

**ADVANTECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**THEREON**  
**JUNE 30, 2024 AND 2023**

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

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries (the "Group") as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of 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 certain investments accounted for under equity method were not reviewed by independent auditors. Those statements reflect total assets amounting to NT\$13,455,580 thousand and NT\$14,035,450 thousand (including the balance of investments accounted for under equity method), constituting 19% and 20% of consolidated total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to NT\$1,259,493 thousand and NT\$2,547,714 thousand, constituting 5% and 9% of

consolidated total liabilities as of June 30, 2024 and 2023, respectively, and total comprehensive income amounting to NT\$34,136 thousand, NT\$281,928 thousand, NT\$167,157 thousand and NT\$483,228 thousand, constituting 1%, 9%, 4% and 8% of consolidated total comprehensive income for the three-month and six-month periods then ended, respectively.

### ***Qualified conclusion***

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and certain investments accounted for under the equity method been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Liang, Hua-Ling

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Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

July 26, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ review report are not intended for use by those who are not informed about the accounting principles or 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**  
**JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

| Assets                    | Notes   | June 30, 2024 |                      | December 31, 2023 |                      | June 30, 2023 |                      |            |
|---------------------------|---|---------------|----------------------|-------------------|----------------------|---------------|----------------------|------------|
|                           |   | AMOUNT        | %                    | AMOUNT            | %                    | AMOUNT        | %                    |            |
| <b>Current assets</b>     |   |               |                      |                   |                      |               |                      |            |
| 1100                      | Cash and cash equivalents   | 6(1)          | \$ 13,891,027        | 19                | \$ 11,011,580        | 16            | \$ 11,599,381        | 17         |
| 1110                      | Financial assets at fair value through profit or loss - current                 | 6(2)          | 10,590,907           | 15                | 8,619,027            | 13            | 7,866,869            | 11         |
| 1136                      | Financial assets at amortised cost - current                                    | 6(4) and 8    | 525,943              | 1                 | 1,569,168            | 2             | 468,449              | 1          |
| 1150                      | Notes receivable  | 6(5)          | 1,315,827            | 2                 | 1,293,317            | 2             | 1,419,264            | 2          |
| 1170                      | Accounts receivable   | 6(5)          | 7,835,431            | 11                | 7,961,226            | 12            | 9,334,329            | 13         |
| 1180                      | Accounts receivable - related parties   | 7             | 20,970               | -                 | 16,734               | -             | 29,056               | -          |
| 1200                      | Other receivables   |               | 71,243               | -                 | 73,265               | -             | 55,997               | -          |
| 1210                      | Other receivables - related parties   | 7             | 181,171              | -                 | 922                  | -             | 123,858              | -          |
| 130X                      | Inventories   | 6(6)          | 9,242,811            | 13                | 9,803,796            | 14            | 11,624,270           | 17         |
| 1460                      | Non-current assets held for sale - net  | 6(11)         | 175,566              | -                 | 238,341              | -             | -                    | -          |
| 1470                      | Other current assets  | 7             | 809,854              | 1                 | 798,361              | 1             | 818,411              | 1          |
| 11XX                      | <b>Total current assets</b>   |               | <u>44,660,750</u>    | <u>62</u>         | <u>41,385,737</u>    | <u>60</u>     | <u>43,339,884</u>    | <u>62</u>  |
| <b>Non-current assets</b> |   |               |                      |                   |                      |               |                      |            |
| 1510                      | Financial assets at fair value through profit or loss - non-current             | 6(2)          | 3,360,043            | 5                 | 2,906,420            | 4             | 2,723,762            | 4          |
| 1517                      | Financial assets at fair value through other comprehensive income - non-current | 6(3)          | 2,586,521            | 3                 | 2,951,234            | 4             | 2,645,574            | 4          |
| 1535                      | Financial assets at amortised cost - non-current                                | 6(4)          | 64,900               | -                 | 61,410               | -             | -                    | -          |
| 1550                      | Investments accounted for under equity method                                   | 6(7)          | 4,827,658            | 7                 | 4,704,633            | 7             | 4,523,758            | 6          |
| 1600                      | Property, plant and equipment   | 6(8) and 8    | 11,307,782           | 15                | 11,326,045           | 17            | 11,271,653           | 16         |
| 1755                      | Right-of-use assets   | 6(9)          | 2,055,798            | 3                 | 1,965,522            | 3             | 2,050,304            | 3          |
| 1780                      | Intangible assets   | 6(10)         | 2,627,198            | 4                 | 2,750,414            | 4             | 2,782,283            | 4          |
| 1840                      | Deferred income tax assets  |               | 709,489              | 1                 | 830,790              | 1             | 740,806              | 1          |
| 1915                      | Prepayments for business facilities   |               | 88,300               | -                 | 92,705               | -             | 103,857              | -          |
| 1990                      | Other non-current assets  | 8             | 73,901               | -                 | 81,362               | -             | 76,276               | -          |
| 15XX                      | <b>Total non-current assets</b>   |               | <u>27,701,590</u>    | <u>38</u>         | <u>27,670,535</u>    | <u>40</u>     | <u>26,918,273</u>    | <u>38</u>  |
| 1XXX                      | <b>Total assets</b>   |               | <u>\$ 72,362,340</u> | <u>100</u>        | <u>\$ 69,056,272</u> | <u>100</u>    | <u>\$ 70,258,157</u> | <u>100</u> |

