the Group adjusted its investment structure, and accordingly, the Company held equity interest in ACI KY.

Note 8: In the third quarter of 2023, the Group acquired 45% equity interest in Cermate Taiwan from non-controlling interest, which resulted to an increase in ownership from 55% to 100%.

Note 9: In the third quarter of 2023, LNCMac DONG GUAN established a wholly-owned subsidiary, LNCMac Furniture.

Note 10: In the third quarter of 2023, the Group adjusted its investment structure, and accordingly, ASG held 0.1% equity interest in AMX, and in the first quarter of 2024, the Group sold 2.4% equity interest in AMX, which resulted to a decrease in ownership from 100% to 97.6%.

Note 11: In the fourth quarter of 2023, the Group acquired 100% equity interest in ABO.

Note 12: In the first quarter of 2024, the Group established Adveco, and the Group held 54.88% equity interest in Adveco.

Note 13: In the first quarter of 2024, the Group established Adveco Management, and the Group held 60% equity interest in Adveco Management.

Note 14: In the first quarter of 2024, the Group established Adveco Management No.1, and the Group held 60% equity interest in Adveco Management No.1.

Note 15: In the first quarter of 2024, the Group established Adveco Management No.2, and the Group held 60% equity interest in Adveco Management No.2.

Note 16: In the first quarter of 2024, AAC (BVI) relocated to Malta and changed its company name to Advantech Automation Corporation Limited (AAC MT).

Note 17: The purpose of establishing Adveco Management No.1 and Adveco Management No.2 is to serve as equity platforms for future rewards for Adveco's managements and employees. The actual reward methods shall be agreed upon by the Group and external investors. However, as of April 26, 2024, the reward methods have not yet been finalized.

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

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

E. Significant restrictions: None.

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

(4) Defined benefit plans

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

(5) Income tax

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

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

There have been no significant changes as of March 31, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 641	\$ 608	\$ 1,579
Checking accounts and demand deposits	8,722,610	9,134,599	7,146,551
Cash equivalents (time deposits with original maturities less than three months)	4,082,719	1,876,373	2,949,260
	<u>\$ 12,805,970</u>	<u>\$ 11,011,580</u>	<u>\$ 10,097,390</u>

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

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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	\$ 37	\$ 17,160	\$ 775
Non-derivative financial assets			
Beneficiary certificates	10,107,954	8,566,902	6,196,500
Convertible corporate bonds	42,420	34,965	32,100
	<u>\$ 10,150,411</u>	<u>\$ 8,619,027</u>	<u>\$ 6,229,375</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed and OTC stocks	\$ 527,770	\$ 186,017	\$ 208,471
Unlisted and non-OTC stocks	143,018	139,496	154,748
Beneficiary certificates	2,274,205	2,213,735	2,321,453
Ordinary corporate bonds	356,083	257,988	101,273
Convertible corporate bonds	109,184	109,184	-
	<u>\$ 3,410,260</u>	<u>\$ 2,906,420</u>	<u>\$ 2,785,945</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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	\$ 17,136	\$ 635	\$ 16,850

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 72,190	\$ 109,006
Derivative instruments	(37,171)	(13,190)
	<u>\$ 35,019</u>	<u>\$ 95,816</u>

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

Derivative financial assets:

<u>March 31, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2024.04	EUR 500/NTD 17,255
foreign exchange	JPY/NTD	2024.05	JPY 10,000/NTD 2,132

<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	CNY/NTD	2024.01~2024.02	CNY 50,000/NTD 219,452
foreign exchange	EUR/NTD	2024.01~2024.02	EUR 5,500/NTD 188,828
	JPY/NTD	2024.02	JPY 10,000/NTD 2,206
	USD/NTD	2024.01~2024.02	USD 15,500/NTD 488,012

<u>March 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.06	USD 1,000/NTD 30,516
foreign exchange	CNY/NTD	2023.04~2023.06	CNY 23,000/NTD 102,449
	JPY/NTD	2023.04~2023.06	JPY 70,000/NTD 16,204

Derivative financial liabilities:

<u>March 31, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2024.04~2024.05	EUR 6,500/NTD 220,705
foreign exchange	JPY/NTD	2024.04~2024.05	JPY 50,000/NTD 10,520
	USD/NTD	2024.04~2024.05	USD 16,000/NTD 500,962
	CNY/NTD	2024.04~2024.05	CNY 51,000/NTD 222,074

<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	EUR/NTD	2024.02	EUR 1,500/NTD 50,744
foreign exchange	JPY/NTD	2024.01~2024.02	JPY 50,000/NTD 10,646
	USD/NTD	2024.02	USD 1,000/NTD 30,500
<u>March 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward	USD/NTD	2023.04~2023.06	USD 13,500/NTD 406,498
foreign exchange	EUR/NTD	2023.04~2023.06	EUR 14,000/NTD 453,048
	CNY/NTD	2023.04~2023.06	CNY 33,000/NTD 145,480
	JPY/NTD	2023.04~2023.06	JPY 160,000/NTD 36,163

- C. The Group entered into forward foreign exchange contracts to manage exposure to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for under hedge accounting.
- D. The Group had no financial assets at fair value through profit or loss pledged to others as collateral.
- E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Listed and OTC stocks	\$ 2,168,787	\$ 2,465,721	\$ 1,780,035
Unlisted and non-OTC stocks	393,718	485,513	545,047
	<u>\$ 2,562,505</u>	<u>\$ 2,951,234</u>	<u>\$ 2,325,082</u>

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	<u>(\$ 359,095)</u>	<u>\$ 124,978</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ 3,278</u>	<u>\$ -</u>
Dividend income recognized in profit or loss		
Held at end of year	<u>\$ 46,094</u>	<u>\$ -</u>

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

(4) Financial assets at amortised cost

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Time deposits	\$ 263,909	\$ 1,569,168	\$ 762,601
Non-current items:			
Time deposits	\$ 64,000	\$ 61,410	\$ -

A. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$327,909, \$1,630,578 and \$762,601, respectively.

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

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

(5) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 1,407,481	\$ 1,294,115	\$ 1,506,403
Less: Allowance for uncollectible accounts	(798)	(798)	(787)
	<u>\$ 1,406,683</u>	<u>\$ 1,293,317</u>	<u>\$ 1,505,616</u>
Accounts receivable	\$ 7,723,888	\$ 8,114,254	\$ 9,904,169
Less: Allowance for uncollectible accounts	(196,916)	(153,028)	(113,031)
	<u>\$ 7,526,972</u>	<u>\$ 7,961,226</u>	<u>\$ 9,791,138</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Not past due	\$ 8,023,710	\$ 8,220,242	\$ 10,498,003
Less than 90 days past due	887,456	978,515	764,124
Between 91 to 180 days past due	30,681	55,847	53,692
Over 181 days past due	189,522	153,765	94,753
	<u>\$ 9,131,369</u>	<u>\$ 9,408,369</u>	<u>\$ 11,410,572</u>

The above ageing 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 \$11,199,678 at January 1, 2023.
- C. The Group does not hold collateral as security for accounts receivable.
- D. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$1,406,683, \$1,293,317 and \$1,505,616, respectively. The maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were \$7,526,972, \$7,961,226 and \$9,791,138, respectively.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	March 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,444,605	(\$ 745,632)	\$ 4,698,973
Work in progress	696,886	(8,634)	688,252
Finished goods	3,518,511	(299,570)	3,218,941
Inventory in transit	997,714	-	997,714
	<u>\$ 10,657,716</u>	<u>(\$ 1,053,836)</u>	<u>\$ 9,603,880</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,526,797	(\$ 776,460)	\$ 4,750,337
Work in progress	637,874	(8,294)	629,580
Finished goods	3,534,808	(274,698)	3,260,110
Inventory in transit	1,163,769	-	1,163,769
	<u>\$ 10,863,248</u>	<u>(\$ 1,059,452)</u>	<u>\$ 9,803,796</u>
	March 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,171,233	(\$ 792,906)	\$ 6,378,327
Work in progress	1,097,966	(10,883)	1,087,083
Finished goods	4,921,779	(294,259)	4,627,520
Inventory in transit	1,231,924	-	1,231,924
	<u>\$ 14,422,902</u>	<u>(\$ 1,098,048)</u>	<u>\$ 13,324,854</u>

The cost of inventories recognized as expense for the period:

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Cost of goods sold	\$ 8,222,255	\$ 10,208,196
(Gain from price recovery)		
loss on decline in market value	(13,658)	96,079
Others	<u>122,995</u>	<u>180,352</u>
	<u>\$ 8,331,592</u>	<u>\$ 10,484,627</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 first quarter of 2024.