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**ADVANTECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023**  
(Expressed in thousands of New Taiwan dollars)

|      | Liabilities and Equity   | Notes       | June 30, 2024        |            | December 31, 2023    |            | June 30, 2023        |            |
|------|--|-------------|----------------------|------------|----------------------|------------|----------------------|------------|
|      |  |             | AMOUNT               | %          | AMOUNT               | %          | AMOUNT               | %          |
|      | <b>Current liabilities</b>   |             |                      |            |                      |            |                      |            |
| 2100 | Short-term borrowings  | 6(12)       | \$ -                 | -          | \$ 237,730           | -          | \$ 363,500           | 1          |
| 2120 | Financial liabilities at fair value through profit or loss - current     | 6(2)        | 3,807                | -          | 635                  | -          | 14,607               | -          |
| 2130 | Contract liabilities - current   | 6(22)       | 1,162,971            | 2          | 1,088,750            | 2          | 821,560              | 1          |
| 2170 | Notes and accounts payable   | 7           | 6,610,066            | 9          | 6,088,794            | 9          | 5,680,355            | 8          |
| 2200 | Other payables   | 6(13) and 7 | 11,856,613           | 16         | 4,395,090            | 6          | 12,160,382           | 17         |
| 2230 | Current income tax liabilities   |             | 1,865,723            | 3          | 3,440,853            | 5          | 2,609,345            | 4          |
| 2250 | Provisions for liabilities - current                                     |             | 191,497              | -          | 212,893              | -          | 251,127              | -          |
| 2280 | Lease liabilities - current  | 6(9)        | 306,040              | -          | 106,391              | -          | 249,961              | -          |
| 2320 | Long-term liabilities, current portion                                   | 6(14) and 8 | -                    | -          | 118,500              | -          | 118,000              | -          |
| 2399 | Other current liabilities  |             | 346,889              | 1          | 337,171              | 1          | 296,895              | 1          |
| 21XX | <b>Total current liabilities</b>   |             | <u>22,343,606</u>    | <u>31</u>  | <u>16,026,807</u>    | <u>23</u>  | <u>22,565,732</u>    | <u>32</u>  |
|      | <b>Non-current liabilities</b>   |             |                      |            |                      |            |                      |            |
| 2560 | Current income tax liabilities - non-current                             |             | -                    | -          | 219,989              | -          | 439,979              | 1          |
| 2570 | Deferred income tax liabilities  |             | 2,063,496            | 3          | 1,936,142            | 3          | 1,925,782            | 3          |
| 2580 | Lease liabilities - non-current  | 6(9)        | 1,506,127            | 2          | 1,610,905            | 2          | 1,545,018            | 2          |
| 2600 | Other non-current liabilities  |             | 461,102              | -          | 452,851              | 1          | 606,386              | 1          |
| 25XX | <b>Total non-current liabilities</b>                                     |             | <u>4,030,725</u>     | <u>5</u>   | <u>4,219,887</u>     | <u>6</u>   | <u>4,517,165</u>     | <u>7</u>   |
| 2XXX | <b>Total liabilities</b>   |             | <u>26,374,331</u>    | <u>36</u>  | <u>20,246,694</u>    | <u>29</u>  | <u>27,082,897</u>    | <u>39</u>  |
|      | <b>Equity attributable to shareholders of the parent</b>                 |             |                      |            |                      |            |                      |            |
|      | Share capital  | 6(17)       |                      |            |                      |            |                      |            |
| 3110 | Common shares  |             | 8,604,476            | 12         | 8,577,795            | 12         | 7,784,872            | 11         |
| 3140 | Advance receipts for share capital                                       |             | 27,204               | -          | 6,699                | -          | 4,467                | -          |
| 3150 | Stock dividends to be distributed  |             | -                    | -          | -                    | -          | 777,977              | 1          |
|      | Capital surplus  | 6(18)       |                      |            |                      |            |                      |            |
| 3200 | Capital surplus  |             | 10,772,307           | 15         | 9,753,806            | 14         | 9,389,912            | 13         |
|      | Retained earnings  | 6(19)       |                      |            |                      |            |                      |            |
| 3310 | Legal reserve  |             | 10,723,047           | 15         | 9,630,127            | 14         | 9,630,127            | 14         |
| 3350 | Unappropriated retained earnings   |             | 14,542,137           | 20         | 19,599,420           | 28         | 14,744,153           | 21         |
|      | Other equity   | 6(20)       |                      |            |                      |            |                      |            |
| 3400 | Other equity   |             | 1,198,762            | 2          | 893,305              | 2          | 374,434              | 1          |
| 1XX  | <b>Equity attributable to shareholders of the parent</b>                 |             | <u>45,867,933</u>    | <u>64</u>  | <u>48,461,152</u>    | <u>70</u>  | <u>42,705,942</u>    | <u>61</u>  |
| 36XX | Non-controlling interest   | 6(21)       | 120,076              | -          | 348,426              | 1          | 469,318              | -          |
| 3XXX | <b>Total equity</b>  |             | <u>45,988,009</u>    | <u>64</u>  | <u>48,809,578</u>    | <u>71</u>  | <u>43,175,260</u>    | <u>61</u>  |
|      | Significant contingent liabilities and unrecognized contract commitments | 9           |                      |            |                      |            |                      |            |
| 3X2X | <b>Total liabilities and equity</b>                                      |             | <u>\$ 72,362,340</u> | <u>100</u> | <u>\$ 69,056,272</u> | <u>100</u> | <u>\$ 70,258,157</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 SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items | Notes  | For the three-month periods ended June 30 |               |        |               | For the six-month periods ended June 30 |               |        |               |       |
|-------|--|---|---------------|--------|---------------|---|---------------|--------|---------------|-------|
|       |  | 2024                                      |               | 2023   |               | 2024                                    |               | 2023   |               |       |
|       |  | AMOUNT                                    | %             | AMOUNT | %             | AMOUNT                                  | %             | AMOUNT | %             |       |
| 4000  | Operating revenue  | 6(22) and 7                               | \$ 14,643,762 | 100    | \$ 17,028,135 | 100                                     | \$ 28,523,032 | 100    | \$ 34,423,742 | 100   |
| 5000  | Operating costs  | 6(6)(8)(9)(10)(15)(16)(26)<br>and 7       | ( 8,712,705)  | ( 59)  | ( 10,013,834) | ( 59)                                   | ( 17,044,297) | ( 60)  | ( 20,498,461) | ( 60) |
| 5950  | Gross profit   |   | 5,931,057     | 41     | 7,014,301     | 41                                      | 11,478,735    | 40     | 13,925,281    | 40    |
|       | Operating expenses   | 6(8)(9)(10)(15)(16)(26) and 7             |               |        |               |   |               |        |               |       |
| 6100  | Selling expenses   |   | ( 1,560,154)  | ( 11)  | ( 1,557,012)  | ( 9)                                    | ( 3,020,268)  | ( 11)  | ( 2,986,970)  | ( 8)  |
| 6200  | General and administrative expenses  |   | ( 894,378)    | ( 6)   | ( 821,602)    | ( 5)                                    | ( 1,758,270)  | ( 6)   | ( 1,640,008)  | ( 5)  |
| 6300  | Research and development expenses  |   | ( 1,299,334)  | ( 9)   | ( 1,202,145)  | ( 7)                                    | ( 2,564,309)  | ( 9)   | ( 2,372,296)  | ( 7)  |
| 6450  | (Expected credit impairment loss) impairment gain                                  |   | ( 10,977)     | -      | ( 3,786)      | -                                       | ( 52,205)     | -      | 5,251         | -     |
| 6000  | Total operating expenses   |   | ( 3,764,843)  | ( 26)  | ( 3,584,545)  | ( 21)                                   | ( 7,395,052)  | ( 26)  | ( 6,994,023)  | ( 20) |
| 6900  | Operating profit   |   | 2,166,214     | 15     | 3,429,756     | 20                                      | 4,083,683     | 14     | 6,931,258     | 20    |
|       | Non-operating income and expenses  |   |               |        |               |   |               |        |               |       |
| 7100  | Interest income  | 7   | 102,333       | 1      | 66,148        | -                                       | 189,877       | 1      | 106,968       | -     |
| 7010  | Other income   | 6(23) and 7                               | 94,283        | -      | 139,981       | 1                                       | 190,676       | 1      | 175,552       | 1     |
| 7020  | Other gains and losses   | 6(2)(24)                                  | 171,276       | 1      | ( 2,224)      | -                                       | 423,268       | 1      | 86,276        | -     |
| 7050  | Finance costs  | 6(9)(12)(14)(25)                          | ( 20,571)     | -      | ( 11,432)     | -                                       | ( 43,706)     | -      | ( 22,644)     | -     |
| 7060  | Share of profit of associates and joint ventures accounted for under equity method | 6(7)                                      | 119,268       | 1      | 146,780       | 1                                       | 185,553       | -      | 171,729       | 1     |
| 7000  | Total non-operating income and expenses  |   | 466,589       | 3      | 339,253       | 2                                       | 945,668       | 3      | 517,881       | 2     |
| 7900  | <b>Profit before income tax</b>  |   | 2,632,803     | 18     | 3,769,009     | 22                                      | 5,029,351     | 17     | 7,449,139     | 22    |
| 7950  | Income tax expense   | 6(27)                                     | ( 523,441)    | ( 3)   | ( 763,216)    | ( 4)                                    | ( 951,231)    | ( 3)   | ( 1,488,670)  | ( 4)  |
| 8200  | <b>Profit for the period</b>   |   | \$ 2,109,362  | 15     | \$ 3,005,793  | 18                                      | \$ 4,078,120  | 14     | \$ 5,960,469  | 18    |