(7) Investments accounted for under equity method

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Associates that are not individually material</u>			
<u>Listed and OTC companies</u>			
Axiomtek Co., Ltd. (Axiomtek)	\$ 1,069,328	\$ 1,077,036	\$ 987,407
Winmate Inc. (Winmate)	628,133	663,771	576,135
AzureWave Technologies, Inc. (AzureWave)	783,222	775,429	693,842
Nippon RAD Inc. (Nippon RAD)	249,118	252,609	253,125
Mildex Optical Inc. (Mildex)	181,075	178,362	175,747
Hwacom Systems Inc. (Hwacom)	441,834	458,363	443,900
Information Technology Total Services Co.,Ltd. (ITTS)	128,170	140,237	165,100
<u>Unlisted and non-OTC companies</u>			
International Integrated Systems, Inc. (IISI)	280,158	278,221	280,978
CDIB Innovation Accelerator Co., Ltd. (CDIB)	292,971	286,793	286,800
VSO Electronics Co., Ltd. (VSO)	179,186	177,684	187,479
Feng Sang Enterprise Co., Ltd. (Feng Sang)	124,056	124,293	117,495
Others	<u>283,516</u>	<u>291,835</u>	<u>193,960</u>
	<u>\$ 4,640,767</u>	<u>\$ 4,704,633</u>	<u>\$ 4,361,968</u>

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

- (a) In the 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%.
- (b) In the third quarter of 2023, VSO converted employee share options into common shares, 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.
- (c) During 2023, Hwacom converted the corporate bonds into common shares, and accordingly, the Group's equity interest decreased to 17.54%. However, the Group continues to hold significant influence over Hwacom as the Group remains as one of its directors.
- (d) 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.
- (e) In the first quarter of 2023, the Group acquired 30.00% equity interest in Encore Med Sdn Bhd (Encore Med) for a cash consideration of \$54,274.
- (f) 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 and fourth quarter of 2023, the Group did not subscribe to the capital increase in proportion to its shareholding percentage, and accordingly, its equity interest decreased from 30.56% to 20.00%.
- (g) In the second quarter of 2023, the Group disposed part of its equity interest in 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. In the fourth quarter of 2023, the Group disposed part of its equity interest in ITTS for a cash consideration of \$12,541. In the first quarter of 2024, the Group disposed part of its equity interest in ITTS for a cash consideration of \$14,245, which resulted to a decrease in its equity interest to 14.61%. However, the Group continues to hold significant influence over ITTS as the Group remains as one of its directors.
- (h) 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%. In addition, in the fourth quarter of 2023, the Group disposed part of its equity in AzureWave for a cash consideration of \$1,445. In the first quarter of 2024, the Group disposed part of its equity in AzureWave for a cash consideration of \$12,591, which resulted to a decrease in its equity interest to 19.20%. However, the Group continues to hold significant influence over AzureWave as the Group remains as one of its directors.
- (i) In the fourth quarter of 2023, the Group acquired 28.09% equity interest in Suzhou AIIST Intelligent Technology Co., Ltd. (AAY) for a cash consideration of \$108,158.
- (j) In the fourth quarter of 2023, Impelex Data Transfer Co., Ltd. (Impelex) 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 20.00% to 16.67%. However, the

Group continues to hold significant influence over Impelex as the Group remains as one of its directors.

(k) During 2023 and the first quarter of 2024, Axiomtek converted employee share options into common shares, which resulted to a decrease in its equity interest from 27.97% to 27.52%.

(l) During 2023 and the first quarter of 2024, Winmate converted employee share options into common shares, which resulted to a decrease in its equity interest from 16.39% to 15.05%.

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Profit for the year from continuing operations	\$ 66,285	\$ 24,949
Other comprehensive income after tax	(6,687)	4,522
Total comprehensive income	<u>\$ 59,598</u>	<u>\$ 29,471</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Fair value of associates	<u>\$ 7,035,276</u>	<u>\$ 6,371,479</u>	<u>\$ 4,942,115</u>

D. Investments accounted for under equity method were evaluated based on the investees' unreviewed financial statements. As of March 31, 2024 and 2023, the unreviewed investments accounted for under equity method amounted to \$3,571,439 and \$3,374,561, respectively, and the share of comprehensive income amounted to \$15,888 and (\$3,972) for the three-month periods ended March 31, 2024 and 2023.

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, 2024							
Cost	\$ 2,921,224	\$ 9,569,679	\$ 2,397,115	\$ 871,739	\$ 2,228,038	\$ 321,304	\$ 18,309,099
Accumulated depreciation and impairment	-	(3,226,524)	(1,476,693)	(690,682)	(1,589,155)	-	(6,983,054)
	<u>\$ 2,921,224</u>	<u>\$ 6,343,155</u>	<u>\$ 920,422</u>	<u>\$ 181,057</u>	<u>\$ 638,883</u>	<u>\$ 321,304</u>	<u>\$ 11,326,045</u>
Balance at January 1, 2024	\$ 2,921,224	\$ 6,343,155	\$ 920,422	\$ 181,057	\$ 638,883	\$ 321,304	\$ 11,326,045
Additions	-	3,205	7,273	10,419	36,196	28,269	85,362
Disposals	-	-	(127)	(767)	(421)	-	(1,315)
Depreciation	-	(60,168)	(40,922)	(18,652)	(52,431)	-	(172,173)
Reclassifications	-	-	8,079	-	11,828	-	19,907
Net exchange differences	4,609	32,874	9,681	3,008	8,336	3,371	61,879
Balance at March 31, 2024	<u>\$ 2,925,833</u>	<u>\$ 6,319,066</u>	<u>\$ 904,406</u>	<u>\$ 175,065</u>	<u>\$ 642,391</u>	<u>\$ 352,944</u>	<u>\$ 11,319,705</u>
Balance at March 31, 2024							
Cost	\$ 2,925,833	\$ 9,624,715	\$ 2,413,595	\$ 880,724	\$ 2,293,098	\$ 352,944	\$ 18,490,909
Accumulated depreciation and impairment	-	(3,305,649)	(1,509,189)	(705,659)	(1,650,707)	-	(7,171,204)
	<u>\$ 2,925,833</u>	<u>\$ 6,319,066</u>	<u>\$ 904,406</u>	<u>\$ 175,065</u>	<u>\$ 642,391</u>	<u>\$ 352,944</u>	<u>\$ 11,319,705</u>
	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	-	758	18,495	16,165	37,076	204,157	276,651
Disposals	-	-	(220)	(745)	(171)	-	(1,136)
Depreciation	-	(53,940)	(36,536)	(19,464)	(50,990)	-	(160,930)
Reclassifications	-	-	10,596	440	12,920	(1,594)	22,362
Net exchange differences	(5,658)	589	2,693	87	(1,175)	34	(3,430)
Balance at March 31, 2023	<u>\$ 3,073,056</u>	<u>\$ 5,238,105</u>	<u>\$ 832,892</u>	<u>\$ 181,639</u>	<u>\$ 652,796</u>	<u>\$ 1,194,424</u>	<u>\$ 11,172,912</u>
Balance at March 31, 2023							
Cost	\$ 3,073,056	\$ 8,443,750	\$ 2,286,690	\$ 952,966	\$ 2,232,995	\$ 1,194,424	\$ 18,183,881
Accumulated depreciation and impairment	-	(3,205,645)	(1,453,798)	(771,327)	(1,580,199)	-	(7,010,969)
	<u>\$ 3,073,056</u>	<u>\$ 5,238,105</u>	<u>\$ 832,892</u>	<u>\$ 181,639</u>	<u>\$ 652,796</u>	<u>\$ 1,194,424</u>	<u>\$ 11,172,912</u>

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 buildings, 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount			
Land	\$ 1,422,803	\$ 1,372,871	\$ 1,376,154
Buildings	681,779	518,555	618,086
Machinery and equipment	2,916	1,582	2,069
Office equipment	20,207	8,347	12,997
Transportation equipment	95,139	57,357	83,284
Other equipment	8,177	6,810	1,919
	<u>\$ 2,231,021</u>	<u>\$ 1,965,522</u>	<u>\$ 2,094,509</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Depreciation expenses		
Land	\$ 2,116	\$ 2,153
Buildings	54,749	46,783
Machinery and equipment	320	184
Office equipment	1,848	1,602
Transportation equipment	10,369	8,833
Other equipment	731	260
	<u>\$ 70,133</u>	<u>\$ 59,815</u>

C. The additions to right-of-use assets for the three-month periods ended March 31, 2024 and 2023 were \$282,319 and \$1,538,582, respectively.

D. Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount			
Current	\$ 336,204	\$ 106,391	\$ 320,049
Non-current	1,646,824	1,610,905	1,505,597
	<u>\$ 1,983,028</u>	<u>\$ 1,717,296</u>	<u>\$ 1,825,646</u>

E. Other lease information

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Expense on lease interest	\$ 21,276	\$ 7,037
Expense on short-term lease contracts	\$ 123	\$ 83
Expense on leases of low-value assets	\$ 68	\$ 430
Total cash outflow for leases	<u>\$ 74,717</u>	<u>\$ 64,407</u>

F. During 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

	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Technology licenses</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2024						
Cost	\$ 508,306	\$ 572,904	\$ 422,615	\$ 2,954,215	\$ 693,325	\$ 5,151,365
Accumulated amortization and impairment	(430,281)	(379,239)	(422,615)	(665,939)	(502,877)	(2,400,951)
	<u>\$ 78,025</u>	<u>\$ 193,665</u>	<u>\$ -</u>	<u>\$ 2,288,276</u>	<u>\$ 190,448</u>	<u>\$ 2,750,414</u>
Balance at January 1, 2024	\$ 78,025	\$ 193,665	\$ -	\$ 2,288,276	\$ 190,448	\$ 2,750,414
Acquired separately	-	-	-	-	38,538	38,538
Amortization	(837)	(8,980)	-	-	(25,667)	(35,484)
Net exchange differences	1,180	9,293	-	64,497	5,486	80,456
Balance at March 31, 2024	<u>\$ 78,368</u>	<u>\$ 193,978</u>	<u>\$ -</u>	<u>\$ 2,352,773</u>	<u>\$ 208,805</u>	<u>\$ 2,833,924</u>
Balance at March 31, 2024						
Cost	\$ 527,647	\$ 591,311	\$ 437,411	\$ 3,030,616	\$ 732,001	\$ 5,318,986
Accumulated amortization and impairment	(449,279)	(397,333)	(437,411)	(677,843)	(523,196)	(2,485,062)
	<u>\$ 78,368</u>	<u>\$ 193,978</u>	<u>\$ -</u>	<u>\$ 2,352,773</u>	<u>\$ 208,805</u>	<u>\$ 2,833,924</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, 2023						
Cost	\$ 501,520	\$ 569,759	\$ 418,813	\$ 2,913,175	\$ 682,508	\$ 5,085,775
Accumulated amortization and impairment	(429,534)	(346,051)	(393,770)	(665,939)	(461,202)	(2,296,496)
	<u>\$ 71,986</u>	<u>\$ 223,708</u>	<u>\$ 25,043</u>	<u>\$ 2,247,236</u>	<u>\$ 221,306</u>	<u>\$ 2,789,279</u>
Balance at January 1, 2023	\$ 71,986	\$ 223,708	\$ 25,043	\$ 2,247,236	\$ 221,306	\$ 2,789,279
Acquired separately	-	-	-	-	28,793	28,793
Amortization	-	(8,432)	(6,197)	-	(28,362)	(42,991)
Net exchange differences	946	(2,041)	(222)	(7,270)	6,457	(2,130)
Balance at March 31, 2023	<u>\$ 72,932</u>	<u>\$ 213,235</u>	<u>\$ 18,624</u>	<u>\$ 2,239,966</u>	<u>\$ 228,194</u>	<u>\$ 2,772,951</u>
Balance at March 31, 2023						
Cost	\$ 498,829	\$ 567,069	\$ 417,541	\$ 2,905,905	\$ 661,253	\$ 5,050,597
Accumulated amortization and impairment	(425,897)	(353,834)	(398,917)	(665,939)	(433,059)	(2,277,646)
	<u>\$ 72,932</u>	<u>\$ 213,235</u>	<u>\$ 18,624</u>	<u>\$ 2,239,966</u>	<u>\$ 228,194</u>	<u>\$ 2,772,951</u>