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ADVANTECH CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items  | Notes   | For the three-month periods ended June 30 |              |        |              | For the six-month periods ended June 30 |              |        |              |      |
|--|---|---|--------------|--------|--------------|---|--------------|--------|--------------|------|
|  |   | 2024                                      |              | 2023   |              | 2024                                    |              | 2023   |              |      |
|  |   | AMOUNT                                    | %            | AMOUNT | %            | AMOUNT                                  | %            | AMOUNT | %            |      |
| <b>Other comprehensive income</b>  |   |   |              |        |              |   |              |        |              |      |
| <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b> |   |   |              |        |              |   |              |        |              |      |
| 8316   | Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income                                      | 6(3)(20)                                  | \$ 200,345   | 1      | \$ 323,935   | 1                                       | (\$ 158,750) | -      | \$ 448,913   | 1    |
| 8320   | Share of other comprehensive (losses) income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss | 6(7)(20)                                  | ( 1,777)     | -      | 4,419        | -                                       | ( 19,550)    | -      | 17,662       | -    |
| 8349   | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss  |   | -            | -      | ( 20)        | -                                       | -            | -      | ( 20)        | -    |
| 8310   | Other comprehensive income (loss) that will not be reclassified to profit or loss   |   | 198,568      | 1      | 328,334      | 1                                       | ( 178,300)   | -      | 466,555      | 1    |
| <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>     |   |   |              |        |              |   |              |        |              |      |
| 8361   | Financial statements translation differences of foreign operations  | 6(20)                                     | 133,395      | 1      | ( 29,738)    | -                                       | 673,785      | 2      | ( 49,219)    | -    |
| 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)                                  | 17,142       | -      | ( 2,389)     | -                                       | 28,228       | -      | ( 11,110)    | -    |
| 8399   | Income tax related to the components of other comprehensive (losses) income that will be reclassified to profit or loss   | 6(27)                                     | ( 31,969)    | -      | 6,629        | -                                       | ( 142,684)   | -      | 12,478       | -    |
| 8360   | Other comprehensive income (loss) that will be reclassified to profit or loss   |   | 118,568      | 1      | ( 25,498)    | -                                       | 559,329      | 2      | ( 47,851)    | -    |
| 8300   | <b>Total other comprehensive income for the period</b>  |   | \$ 317,136   | 2      | \$ 302,836   | 1                                       | \$ 381,029   | 2      | \$ 418,704   | 1    |
| 8500   | <b>Total comprehensive income for the period</b>  |   | \$ 2,426,498 | 17     | \$ 3,308,629 | 19                                      | \$ 4,459,149 | 16     | \$ 6,379,173 | 19   |
| Profit attributable to:  |   |   |              |        |              |   |              |        |              |      |
| 8610   | Shareholders of the parent  |   | \$ 2,113,495 | 15     | \$ 3,004,331 | 18                                      | \$ 4,106,552 | 14     | \$ 5,963,534 | 18   |
| 8620   | Non-controlling interest  |   | ( 4,133)     | -      | 1,462        | -                                       | ( 28,432)    | -      | ( 3,065)     | -    |
| <b>Total comprehensive income attributable to:</b>   |   |   |              |        |              |   |              |        |              |      |
| 8710   | Shareholders of the parent  |   | \$ 2,439,930 | 17     | \$ 3,306,149 | 19                                      | \$ 4,498,985 | 16     | \$ 6,380,175 | 19   |
| 8720   | Non-controlling interest  |   | ( 13,432)    | -      | 2,480        | -                                       | ( 39,836)    | -      | ( 1,002)     | -    |
| <b>Total comprehensive income attributable to:</b>   |   |   |              |        |              |   |              |        |              |      |
|  |   |   | \$ 2,426,498 | 17     | \$ 3,308,629 | 19                                      | \$ 4,459,149 | 16     | \$ 6,379,173 | 19   |
| Basic earnings per share   |   |   |              |        |              |   |              |        |              |      |
| 9750   | Profit for the period   | 6(28)                                     | \$ 2,426,498 | 2.46   | \$ 3,308,629 | 3.51                                    | \$ 4,459,149 | 4.78   | \$ 6,379,173 | 6.97 |
| Diluted earnings per share   |   |   |              |        |              |   |              |        |              |      |
| 9850   | Profit for the period   | 6(28)                                     | \$ 2,426,498 | 2.43   | \$ 3,308,629 | 3.48                                    | \$ 4,459,149 | 4.73   | \$ 6,379,173 | 6.90 |

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

ADVANTECH CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

|   | Notes         | Equity attributable to shareholders of the parent |                                    |                                   |                   |               |                 |                                  |  |   |   |               | Non-controlling interest | Total equity  |
|---|---------------|---|------------------------------------|-----------------------------------|-------------------|---------------|-----------------|----------------------------------|--|---|---|---------------|--------------------------|---------------|
|   |               | Capital   |                                    |                                   | Retained Earnings |               |                 |                                  | Other Equity Interest  |   |   |               |                          |               |
|   |               | Common stock                                      | Advance receipts for share capital | Stock dividends to be distributed | 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         |                          |               |
| <b>For the six-month period ended June 30, 2023</b>   |               |   |                                    |                                   |                   |               |                 |                                  |  |   |   |               |                          |               |
| 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  |               | -   | -                                  | -                                 | -                 | -             | -               | 5,963,534                        | -  | -   | -                                       | 5,963,534     | ( 3,065)                 | 5,960,469     |
| Other comprehensive income (loss) for the period  | 6(20)(21)     | -   | -                                  | -                                 | -                 | -             | 79              | ( 49,914)                        | 466,476  | -   | -                                       | 416,641       | 2,063                    | 418,704       |
| Total comprehensive income (loss) for the period  |               | -   | -                                  | -                                 | -                 | -             | 5,963,613       | ( 49,914)                        | 466,476  | -   | -                                       | 6,380,175     | ( 1,002)                 | 6,379,173     |
| Appropriations of 2022 earnings   | 6(19)         |   |                                    |                                   |                   |               |                 |                                  |  |   |   |               |                          |               |
| Legal reserve   |               | -   | -                                  | -                                 | -                 | 1,077,901     | ( 1,077,901)    | -                                | -  | -   | -                                       | -             | -                        | -             |
| Reversal of special reserve   |               | -   | -                                  | -                                 | -                 | ( 555,794)    | 555,794         | -                                | -  | -   | -                                       | -             | -                        | -             |
| Cash dividends  |               | -   | -                                  | -                                 | -                 | -             | ( 7,779,770)    | -                                | -  | -   | ( 7,779,770)                            | -             | ( 7,779,770)             | -             |
| Stock dividends   |               | -   | -                                  | 777,977                           | -                 | -             | ( 777,977)      | -                                | -  | -   | -                                       | -             | -                        | -             |
| Cash dividends distributed by subsidiaries  | 6(21)         | -   | -                                  | -                                 | -                 | -             | -               | -                                | -  | -   | -                                       | ( 7,404)      | ( 7,404)                 | -             |
| Recognition of employee share options   | 6(16)(17)     | 6,438   | 3,132                              | -                                 | 161,111           | -             | -               | -                                | -  | -   | -                                       | 170,681       | -                        | 170,681       |
| Compensation costs recognized for employee share options  | 6(16)         | -   | -                                  | -                                 | 75,085            | -             | -               | -                                | -  | -   | -                                       | 75,085        | -                        | 75,085        |
| Changes in associates and joint ventures accounted for under equity method                              |               | -   | -                                  | -                                 | 46,052            | -             | -               | 110,320                          | ( 110,320)   | 1,633   | 47,685                                  | -             | -                        | 47,685        |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed               | 6(21)(29)     | -   | -                                  | -                                 | ( 3,324)          | -             | -               | -                                | -  | -   | ( 3,324)                                | ( 7,590)      | ( 10,914)                | -             |
| Changes in ownership interests in subsidiaries  | 6(21)(29)     | -   | -                                  | -                                 | 708               | -             | -               | -                                | -  | -   | 708                                     | 16,002        | 16,710                   | -             |