A. The details of goodwill are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
B+B Smartworkx Inc.	\$ 1,432,439	\$ 1,374,470	\$ 1,363,056
LNC	227,127	227,127	227,127
Advantech Service -IoT GmbH	169,002	166,648	162,578
AEU	137,543	135,616	132,247
Others	386,662	384,415	354,958
	<u>\$ 2,352,773</u>	<u>\$ 2,288,276</u>	<u>\$ 2,239,966</u>

B. Goodwill impairment assessment

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

(11) Non-current assets held for sale

To optimize the utilization of assets, the Board of Directors during its meeting on October 30, 2023 adopted a resolution to dispose the Donghu factory's land and buildings, and the Group reclassified the related assets as assets held for sale.

A. Assets of disposal group held for sale:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	\$ 144,820	\$ 144,820	\$ -
Buildings	93,446	93,446	-
Other equipments	75	75	-
	<u>\$ 238,341</u>	<u>\$ 238,341</u>	<u>\$ -</u>

- B. The fair value less costs to sell of the disposal group held for sale exceeds its carrying amount. Accordingly, there was no impairment. Information relating to fair value is provided in Note 12(3).

(12) Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 237,619</u>	<u>\$ 237,730</u>	<u>\$ 537,240</u>

- A. The range of interest rates on bank loans were 1.8551%~4.20%, 0.23%~4.20% and 0.23%~5.37% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- B. The interest expense recognized in profit and loss amounted to \$1,527 and \$3,192 for the three-month periods ended March 31, 2024 and 2023, respectively.

(13) Other payables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Wages and salaries and bonuses payable	\$ 2,204,835	\$ 3,219,427	\$ 2,649,098
Employee benefits payable	217,276	225,619	206,408
Dividend payable	8,155,269	-	7,779,770
Others	1,016,972	950,044	1,123,687
	<u>\$ 11,594,352</u>	<u>\$ 4,395,090</u>	<u>\$ 11,758,963</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 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	\$ 118,500
Less: Current portion				(118,500)
				<u>\$ -</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>March 31, 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	\$ 11,700
Less: Current portion				(11,700)
				<u>\$ -</u>

On March 31, 2024, the Group did not hold any long-term borrowings.

- A. The interest expense recognized for the three-month periods ended March 31, 2024 and 2023 were \$295 and \$848, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(15) Pension

A. Defined benefit pension plans

- (a) The Company and Cermate Taiwan 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, 2024 amount to \$16,292.
 - (c) For the aforementioned pension plan, the Group recognized pension costs of \$2,040 and \$1,514 for the three-month periods ended March 31, 2024 and 2023, 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 \$112,987 and \$107,977 for the three-month periods ended March 31, 2024 and 2023, respectively.

(16) 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 three-month periods ended March 31,			
	2024		2023	
	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	18,704	\$ 176.71	13,379	\$ 179.19
Options exercised	(1,999)	149.97	(510)	180.21
Options outstanding at the end of the period	<u>16,705</u>	179.91	<u>12,869</u>	179.14
Options exercisable at the end of the period	<u>7,205</u>	159.81	<u>9,868</u>	175.54

(c) The weighted-average stock price of share options at exercise dates for the three-month periods ended March 31, 2024 and 2023 were \$330 ~ \$432 (in dollars) and \$324 ~ \$382 (in dollars), respectively.

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

	March 31, 2024		December 31, 2023		March 31, 2023	
	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	5.46	\$ 200.00	5.71	\$ -	-
Issuance in 2020	169.30	2.33	169.30	2.58	191.00	3.33
Issuance in 2018	148.20	0.33	148.20	0.58	167.10	1.33

- (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:

	<u>Issuance in 2023</u>	<u>Issuance in 2020</u>	<u>Issuance in 2018</u>
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 March 31, 2024 and 2023 were \$139,361 and \$37,542, 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:

	<u>For the three-month periods ended March 31,</u>			
	<u>2024</u>		<u>2023</u>	
	<u>Unit of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>Unit of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at the beginning of the period	-	\$ -	<u>20</u>	\$ 20
Options outstanding at the end of the period	-	-	<u>20</u>	20
Options exercisable at the end of the period	-	-	<u>20</u>	20

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>		<u>March 31, 2023</u>	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2018	\$ -	-	\$ -	-	\$ 20	0.08

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

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

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

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

Issuance in 2018

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

Issuance in 2017

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

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

- (f) Compensation cost recognized by the subsidiary, LNC, for the three-month periods ended March 31, 2024 and 2023 were both \$0, respectively.

(17) Share capital

As of March 31, 2024, 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 \$8,604,477 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 year are as follows (in thousand shares):

	<u>2024</u>	<u>2023</u>
At January 1	858,449	777,977
Employee share options exercised	1,999	510
At March 31	<u>860,448</u>	<u>778,487</u>

(18) 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>May be used to offset a deficit,</u>			
<u>distributed as cash dividends, or</u>			
<u>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	4,504,106	4,172,821	3,680,413
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	20,760	11,666	931
Changes in equity of associates accounted for under equity method	141,188	71,068	128,930
Employee share options forfeited	96,258	96,258	96,258
<u>Not to be used for any purpose</u>			
Employee share options	1,050,183	962,412	910,408
	<u>\$ 10,252,076</u>	<u>\$ 9,753,806</u>	<u>\$ 9,256,521</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.

(19) Retained earnings

- A. Under the earnings distribution policy of 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. Where such legal reserve amounts has reached the company's paid-in capital, it may no longer be appropriated. 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. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.
- E. The appropriations of earnings for 2023 had been proposed by the Board of Directors and the cash dividend had been approved on February 27, 2024. However, the amount to be set aside from the legal reserve had not been approved by the shareholders meeting. The appropriations of earnings for 2022 had been approved by the shareholders during their meeting on May 25, 2023.

	For the years ended December 31,	
	2023	2022
Legal reserve	\$ 1,092,920	\$ 1,077,901
Reversal of special reserve	\$ -	(\$ 555,794)
Cash dividends	\$ 8,155,269	\$ 7,779,770
Stock dividends	\$ -	\$ 777,977
Cash dividends per share (in dollars)	\$ 9.5	\$ 10.0
Stock dividends per share (in dollars)	\$ -	\$ 1.0

(20) Other equity items

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

	For the three-month periods ended March 31,	
	2024	2023
Balance at January 1	(\$ 827,011)	(\$ 714,961)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	433,997	(16,421)
Share of profit (loss) of associates accounted for under equity method	8,869	(6,977)
Other comprehensive income (loss) recognized for the period	442,866	(23,398)
Balance at March 31	(\$ 384,145)	(\$ 738,359)

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

	For the three-month periods ended March 31,	
	2024	2023
Balance at January 1	\$ 1,720,685	\$ 785,560
Recognized for the period		
Unrealized gain or loss		
Equity instrument	(359,095)	124,978
Share of (loss) profit of associates accounted for under equity method	(17,773)	13,243
Other comprehensive (loss) income	(376,868)	138,221
Transfer of valuation adjustments to retained earnings		
Equity instrument	(3,278)	-
Balance at March 31	\$ 1,340,539	\$ 923,781

C. Unearned employee benefits compensation

	For the three-month periods ended March 31,	
	2024	2023
Balance at January 1	(\$ 369)	(\$ 4,040)
Share of profit of associates accounted for under equity method	369	-
Balance at March 31	\$ -	(\$ 4,040)

(21) Non-controlling interest

	For the three-month periods ended March 31,	
	2024	2023
Balance at January 1	\$ 348,426	\$ 469,312
Loss for the period	(24,299)	(4,527)
Increase in non-controlling interest arising from the establishment of subsidiaries	15,153	-
Exchange differences on translation of the financial statements of foreign operations	(2,105)	1,045
Increase in non-controlling interests arising from decrease in investment in subsidiaries	35,357	9,925
Balance at March 31	<u>\$ 372,532</u>	<u>\$ 475,755</u>

(22) Operating revenue

	For the three-month periods ended March 31,	
	2024	2023
Revenue from contracts with customers	<u>\$ 13,879,270</u>	<u>\$ 17,395,607</u>

A. Disaggregation of revenue from contracts with customers

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

For the three-month period ended March 31, 2024

	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	<u>\$ 3,852,038</u>	<u>\$ 3,407,540</u>	<u>\$ 2,068,299</u>	<u>\$ 1,557,940</u>	<u>\$ 1,308,082</u>	<u>\$ 1,685,371</u>	<u>\$ 13,879,270</u>

For the three-month period ended March 31, 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	<u>\$ 4,582,467</u>	<u>\$ 4,693,583</u>	<u>\$ 2,352,776</u>	<u>\$ 2,065,135</u>	<u>\$ 1,454,962</u>	<u>\$ 2,246,684</u>	<u>\$ 17,395,607</u>

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,045,212, \$1,088,750, \$1,026,781 and \$1,313,695 as of March 31, 2024, December 31, 2023, March 31, 2023 and January 1, 2023, respectively.