| Balance at June 30, 2023  |               | \$ 7,784,872                                      | \$ 4,467                           | \$ 777,977                        | \$ 9,389,912      | \$ 9,630,127  | \$ -            | \$ 14,744,153                    | (\$ 764,875)   | \$ 1,141,716  | (\$ 2,407)                              | \$ 42,705,942 | \$ 469,318               | \$ 43,175,260 |
| <b>For the six-month period ended June 30, 2024</b>   |               |   |                                    |                                   |                   |               |                 |                                  |  |   |   |               |                          |               |
| 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  |               | -   | -                                  | -                                 | -                 | -             | -               | 4,106,552                        | -  | -   | -                                       | 4,106,552     | ( 28,432)                | 4,078,120     |
| Other comprehensive income (loss) for the period  | 6(20)(21)     | -   | -                                  | -                                 | -                 | -             | ( 87)           | 570,733                          | ( 178,213)   | -   | -                                       | 392,433       | ( 11,404)                | 381,029       |
| Total comprehensive income (loss) for the period  |               | -   | -                                  | -                                 | -                 | -             | 4,106,465       | 570,733                          | ( 178,213)   | -   | -                                       | 4,498,985     | ( 39,836)                | 4,459,149     |
| Appropriations of 2023 earnings   | 6(19)         |   |                                    |                                   |                   |               |                 |                                  |  |   |   |               |                          |               |
| Legal reserve   |               | -   | -                                  | -                                 | -                 | 1,092,920     | ( 1,092,920)    | -                                | -  | -   | -                                       | -             | -                        | -             |
| Cash dividends  |               | -   | -                                  | -                                 | -                 | -             | ( 8,155,269)    | -                                | -  | -   | ( 8,155,269)                            | -             | ( 8,155,269)             | -             |
| Cash dividends distributed by subsidiaries  | 6(21)         | -   | -                                  | -                                 | -                 | -             | -               | -                                | -  | -   | -                                       | ( 3,110)      | ( 3,110)                 | -             |
| Recognition of employee share options   | 6(16)(17)     | 26,681  | 20,505                             | -                                 | 657,389           | -             | -               | -                                | -  | -   | -                                       | 704,575       | -                        | 704,575       |
| Compensation costs recognized for employee share options  | 6(16)         | -   | -                                  | -                                 | 278,722           | -             | -               | -                                | -  | -   | -                                       | 278,722       | -                        | 278,722       |
| Changes in associates and joint ventures accounted for under equity method                              |               | -   | -                                  | -                                 | 72,779            | -             | ( 1,251)        | -                                | -  | 369   | 71,897                                  | -             | -                        | 71,897        |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed               | 6(21)(29)(30) | -   | -                                  | -                                 | -                 | -             | ( 1,223)        | -                                | -  | -   | ( 1,223)                                | 32,318        | 31,095                   | -             |
| Changes in non-controlling interest   | 6(21)         | -   | -                                  | -                                 | -                 | -             | -               | -                                | -  | -   | -                                       | ( 250,378)    | ( 250,378)               | -             |
| Changes in ownership interests in subsidiaries  | 6(21)(29)     | -   | -                                  | -                                 | 9,611             | -             | ( 517)          | -                                | -  | -   | -                                       | 9,094         | 32,656                   | 41,750        |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | 6(3)(20)      | -   | -                                  | -                                 | -                 | -             | 86,635          | ( 86,635)                        | -  | -   | -                                       | -             | -                        | -             |
| Disposal of financial assets at fair value through other comprehensive income by associates             | 6(20)         | -   | -                                  | -                                 | -                 | -             | 797             | ( 797)                           | -  | -   | -                                       | -             | -                        | -             |
| Balance at June 30, 2024  |               | \$ 8,604,476                                      | \$ 27,204                          | \$ -                              | \$ 10,772,307     | \$ 10,723,047 | \$ -            | \$ 14,542,137                    | (\$ 256,278)   | \$ 1,455,040  | \$ -                                    | \$ 45,867,933 | \$ 120,076               | \$ 45,988,009 |

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



**ADVANTECH CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023**

(Expressed in thousands of New Taiwan dollars)

|   | Notes       | For the six-month periods ended June 30 |                      |
|---|-------------|---|----------------------|
|   |             | 2024                                    | 2023                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |   |                      |
| Profit before income tax  |             | \$ 5,029,351                            | \$ 7,449,139         |
| Adjustment items  |             |   |                      |
| Adjustments to reconcile profit (loss)  |             |   |                      |
| Depreciation  | 6(8)(9)(26) | 472,779                                 | 441,609              |
| Amortisation  | 6(10)(26)   | 79,234                                  | 85,685               |
| Expected credit impairment loss (gain)  | 12(2)       | 52,205                                  | ( 5,251 )            |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss                   | 6(2)(24)    | 38,922                                  | ( 117,758 )          |
| Finance costs   | 6(25)       | 43,706                                  | 22,644               |
| Interest income   | (           | 189,877 )                               | ( 106,968 )          |
| Dividend income   | 6(23)       | ( 110,172 )                             | ( 66,603 )           |
| Compensation costs of employee share options  | 6(16)(26)   | 278,722                                 | 75,085               |
| Share of profit of associates accounted for under equity method   | 6(7)        | ( 185,553 )                             | ( 171,729 )          |
| Loss on disposal of property, plant and equipment   | 6(24)       | 3,280                                   | 4,978                |
| Gain on disposal of non-current assets held for sale  | 6(24)       | ( 85,667 )                              | -                    |
| Gain on disposal of investments   | 6(24)       | ( 108,246 )                             | ( 8,685 )            |
| 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   | (           | 1,767,434 )                             | ( 4,338,200 )        |
| Notes receivable  | (           | 127,195 )                               | 15,583               |
| Accounts receivable   | (           | 23,868 )                                | 312,609              |
| Accounts receivable - related parties   | (           | 4,236 )                                 | 3,344                |
| Other receivables (including related parties)   |             | 79,018                                  | 7,807                |
| Inventories   |             | 370,906                                 | 2,383,495            |
| Other current assets  | (           | 39,717 )                                | 199,920              |
| Changes in liabilities relating to operating activities   |             |   |                      |
| Financial liabilities at fair value through profit or loss  |             | 3,172                                   | ( 7,027 )            |
| Contract liabilities - current  |             | 41,612                                  | ( 492,135 )          |
| Notes and accounts payable  |             | 644,914                                 | ( 1,446,063 )        |
| Other payables  | (           | 640,861 )                               | ( 765,620 )          |
| Provision for liabilities - current   | (           | 19,687 )                                | ( 1,307 )            |
| Other current liabilities   |             | 4,600                                   | ( 35,560 )           |
| Other non-current liabilities   | (           | 2,862 )                                 | ( 18,341 )           |
| Cash inflow generated from operations   |             | 3,837,046                               | 3,420,651            |
| Interest received   |             | 109,756                                 | 106,968              |
| Dividends received  |             | 110,172                                 | 66,603               |
| Interest paid   | (           | 43,648 )                                | ( 23,073 )           |
| Income taxes paid   | (           | 2,581,887 )                             | ( 2,713,597 )        |