(23) Other income

	For the three-month periods ended March 31,	
	2024	2023
Rental income	\$ 3,558	\$ 8,011
Dividend income	46,471	874
Others (Note)	46,364	26,686
	<u>\$ 96,393</u>	<u>\$ 35,571</u>

Note: For the three-month periods ended March 31, 2024 and 2023, the Group received government grants of \$22,495 and \$9,209 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to \$0 and \$95 for the three-month periods ended March 31, 2024 and 2023, respectively, and were deducted from the recorded expenses.

(24) Other gains and losses

	For the three-month periods ended March 31,	
	2024	2023
Losses on disposal of property, plant and equipment	(\$ 507)	(\$ 1,013)
Gains on disposals of investments	12,576	-
Currency exchange gains (losses)	209,291	(4,516)
Gains on financial assets/liabilities at fair value through profit or loss	35,019	95,816
Others	(4,387)	(1,787)
	<u>\$ 251,992</u>	<u>\$ 88,500</u>

(25) Finance costs

	For the three-month periods ended March 31,	
	2024	2023
Bank loan interest	\$ 1,822	\$ 4,040
Interest expense on lease liabilities	21,276	7,037
Others	37	135
	<u>\$ 23,135</u>	<u>\$ 11,212</u>

(26) Expenses by nature

A. Depreciation and amortisation expenses

	For the three-month periods ended March 31,	
	2024	2023
Depreciation categorised by function		
Operating costs	\$ 66,005	\$ 65,991
Operating expenses	176,301	154,754
	<u>\$ 242,306</u>	<u>\$ 220,745</u>

	For the three-month periods ended March 31,	
	2024	2023
Amortisation of intangible assets categorised by function		
Operating costs	\$ 351	\$ 409
Operating expenses	35,133	42,582
	<u>\$ 35,484</u>	<u>\$ 42,991</u>

B. Employee benefit expense

	For the three-month periods ended March 31,	
	2024	2023
Short-term employee benefits	\$ 2,939,522	\$ 2,936,577
Post-employment benefits		
Defined contribution plan	112,987	107,977
Defined benefit plan	2,040	1,514
	<u>115,027</u>	<u>109,491</u>
Share-based payment		
Equity-settled	139,361	37,542
Other employee benefits	242,962	250,843
Total employee benefit expense	<u>\$ 3,436,872</u>	<u>\$ 3,334,453</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 725,668	\$ 752,585
Operating expenses	2,711,204	2,581,868
	<u>\$ 3,436,872</u>	<u>\$ 3,334,453</u>

- (a) The Company accrues employees' compensation at the rate of no less than 5% and directors' remuneration at the rate of no higher than 1%, of net profit before income tax. For the three-month periods ended March 31, 2024 and 2023, employees' compensation and directors' remuneration were accrued based on a certain percentage of net profit after income tax. The aforementioned amounts were recognized in salary expense.

	For the three-month periods ended March 31,	
	2024	2023
Employees' compensation	<u>\$ 225,000</u>	<u>\$ 185,000</u>
Directors' remuneration	<u>\$ 4,800</u>	<u>\$ 3,600</u>

- (b) The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 having been resolved by the Board of Directors on February 27, 2024 and February 24, 2023, respectively, are as follows:

	For the years ended December 31,	
	2023	2022
Employees' compensation	\$ 740,000	\$ 740,000
Directors' remuneration	18,625	14,100

Employees' compensation and directors' remuneration actual allotment amount for 2023 is no difference between the amount recognized in the consolidated financial statements as of 2023.

- (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.

(27) Income taxes

A. Income tax expense:

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

	For the three-month periods ended March 31,	
	2024	2023
Current income tax:		
Current tax on profits for the period	\$ 419,023	\$ 934,296
Difference between prior years' income tax estimation and assessed results	(65,625)	(50,967)
Total current tax	353,398	883,329
Deferred income tax:		
Origination and reversal of temporary differences	74,392	(157,875)
Income tax expense	<u>\$ 427,790</u>	<u>\$ 725,454</u>

- (b) Income tax recognized in other comprehensive income

	For the three-month periods ended March 31,	
	2024	2023
Translation of foreign operations	<u>\$ 110,715</u>	<u>(\$ 5,849)</u>

- B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

- C. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

- D. The current income tax expense related to Pillar Two income taxes recognized by the Group for the three-month periods ended March 31, 2024 and 2023 was both \$0. The Group's exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Group is within the scope of the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). Since Pillar Two legislation was enacted in

European Union, England, Japan, Vietnam and Korea, which come into effect from 2024, the Group has no related current tax exposure as of March 31, 2024. The Group will continue assessing its exposure to the Pillar Two legislation for when it comes into effect.

(28) Earnings per share

	Unit: expressed in dollars per share	
	For the three-month periods ended March 31,	
	2024	2023
Basic earnings per share	\$ 2.32	\$ 3.46
Diluted earnings per share	\$ 2.30	\$ 3.42

The weighted average number of shares outstanding in 2023 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 March 31,	
	2024	2023
Earnings used in the computation of basic earnings per share	\$ 1,993,057	\$ 2,959,203
Earnings used in the computation of diluted earnings per share	\$ 1,993,057	\$ 2,959,203

	Unit: expressed in thousand shares	
	For the three-month periods ended March 31,	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	858,684	855,938
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,369	6,596
Employees' compensation	1,803	1,970
Weighted average number of ordinary shares used in the computation of diluted earnings per share	866,856	864,504

(29) Transactions with non-controlling interest

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

In the first quarter of 2024, the Group disposed 2.40% equity interest in AMX, resulting to a decrease in the Group's equity investment in AMX from 100% to 97.60%.

	For the three-month period ended March 31, 2024
Consideration received	\$ 1,478
Proportionate share of the carrying amount of the net assets of the subsidiary transferred into non-controlling interests	(2,701)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ 1,223)
<u>Line items adjusted for equity transactions</u>	
Unappropriated retained earnings	(\$ 1,223)

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

From the first quarter of 2023 to the first quarter of 2024, the LNC did not participate in the capital increase proportionally to its interest continually, resulting to a decrease in the LNC's equity investment in LNCMac Technology Corp. from 87.27% to 57.49%.

	For the three-month periods ended March 31,	
	2024	2023
	LNCMac	LNCMac
Cash	\$ 41,750	\$ 10,327
Proportionate share of the carrying amount of the net assets of the subsidiary transferred into non-controlling interests	(32,656)	(9,925)
Capital surplus - changes in ownership interest in subsidiaries	\$ 9,094	\$ 402

(30) Changes in liabilities from financing activities

	2024			
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Total
At January 1	\$ 237,730	\$ 118,500	\$ 1,717,296	\$ 2,073,526
Changes in cash flow from financing activities	1,389	(118,500)	(74,526)	(191,637)
Increase	-	-	282,319	282,319
Net exchange differences	(1,500)	-	57,939	56,439
At March 31	\$ 237,619	\$ -	\$ 1,983,028	\$ 2,220,647

2023

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

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
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
Expotech Co., Ltd.	Associate
Honghua Electronic Technology (Shanghai) Co., Ltd.	Associate

Names of related parties	Relationship with the Group
Feng Sang Enterprise Co., Ltd.	Associate
RFD Micro Electricity Co., Ltd.	Associate
Eil Co., Ltd.	Associate
Suzhou AIIST Intelligent Technology 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

(3) Significant related party transactions

A. Operating revenue

	For the three-month periods ended March 31,	
	2024	2023
Associates	\$ 20,579	\$ 18,720
Other related parties	841	286
	<u>\$ 21,420</u>	<u>\$ 19,006</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 March 31,	
	2024	2023
Purchases of goods:		
Associates	\$ 48,350	\$ 106,959
Purchases of services:		
Associates	351	-
	<u>\$ 48,701</u>	<u>\$ 106,959</u>

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable - related parties			
Associates	\$ 14,079	\$ 15,551	\$ 21,469
Other related parties	41	1,183	100
	<u>\$ 14,120</u>	<u>\$ 16,734</u>	<u>\$ 21,569</u>
Other receivables - related			
Associates	\$ 179,965	\$ 922	\$ 123,857
Other related parties	-	-	1,440
	<u>\$ 179,965</u>	<u>\$ 922</u>	<u>\$ 125,297</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes and accounts payable - related parties			
Associates	\$ 54,390	\$ 57,089	\$ 79,378
Other payables - related parties			
Associates	\$ 39,379	\$ 3,537	\$ 35,211
Other related parties	1,256	-	6,347
	<u>\$ 40,635</u>	<u>\$ 3,537</u>	<u>\$ 41,558</u>

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

E. Prepayments to related parties

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other current assets			
Associates	\$ 46,495	\$ 20,778	\$ 48,037

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

F. Property transactions

	<u>For the three-month periods ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment		
Associates	\$ 127	\$ 134

G. Other related party transactions

(a) Operating expenses

	For the three-month periods ended March 31,	
	2024	2023
Selling expenses		
Associates	\$ <u>1</u>	\$ <u>-</u>
General and administrative expense		
Associates	\$ <u>11,498</u>	\$ <u>9,363</u>
Research and development expense		
Associates	\$ <u>611</u>	\$ <u>4,585</u>

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

(b) Interest income

	For the three-month periods ended March 31,	
	2024	2023
Interest income		
Associates	\$ <u>-</u>	\$ <u>2</u>

(c) Other income

	For the three-month periods ended March 31,	
	2024	2023
Rental income		
Other related parties	\$ <u>358</u>	\$ <u>358</u>
Other income		
Other related parties	\$ <u>1,859</u>	\$ <u>1,856</u>

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

(d) Dividend income

	For the three-month periods ended March 31,	
	2024	2023
Associates (classified as a deduction of investment accounted for under equity method)	\$ <u>180,107</u>	\$ <u>123,857</u>

(e) Disposal of equity interest to related parties

On February 23, 2024, the Group sold its 2.4% equity interest in AMX to the management of AMX for a cash consideration of \$1,478. There were no transactions involving the sale of equity interest to related parties during the first quarter of 2023.

(4) Key management compensation

	For the three-month periods ended March 31,	
	2024	2023
Short-term employee benefits	\$ 11,992	\$ 9,408
Post-employment benefits	141	106
Share-based payment	8,215	2,703
	<u>\$ 20,348</u>	<u>\$ 12,217</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Pledged deposits (classified as financial assets at amortised cost - current)	\$ 13,815	\$ 14,176	\$ 10,887	Lease mortgage
Demand deposits (classified as other non-current assets - other)	17	4,343	1,329	Performance guarantee
Property, plant and equipment				
Land	-	99,594	98,334	Long-term borrowings
Buildings	-	127,812	128,756	Long-term borrowings
	<u>\$ 13,832</u>	<u>\$ 245,925</u>	<u>\$ 239,306</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. The Company's board of directors resolved during its meeting on October 30, 2023 to purchase land at the Hwa Ya Technology Park from AIDC Investment Corp. for the construction of a factory building. The land purchase agreement was signed on November 27, 2023, with a total price of \$1,873,080. The Company paid the first installment of NT\$200 million on December 12, 2023, and the final payment is expected to be made within thirty days after the transfer of ownership of the land to the Company's name. As of March 31, 2024, the unpaid amount under the contract for the acquisition of land at the Hwa Ya Technology Park from AIDC Investment Corp. was \$1,673,080.

B. As of March 31, 2024, the Group has signed a contract for the construction of Linkou Smart Campus Phase III, but which has not yet been incurred amounting to \$132,092.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

To deepen the Group's mark in the retail industry and expand its product lines and presence in the global market, this strategic move aims to strengthen Advantech's global coverage in smart retail products and services, advancing its position among leading smart retail solution providers worldwide. The Company's board of directors during its meeting on April 26, 2024 resolved the acquisition of Aures Technologies SA, a French company renowned for its POS and KIOSK brands. Advantech will acquire Aures through transactions with the major shareholder and public tender offer, at a price per share not exceeding 6.7 Euros (the total number of outstanding shares is 3,938,173 shares), with the potential to acquire up to 100% equity. Additionally, Advantech will subscribe to the newly issued convertible bonds from Aures, totaling 5 million Euros to support its working capital. The entire transaction will proceed following the completion of internal approval processes by both parties and regulatory approval from relevant authorities.

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, 2023.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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	\$ 13,560,671	\$ 11,525,447	\$ 9,015,320
Financial assets at amortised cost (Note 1)	22,409,091	22,070,911	22,447,695
Financial assets at fair value through other comprehensive income			
Equity instruments	2,562,505	2,951,234	2,325,082

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	17,136	635	16,850
Financial liabilities at amortised cost (Note 2)	18,075,980	10,891,625	19,227,368
Lease liabilities	1,983,028	1,717,296	1,825,646

Note 1: The balances included cash and cash equivalents, financial assets at amortised cost, 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 and accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received, etc.

B. Financial risk management policies

- (a) The Group's major financial instruments included equity investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.
- (b) The Group aims to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.
- (c) The Corporate Treasury reports quarterly to the Board of Directors on the Group's current derivative instrument management.

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

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

risk.

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

Exchange rate risk

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

				March 31, 2024		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	\$	187,830		32.000	\$	6,010,560
		1,065,698		4.408		4,697,596
		23,176		34.460		798,645
		84,651		7.2595		2,708,839
		24,864		0.9286		795,656
<u>Financial liabilities</u>						
<u>Monetary items</u>						
		101,677		32.000		3,253,658
		439,206		4.408		1,936,020
		31,029		7.2595		992,928
		7,855		0.9286		251,375
		144		34.460		4,960

				December 31, 2023		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	\$	213,207		30.705	\$	6,546,507
		998,274		4.327		4,319,531
		22,004		33.980		747,699
		85,547		7.0961		2,626,731
		30,701		0.9036		942,688
<u>Financial liabilities</u>						
<u>Monetary items</u>						
		115,131		30.705		3,535,111
		475,588		4.327		2,057,868
		29,198		7.0961		896,537
		11,776		0.9036		361,592
				March 31, 2023		
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	\$	221,805		30.45	\$	6,753,972
		675,287		4.431		2,992,198
		48,649		33.15		1,612,704
		64,587		6.8720		1,966,677
		45,608		0.9186		1,388,759
		1,088		0.1455		4,811
<u>Financial liabilities</u>						
<u>Monetary items</u>						
		87,943		30.45		2,677,849
		387,132		4.431		1,715,382
		41,440		6.8720		1,261,860
		18,451		0.9186		561,847
		149		33.15		4,923

For the three-month periods ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$209,291 and (\$4,516), 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 three-month period ended March 31, 2024		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 60,106	\$ -
CNY:NTD	1%	46,976	-
EUR:NTD	1%	7,986	-
USD:CNY	1%	27,088	-
USD:EUR	1%	7,957	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	32,537	-
CNY:NTD	1%	19,360	-
USD:CNY	1%	9,929	-
USD:EUR	1%	2,514	-
EUR:NTD	1%	50	-

For the three-month period ended March 31, 2023

Sensitivity Analysis

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

Interest rate risk

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Fair value interest rate risk			
- Financial assets	\$ 4,410,628	\$ 3,506,951	\$ 3,711,861
- Financial liabilities	2,010,907	1,913,786	2,148,746
Cash flow interest rate risk			
- Financial assets	8,723,251	9,135,207	7,148,130
- Financial liabilities	209,740	159,740	331,140

- iii. The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the balance

sheet date was outstanding for the whole period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

- iv. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the three-month periods ended March 31, 2024 and 2023 would have increased by \$10,642 and \$8,521 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 three-month periods ended March 31, 2024 and 2023 would have increased by \$6,708 and \$3,632, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the three-month periods ended March 31, 2024 and 2023 would have increased by \$25,625 and \$23,251, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax profit and other comprehensive income would have decreased by the same respective amounts.
- iii. The Group's sensitivity to equity prices increased or decreased because of volatility of stock price.

(b) Credit risk

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

- iii. The average credit period of the sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.
- iv. The Group measures the loss allowance for accounts receivable at an amount that equals to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, expected economic growth rate and industry trends at the same time. As there were various loss patterns for different customer geographical segments, the Group adopts respective approaches to prepare the provision matrix for loss allowance based on past due status of the Group's different geographical customer base, and sets out the expected credit loss rate for accounts receivable that are overdue and based on geographical economic conditions.
- v. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, the default occurs when counterparties are processing the liquidation or the debt has been past due over 1 year, the Group will provide impairment loss in full. However, the Group will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognized in profit or loss.
- vi. The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of notes and accounts receivable from general credit conditions customers. The provision matrix as of March 31, 2024, December 31, 2023 and March 31, 2023 is as follows:

		1~ 90 days	91~ 180 days	181~ 360 days	Over 360 days	
	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>Total</u>
<u>March 31, 2024</u>						
Expected credit loss rate	-	0%~95%	15%~100%	65%~100%	100%	
Total book value	\$ 8,023,710	\$ 887,456	\$ 30,681	\$ 95,249	\$ 93,475	\$ 9,130,571
Loss allowance (lifetime expected credit losses)	(104)	(20,520)	(8,253)	(74,564)	(93,475)	(196,916)
Amortised cost	<u>\$ 8,023,606</u>	<u>\$ 866,936</u>	<u>\$ 22,428</u>	<u>\$ 20,685</u>	<u>\$ -</u>	<u>\$ 8,933,655</u>

		1~ 90 days	91~ 180 days	181~ 360 days	Over 360 days	Total
	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	
<u>December 31, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 8,220,242	\$ 978,515	\$ 55,847	\$ 82,768	\$ 70,199	\$ 9,407,571
Loss allowance (lifetime expected credit losses)	-	(30,719)	(15,872)	(36,238)	(70,199)	(153,028)
Amortised cost	<u>\$ 8,220,242</u>	<u>\$ 947,796</u>	<u>\$ 39,975</u>	<u>\$ 46,530</u>	<u>\$ -</u>	<u>\$ 9,254,543</u>
		1~ 90 days	91~ 180 days	181~ 360 days	Over 360 days	Total
	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	
<u>March 31, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$10,498,003	\$ 764,124	\$ 53,692	\$ 20,385	\$ 73,581	\$11,409,785
Loss allowance (lifetime expected credit losses)	-	(13,590)	(14,037)	(11,823)	(73,581)	(113,031)
Amortised cost	<u>\$10,498,003</u>	<u>\$ 750,534</u>	<u>\$ 39,655</u>	<u>\$ 8,562</u>	<u>\$ -</u>	<u>\$11,296,754</u>

- vii. The Group individually assesses the customers that have low credit rating and default. As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of notes and accounts receivable amounted to \$798, \$798 and \$787, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$798, \$798 and \$787, respectively.
- viii. The movements of the loss allowance of notes and accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 153,826	\$ 123,291
Provision for (reversal of) impairment loss	41,228	(9,037)
Amounts written off (Note)	-	(585)
Net exchange differences	2,660	149
Balance at March 31	<u>\$ 197,714</u>	<u>\$ 113,818</u>

Note: The Group wrote off accounts receivable and related loss allowance for the three-month periods ended March 31, 2024 and 2023 amounting to \$0 and \$585, respectively, as the customers' accounts receivable have aged more than 2 years and the legal attest letters were served without receivables collected.

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

	March 31, 2024			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 327,909	\$ -	\$ -	\$ 327,909
Financial assets at fair value through profit or loss	\$ 507,687	\$ -	\$ -	\$ 507,687
	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 1,630,578	\$ -	\$ -	\$ 1,630,578
Financial assets at fair value through profit or loss	\$ 402,137	\$ -	\$ -	\$ 402,137
	March 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 762,601	\$ -	\$ -	\$ 762,601
Financial assets at fair value through profit or loss	\$ 133,373	\$ -	\$ -	\$ 133,373

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 listed and OTC companies and ordinary corporate bonds issued by public company. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

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

- ii. The Group relies on bank borrowings as one of the significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's undrawn bank borrowing facilities are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured borrowing facilities			
- Amount used (Note)	\$ 244,714	\$ 253,096	\$ 544,065
- Amount unused	<u>7,155,080</u>	<u>6,893,319</u>	<u>6,040,847</u>
	<u>\$ 7,399,794</u>	<u>\$ 7,146,415</u>	<u>\$ 6,584,912</u>
Secured bank overdraft facilities			
- Amount used (Note)	<u>\$ -</u>	<u>\$ 118,500</u>	<u>\$ 117,000</u>

Note: As of March 31, 2024, December 31, 2023 and March 31, 2023, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$237,619, \$356,230 and \$654,240, respectively, and lease and salary guarantees amounting to \$7,095, \$15,366 and \$6,825, 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.

March 31, 2024

	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	\$ 7,045,111	\$ 1,324,156	\$ 9,414,614	\$ -
Lease liability	17,122	49,503	319,312	2,154,627
Floating rate instruments	110,046	50,310	50,443	-
Fixed rate instruments	13,206	68	14,826	-
	<u>\$ 7,185,485</u>	<u>\$ 1,424,037</u>	<u>\$ 9,799,195</u>	<u>\$ 2,154,627</u>

December 31, 2023

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,395,636	\$ 1,766,642	\$ 1,321,606	\$ -
Lease liability	22,603	44,935	181,001	1,916,489
Floating rate instruments	60,015	50,350	50,969	-
Fixed rate instruments	118,815	65,197	12,930	-
	<u>\$ 7,597,069</u>	<u>\$ 1,927,124</u>	<u>\$ 1,566,506</u>	<u>\$ 1,916,489</u>

March 31, 2023

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,519,390	\$ 2,955,038	\$ 7,938,047	\$ -
Lease liability	20,330	36,724	274,878	2,603,928
Floating rate instruments	101,641	126,113	108,399	-
Fixed rate instruments	46,123	160,894	118,986	-
	<u>\$ 7,687,484</u>	<u>\$ 3,278,769</u>	<u>\$ 8,440,310</u>	<u>\$ 2,603,928</u>

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

v. Liquidity tables for derivative financial liabilities

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

March 31, 2024

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Total</u>
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 576,852	\$ 396,797	\$ -	\$ 973,649
- Outflows	(588,600)	(402,148)	-	(990,748)
	<u>(\$ 11,748)</u>	<u>(\$ 5,351)</u>	<u>\$ -</u>	<u>(\$ 17,099)</u>

December 31, 2023

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Total</u>
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 609,957	\$ 380,431	\$ -	\$ 990,388
- Outflows	(596,280)	(377,583)	-	(973,863)
	<u>\$ 13,677</u>	<u>\$ 2,848</u>	<u>\$ -</u>	<u>\$ 16,525</u>

March 31, 2023

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Total</u>
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 473,930	\$ 716,426	\$ -	\$ 1,190,356
- Outflows	(479,744)	(726,687)	-	(1,206,431)
	<u>(\$ 5,814)</u>	<u>(\$ 10,261)</u>	<u>\$ -</u>	<u>(\$ 16,075)</u>

- 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 (including related parties), other receivables (including related parties), financial assets at amortised cost (current and non-current), refundable deposits, short-term borrowings, notes and accounts payable, other payables (including related parties), 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>March 31, 2024</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	\$ -	\$ 37	\$ -	\$ 37
Listed and OTC stocks	527,439	-	331	527,770
Unlisted and non-OTC stocks	-	-	143,018	143,018
Convertible corporate bonds	42,420	109,184	-	151,604
Ordinary corporate bonds	356,083	-	-	356,083
Fund beneficiary certificates	<u>10,107,954</u>	<u>-</u>	<u>2,274,205</u>	<u>12,382,159</u>
	<u>11,033,896</u>	<u>109,221</u>	<u>2,417,554</u>	<u>13,560,671</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	2,168,787	-	-	2,168,787
Unlisted and non-OTC stocks	<u>-</u>	<u>-</u>	<u>393,718</u>	<u>393,718</u>
	<u>2,168,787</u>	<u>-</u>	<u>393,718</u>	<u>2,562,505</u>
Assets - non-recurring fair value measurements				
Non-current assets held for sale (Note)	<u>-</u>	<u>-</u>	<u>495,124</u>	<u>495,124</u>
	<u>\$ 13,202,683</u>	<u>\$ 109,221</u>	<u>\$ 3,306,396</u>	<u>\$ 16,618,300</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 17,136</u>	<u>\$ -</u>	<u>\$ 17,136</u>

<u>December 31, 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	\$ -	\$ 17,160	\$ -	\$ 17,160
Listed and OTC stocks	186,017	-	-	186,017
Unlisted and non-OTC stocks	-	-	139,496	139,496
Convertible corporate bonds	34,965	109,184	-	144,149
Ordinary corporate bonds	257,988	-	-	257,988
Fund beneficiary certificates	8,566,902	-	2,213,735	10,780,637
	<u>9,045,872</u>	<u>126,344</u>	<u>2,353,231</u>	<u>11,525,447</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	2,465,721	-	-	2,465,721
Unlisted and non-OTC stocks	-	-	485,513	485,513
	<u>2,465,721</u>	<u>-</u>	<u>485,513</u>	<u>2,951,234</u>
Assets - non-recurring fair value measurements				
Non-current assets held for sale (Note)	-	-	495,124	495,124
	<u>\$ 11,511,593</u>	<u>\$ 126,344</u>	<u>\$ 3,333,868</u>	<u>\$ 14,971,805</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 635	\$ -	\$ 635

<u>March 31, 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	\$ -	\$ 775	\$ -	\$ 775
Listed and OTC stocks	208,471	-	-	208,471
Unlisted and non-OTC stocks	-	-	154,748	154,748
Convertible corporate bonds	32,100	-	-	32,100
Ordinary corporate bonds	101,273	-	-	101,273
Fund beneficiary certificates	6,471,300	-	2,046,653	8,517,953
	<u>6,813,144</u>	<u>775</u>	<u>2,201,401</u>	<u>9,015,320</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	1,780,035	-	-	1,780,035
Unlisted and non-OTC stocks	-	-	545,047	545,047
	<u>1,780,035</u>	<u>-</u>	<u>545,047</u>	<u>2,325,082</u>
	<u>\$ 8,593,179</u>	<u>\$ 775</u>	<u>\$ 2,746,448</u>	<u>\$ 11,340,402</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 16,850	\$ -	\$ 16,850

Note: Under IFRS 5, assets held for sale must be measured at fair value less costs to sell when the fair value less the cost to sell is lower than the carrying amount.

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

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

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

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.

iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used

within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- D. There were no transfers between Levels 1 and 2 for the three-month periods ended March 31, 2024 and 2023.
- E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the three-month period ended March 31, 2024

<u>Financial assets</u>	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance at January 1	\$ 2,353,231	\$ 485,513	\$ 2,838,744
Purchases	331	-	331
Recognized in profit or loss	63,992	-	63,992
Recognized in other comprehensive income	-	(91,795)	(91,795)
Balance at March 31	<u>\$ 2,417,554</u>	<u>\$ 393,718</u>	<u>\$ 2,811,272</u>

For the three-month period ended March 31, 2023

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

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; Convertible bonds are evaluated using a binomial tree model. Parameters utilized in the calculation include: stock price, conversion price, stock price volatility, remaining term, risk-free interest rate, and number of periods to maturity. Discounting is performed based on the time of maturity and risk discount rate.

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

	Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	\$ 536,736	Net asset value	Not applicable	Not applicable	Not applicable
Private placement shares (listed companies)	\$ 331	Market price method	Discount for lack of marketability	Not applicable	The higher the discount for lack of marketability, the lower the fair value
Beneficiary certificates	\$ 2,274,205	Net asset value	Not applicable	Not applicable	Not applicable
Non-financial instrument:					
Non-current assets held for sale	\$ 495,124	Sales comparison approach and income approach	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	\$ <u>625,009</u>	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ <u>2,213,735</u>	Net asset value	Not applicable	Not applicable	Not applicable
Non-financial instrument:					
Non-current assets held for sale	\$ <u>495,124</u>	Sales comparison approach and income approach	Not applicable	Not applicable	Not applicable
	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	\$ <u>699,795</u>	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ <u>2,046,653</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\$13.879 billion for the three-month period ended March 31, 2024, a decrease of 20% over the same period last year. The gross profit was NT\$5.548 billion (gross profit margin was 40.0%), the consolidated net profit after tax was NT\$1.993 billion (decreased 33% YoY), and the basic earnings per share was \$2.32 (in dollars) for the three-month period ended March 31, 2024.

Regarding the operating results of the Group for the three-month period ended March 31, 2024, in US dollar, the Group achieved an overall revenue of US\$443 million, a decline of 22% YoY. In terms of a geographic overview, only Taiwan market outperformed with a YoY growth at 9%. In the meanwhile, China market has slowly recovered due to demands in transportation and semiconductor equipment related projects, experiencing only single-digit decline. However, North America, Europe, North Asia, and Emerging markets were impacted by weak demand, resulting in double-digit YoY decline. In terms of performance across business units, were all underperformed with double-digit YoY decline.

For the three-month period ended March 31, 2024, as the global economy has gradually recovered and with order demands remaining conservative in various markets, the Group's operating revenue aligned with earlier off-season estimation.

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 three-month period ended March 31, 2024

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Could & Video Group (ICVG)	Service-IoT Group (SIoT)	Avantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 3,852,038	\$ 3,407,540	\$ 2,068,299	\$ 1,557,940	\$ 1,308,082	\$ 1,685,371	\$ 13,879,270
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 3,852,038</u>	<u>\$ 3,407,540</u>	<u>\$ 2,068,299</u>	<u>\$ 1,557,940</u>	<u>\$ 1,308,082</u>	<u>\$ 1,685,371</u>	13,879,270
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,879,270</u>
Segment income	<u>\$ 1,131,251</u>	<u>\$ 717,226</u>	<u>\$ 359,509</u>	<u>\$ 250,438</u>	<u>\$ 135,222</u>	<u>\$ 181,354</u>	2,775,000
Interest and other income							183,937
Other unamortised expenses							(857,531)
Other gains and losses							251,992
Finance costs							(23,135)
Share of profit of associates accounted for under equity method							<u>66,285</u>
Profit from continuing operations before tax							<u>\$ 2,396,548</u>

For the three-month period ended March 31, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Industrial Could & Video Group (ICVG)	Service-IoT Group (SIoT)	Avantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 4,582,467	\$ 4,693,583	\$ 2,352,776	\$ 2,065,135	\$ 1,454,962	\$ 2,246,684	\$ 17,395,607
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 4,582,467</u>	<u>\$ 4,693,583</u>	<u>\$ 2,352,776</u>	<u>\$ 2,065,135</u>	<u>\$ 1,454,962</u>	<u>\$ 2,246,684</u>	17,395,607
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	17,395,607
Segment income	<u>\$ 1,456,156</u>	<u>\$ 1,249,089</u>	<u>\$ 614,213</u>	<u>\$ 300,440</u>	<u>\$ 235,883</u>	<u>\$ 182,274</u>	4,038,055
Interest and other income							76,391
Other unamortised expenses							(536,553)
Other gains and losses							88,500
Finance costs							(11,212)
Share of profit of associates accounted for under equity method							24,949
Profit from continuing operations before tax							<u>\$ 3,680,130</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 three-month period ended March 31, 2024

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	\$ 160,000	\$ 160,000	\$ 96,000	3%~4%	Short-term financing	\$ -	Operating need	\$ -	None	-	\$ 4,288,234 (Note B)	\$ 8,576,467 (Note B)
1	LNC	LNCMac	Other receivable - related parties	Yes	60,000	60,000	25,000	Note E	Short-term financing	-	Operating need	-	None	-	95,328 (Note C)	95,328 (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.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the three-month period ended March 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of March 31, 2024	Outstanding endorsement/ guarantee amount at		Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note B)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship with the endorser/guarantor			Actual amount drawn down	March 31, 2024						
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 4,288,234	\$ 640,000	\$ -	\$ -	\$ -	0.00	\$ 12,864,701	Y	N	Y
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,288,234	USD 20,000 640,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AJP	Subsidiary	4,288,234	USD 20,000 318,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,288,234	JPY 1,500,000 320,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,288,234	USD 10,000 320,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AAC MT	Subsidiary	4,288,234	USD 10,000 320,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,288,234	USD 10,000 320,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,288,234	USD 10,000 192,000	-	-	-	0.00	12,864,701	Y	N	Y
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,288,234	USD 6,000 192,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,288,234	USD 6,000 96,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,288,234	USD 3,000 96,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,288,234	USD 3,000 48,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,288,234	USD 1,500 32,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,288,234	USD 1,000 32,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,288,234	USD 1,000 32,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,288,234	USD 1,000 32,000	-	-	-	0.00	12,864,701	Y	N	Y
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,288,234	USD 1,000 16,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,288,234	USD 500 16,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,288,234	USD 500 16,000	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,288,234	USD 200 6,400	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,288,234	USD 100 3,200	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,288,234	USD 100 3,200	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,288,234	USD 100 3,200	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,288,234	USD 100 1,600	-	-	-	0.00	12,864,701	Y	N	N
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary	4,288,234	USD 50 526,680	-	526,680	-	1.23	12,864,701	Y	N	N

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

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

Note C: The exchange rates as of March 31, 2024 were USD\$1= NT\$32, EUR\$1= NT\$34.46, and JPY\$1=NT\$0.212.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Holding Company Name	Marketable Securities		Relationship with the securities issuer	General ledger account	As of March 31, 2024				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,022,461	\$ 1,727,647	0.54	\$ 1,727,647	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	168,000	2.34	168,000	Note A
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	42,420	-	42,420	Note A
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	100,793	-	100,793	Note A
ADVANTECH CO., LTD.	Bond	AURES TECHNOLOGIES Convertible Bonds	None	Financial assets at fair value through profit or loss - non-current	800,000	109,184	-	109,184	Note A
ADVANTECH CO., LTD.	Bond	NVIDIA Corporation	None	Financial assets at fair value through profit or loss - non-current	-	156,047	-	156,047	Note A
ADVANTECH CO., LTD.	Bond	Taiwan Semiconductor Manufacturing Company Limited	None	Financial assets at fair value through profit or loss - non-current	1,000,000	99,243	-	99,243	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	127,399,045	2,011,631	-	2,011,631	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	150,856,948	1,952,330	-	1,952,330	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	2,377,443	-	2,377,443	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	46,707,871	754,566	-	754,566	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	None	Financial assets at fair value through profit or loss - current	177,439,819	2,014,315	-	2,014,315	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	21,468,749	300,324	-	300,324	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	102,220	6.94	102,220	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	33,900	0.10	33,900	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	60,180	0.04	60,180	Note A
ACI	Stock	Apacer Technology Inc.	None	Financial assets at fair value through profit or loss - non-current	6,041,000	331,470	4.69	331,470	Note D
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,951,000	273,140	3.81	273,140	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,759	7.50	3,759	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,509	10.33	8,509	Note C
ACI	Stock	i-Link	None	Financial assets at fair value through other comprehensive income or loss - non-current	616,938	-	15.42	-	Note C
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	31,392,404	439,145	-	439,145	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	87,018	4.38	87,018	Note B
Advaniix Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	9,537,443	145,969	-	145,969	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	548,770	8,399	-	8,399	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	1,484,317	22,717	-	22,717	Note B
AIH	Beneficiary certificates	Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	367,047	6,108	-	6,108	Note B
Cermate	Beneficiary certificates	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	5,084,621	65,803	-	65,803	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	9,204	9,204	-	9,204	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	878,424	-	878,424	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	716,044	-	716,044	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	-	381,451	8.33	381,451	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	-	461,462	-	461,462	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	-	218,275	-	218,275	Note B

Note A: Market value was based on the closing price on March 31, 2024.

Note B: Market value was based on the net asset values of the open-ended funds on March 31, 2024.

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

Note D: The fair values are estimated from the closing price on March 31, 2024.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the three-month period ended March 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable Securities						Balance as at January 1, 2024		Acquisition		Disposal			Balance as at March 31, 2024			
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation (Note B)	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market Fund	Note A	None	None	42,642,722	550,070	108,214,226	1,400,003	-	-	-	-	2,257	150,856,948	1,952,330
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	-	-	21,468,749	300,002	-	-	-	-	322	21,468,749	300,324
ACI	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	50,071,292	698,119	2,789,861	39,000	21,468,749	300,000	299,332	668	1,358	31,392,404	439,145

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
March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Payment Status	Counterparty	Relationship	Information on previous title transfer, if counterparty is a related party				Pricing Reference	Purpose of Acquisition	Other Property Terms
							Property Terms	Owner	Relationship	Transfer date			
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Based on percentage of construction completed; as of March 31, 2024, a total of \$1,277,908 had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	Contract price	For the Company's expansion	None
ADVANTECH CO., LTD.	Real estate	2023.10.30	1,873,080	As of March 31, 2024, a total of \$200,000 had been paid.	AIDC Investment Corp.	Other related party	-	-	-	\$ -	Market conditions and valuation reports	For operational use	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the three-month period ended March 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction Details			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total sales/(purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	\$ 2,892,974	30.18%	60 days after month-end	Contract price	No significant difference	\$ 2,059,802	22.26%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	1,997,678	20.84%	90 days after month-end	Contract price	No significant difference	3,968,258	42.89%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	1,393,872	14.54%	45 days after month-end	Contract price	No significant difference	904,829	9.78%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	424,722	4.43%	90 days after month-end	Contract price	No significant difference	438,243	4.74%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	202,821	2.12%	30 days after month-end	Contract price	No significant difference	91,679	0.99%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	2,782,092	95.28%	90 days after month-end	Contract price	No significant difference	2,929,632	97.66%
AKMC	ACN	Fellow subsidiary	Sales	103,008	3.53%	60 days after month-end	Contract price	No significant difference	62,092	2.07%
LNC	LNC Dong Guan	Sub-subsiary	Sales	102,365	83.10%	150 days after month-end	Contract price	No significant difference	215,847	93.44%

Note: All intercompany transactions have been eliminated during consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
March 31, 2024

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	\$ 3,968,258	2.11	\$ 1,932,803	Monthly reconciliation and collection	\$ 440,800	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,065,071	5.22	-	-	-	-
ADVANTECH CO., LTD.	AEU	Subsidiary	907,586	6.05	90,007	Monthly reconciliation and collection	338,669	-
ADVANTECH CO., LTD.	AKR	Subsidiary	536,860	3.43	-	-	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	466,771	Note	179,642	Monthly reconciliation and collection	56,612	-
AKMC	ADVANTECH CO., LTD.	Parent company	2,929,632	3.72	296,497	Monthly reconciliation and collection	317,699	-
LNC	LNC Dong Guan	Sub-subsidiary	215,847	2.12	17,060	Received after the reporting period	17,060	-

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			Percentage of consolidated total operating revenues or total assets (Note C)
				General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	\$ 3,968,258	90 days after month-end	6%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	1,997,678	Usual trade terms	14%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	904,829	45 days after month-end	1%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	1,393,872	Usual trade terms	10%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	202,821	Usual trade terms	1%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	466,771	45 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	438,243	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	424,722	Usual trade terms	3%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,059,802	60 days after month-end	3%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	2,892,974	Usual trade terms	21%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	2,929,632	90 days after month-end	4%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	2,782,092	Usual trade terms	20%
1	AKMC	ACN	3	Sales revenue	103,008	Usual trade terms	1%
2	LNC	LNC Dong Guan	3	Receivables from related parties	215,847	150 days after month-end	0%
2	LNC	LNC Dong Guan	3	Sales revenue	102,365	Usual trade terms	1%

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

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

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

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

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of March 31, 2024, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the third-month period ended March 31, 2024.

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 three-month period ended March 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of March 31, 2024			for the three-month period ended March 31, 2024	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2024 (Note C)		Footnote
				Balance as at March 31, 2024	Balance as at January 1, 2024	Shares	Ownership (%)	Carrying Value				
ADVANTECH CO., LTD.	AAC MT	Malta	Overseas investment in manufacturing and services industries	\$ 247,275	\$ 247,275	11,126,887	100.00	\$ 8,005,149	\$ 117,039	\$ 117,039	Subsidiary	
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	5,458,848	59,972	59,972	Subsidiary	
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	257,365	14,649	14,649	Subsidiary	
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	4,296,884	99,481	99,481	Subsidiary	
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	28,080,142	27.52	1,069,328	147,904	36,507	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	214,872	(1,210)	(625)	Subsidiary	
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	91,861	93,338	16,250,003	97.50	106,072	(2,825)	(2,864)	Subsidiary	
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,459,415	(67,783)	(67,783)	Subsidiary	
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	246,306	23,927	23,971	Subsidiary	
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	54,727	1,382	730	Subsidiary	
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	48,273	633	731	Subsidiary	
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,164,507	32,678	32,681	Subsidiary	
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	89,565	1,019	1,042	Subsidiary	
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	587,455	3,357	3,448	Subsidiary	
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,846	89,846	15,373,031	100.00	125,794	10,827	10,872	Subsidiary	
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	85,692	33	33	Subsidiary	
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	10,328	(6,482)	(6,360)	Subsidiary	
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use wireless hand-held mobile systems	180,000	180,000	2,970,000	27.00	(9,424)	(18,993)	(5,128)	Investments accounted for under equity method	
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	15.05	628,133	134,264	16,580	Investments accounted for under equity method	
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	81,000	60.00	63,235	2,280	1,398	Subsidiary	
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	204,507	7,030	1,336	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	2,358	(205)	(205)	Subsidiary	
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	105,608	105,608	370,335	80.10	21,369	1,564	1,258	Subsidiary	
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,558	132	132	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	21,538	(110)	(99)	Subsidiary	
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	50	100.00	4,060	104	104	Subsidiary	
ADVANTECH CO., LTD.	AID	Indonesia	Marketing and trade of industrial use computers	48	48	30	1.00	48	(924)	-	Subsidiary	
ADVANTECH CO., LTD.	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,471,031	1,471,031	15,230,001	100.00	1,022,888	(97,016)	(96,710)	Subsidiary	
ADVANTECH CO., LTD.	ACI KY	Cayman Islands	General investment	2,156,908	2,156,908	100,000,000	100.00	2,180,393	9,331	9,331	Subsidiary	
ADVANTECH CO., LTD.	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	189,000	189,000	4,500,000	45.00	108,320	27,507	12,402	Subsidiary	
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	165,113	27,507	-	Subsidiary	
ACI	Deneng	Taiwan	Installation and sale of electronic components and software	18,095	18,095	658,000	39.69	12,896	(710)	-	Investments accounted for under equity method	
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	16,976,999	17.86	292,971	34,601	-	Investments accounted for under equity method	
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	498,465	502,837	29,298,000	19.20	783,222	57,363	-	Investments accounted for under equity method	
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,611	7,030	-	Investments accounted for under equity method	
ACI	DotZero	Taiwan	Intelligent metal processing integration	10,928	10,928	415,245	10.38	-	(2,176)	-	Investments accounted for under equity method	
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	11,947,313	15.37	181,075	(6,728)	-	Investments accounted for under equity method	
ACI	ITTS	Taiwan	Electronic Information Service	115,747	123,867	3,991,273	14.61	128,170	21,288	-	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	14,865	(4,483)	-	Investments accounted for under equity method	
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	16.67	7,572	(1,623)	-	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	179,186	20,874	-	Investments accounted for under equity method	
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	17.54	441,834	(45,118)	-	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	6,205	(17)	-	Subsidiary	
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	124,056	4,998	-	Investments accounted for under equity method	
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	-	-	-	Investments accounted for under equity method	
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	280,158	(58,085)	-	Investments accounted for under equity method	

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of March 31, 2024			for the three-month period ended March 31, 2024	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2024 (Note C)	Footnote
				Balance as at March 31, 2024	Balance as at January 1, 2024	Shares	Ownership (%)	Carrying Value			
ACI	Freedom Systems	Taiwan	Electronic information service	\$ 37,500	\$ 37,500	1,653,750	20.00	\$ 40,356	\$ 5,920	-	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	80,836	29	-	Subsidiary
ACI	Expotech Co., Ltd.	Taiwan	Computer system integration service	40,000	40,000	4,000,000	43.01	35,899	(4,187)	-	Investments accounted for under equity method
ACI	Encore Med	Malaysia	Wise Information Technology of med cloud service	54,274	54,274	66,700	30.00	53,258	(1,474)	-	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	5,484,389	60,066	-	Subsidiary
AAC MT	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	8,336,751	116,972	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,777,766	(67,904)	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	63,777	370	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	54,169	1,382	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,749	4,749	2,970	99.00	12,632	(924)	-	Subsidiary
ASG	AMX	Mexico	Marketing and trade of industrial use computers	98	98	16,667	0.10	98	(2,825)	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	139,473	7,394	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	2,915	47	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	62,270	9,634	-	Subsidiary
LNC	LNCMac	Taiwan	System integration and application, system furniture intelligent design, production, and sales	72,090	72,090	7,208,965	57.49	37,772	(27,013)	-	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	76,496	9,634	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	Subsidiary
LNCMac	BEST MACHINE	British Virgin Islands	Holding company	21,900	21,900	700,000	100.00	(1,740)	(6,543)	-	Subsidiary
LNCMac	BEST AUTOMATION	Samoa	Holding company	-	-	-	-	-	-	-	Subsidiary
LNCMac	Eli	Taiwan	Boutique furniture and decoration sales, interior design services	6,000	6,000	600,000	20.00	3,797	(2,526)	-	Investments accounted for under equity method
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	357,632	5,219	-	Subsidiary
ANA	ABO	USA	High-end image acquisition and AI machine vision technology, and core technologies in high speed image acquisition	108,360	108,360	210,000	100.00	95,275	(3,684)	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	308,317	4,377	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	(10,122)	(14,989)	-	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.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the three-month period ended March 31, 2024

Table 10

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

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net profit (loss) of the investee for the three-month period ended March 31, 2024	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024
					Outflow	Inflow						
Advantech Technology (China) Company Ltd. (AKMC) (Note D)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,400,000 USD 43,750	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,193,600 USD 37,300	\$ -	\$ -	\$ 1,193,600 USD 37,300	\$ 60,066	100.00	\$ 60,005	\$ 5,484,266	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	135,360 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	170,624 USD 5,332	-	-	170,624 USD 5,332	(106,018)	100.00	(106,311)	153,663	3,300,800 USD 103,150
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	293,652 CNY 66,618	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	256,000 USD 8,000	-	-	256,000 USD 8,000	9,611	100.00	9,598	2,018,398	-
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	32,000 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	202	100.00	202	30,199	-
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	128,000 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	102,208 USD 3,194	-	-	102,208 USD 3,194	9,659	100.00	9,634	76,496	-
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,816 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	9,856 USD 308	-	-	9,856 USD 308	8,181	90.00	7,363	118,603	81,288 CNY 18,441
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	16,640 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	18,304 USD 572	-	-	18,304 USD 572	(16)	100.00	(33)	22,018	51,415 CNY 11,664
Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	66,120 CNY 15,000	Other	Note E	-	-	Note E	155	100.00	155	53,122	-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,698 CNY 2,200	Other	Note F	-	-	Note F	(368)	100.00	(368)	4,819	-
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	35,264 CNY 8,000	Other	Note F	-	-	Note F	27,138	21.88	5,936	20,918	-
LNCMac DONG GUAN Technology Co., Ltd. (LNCMac DONG GUAN)	System integration	22,400 USD 700	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	22,400 USD 700	-	-	22,400 USD 700	(6,467)	100.00	(6,543)	1,756	-
LNCMac Furniture Co.,Ltd. (LNCMac Furniture)	System furniture intelligent design, production, and sales	10,579 CNY 2,400	Other	Note I	-	-	Note I	(3,680)	100.00	(3,605)	632	-
Suzhou AIIST Intelligent Technology Co., Ltd (AAY)	Smart operating room total solution.	43,590 CNY 9,889	Other	Note F	-	-	Note F	(12,559)	28.09	(3,528)	103,379	-
Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	18,073 CNY 4,100	Other	Note L	-	-	Note L	(8,611)	54.88	(4,480)	8,923	-
Adveco Management Consulting Co., Ltd. (Adveco Management)	Enterprise management consulting, information consulting, planning, service.	8,816 CNY 2,000	Other	Note L	-	-	Note L	-	60.00	-	5,292	-
Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Enterprise management consulting, information consulting, planning, service.	4,408 CNY 1,000	Other	Note M	-	-	Note M	-	60.00	-	2,646	-
Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2)	Enterprise management consulting, information consulting, planning, service.	4,408 CNY 1,000	Other	Note M	-	-	Note M	-	60.00	-	2,646	-
Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
\$ 1,798,048 (USD 56,189 thousand) (Note H)	\$ 2,556,160 (USD 79,880 thousand)	\$ 25,729,402 (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 MT 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 and CNY\$1=NT\$4.408.

Note L: Remittance by ACI CN.

Note M: Remittance by Adveco Management.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

March 31, 2024

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	113,483,106	13.19%
K&M Investment Co., Ltd.	100,494,794	11.68%
AIDC Investment Corp.	99,314,136	11.54%

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.