| Net cash flows provided by operating activities   |             | <u>1,431,439</u>                        | <u>857,552</u>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |             |   |                      |
| Acquisition of financial assets at amortised cost   | (           | 351,395 )                               | ( 647,809 )          |
| Proceeds from disposal of financial assets at amortised cost  |             | 1,408,349                               | 332,909              |
| Acquisition of financial assets at fair value through profit or loss                                      | (           | 389,968 )                               | ( 213,706 )          |
| Cash returned from capital reduction of financial assets at fair value through other comprehensive income |             | 23,070                                  | -                    |
| Proceeds from disposal of financial assets at fair value through other comprehensive income               |             | 203,781                                 | -                    |
| Acquisition of investments accounted for under equity method  | 6(7)        | -                                       | ( 59,774 )           |
| Proceeds from disposal of investments accounted for under equity method                                   | 6(7)        | 54,265                                  | 17,509               |
| Net cash flow from acquisition of subsidiaries  |             | 2,130                                   | -                    |
| Dividends received from associates  |             | 9,884                                   | 8,135                |
| Disposal of non-current assets held for sale  |             | 148,442                                 | -                    |
| Acquisition of property, plant and equipment  | 6(8)        | ( 288,350 )                             | ( 556,175 )          |
| Proceeds from disposal of property, plant and equipment   |             | 1,345                                   | 409                  |
| Decrease in refundable deposits   |             | 1,278                                   | 5,284                |
| Acquisition of intangible assets  | 6(10)       | ( 64,778 )                              | ( 31,898 )           |
| Proceeds from disposal of intangible assets   | 6(10)       | -                                       | 10                   |
| Increase in prepayments for business facilities   | (           | 29,191 )                                | ( 65,141 )           |
| Decrease (increase) in other non-current assets   |             | 89                                      | ( 787 )              |
| Changes due to loss of control of subsidiaries  | (           | 94,770 )                                | -                    |
| Net cash flows provided by (used in) investing activities   |             | <u>634,181</u>                          | <u>( 1,211,034 )</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |             |   |                      |
| Decrease in short-term borrowings   | 6(31)       | ( 4,389 )                               | ( 147,560 )          |
| Decrease in long-term borrowings  | 6(31)       | ( 118,500 )                             | -                    |
| Increase in guarantee deposits received   |             | 4,344                                   | 99,240               |
| Payments of lease liabilities   | 6(9)(31)    | ( 138,288 )                             | ( 120,399 )          |
| Employee share options exercised  |             | 704,575                                 | 170,681              |
| Dividends paid to non-controlling interests   | 6(21)       | ( 3,110 )                               | ( 7,404 )            |
| Change in non-controlling interests   |             | 90,533                                  | 5,796                |
| Net cash flows provided by financing activities   |             | <u>535,165</u>                          | <u>354</u>           |
| Effect of exchange rate changes   |             | 278,662                                 | ( 77,276 )           |
| Net increase (decrease) in cash and cash equivalents  |             | 2,879,447                               | ( 430,404 )          |
| Cash and cash equivalents at beginning of period  |             | 11,011,580                              | 12,029,785           |
| Cash and cash equivalents at end of period  |             | <u>\$ 13,891,027</u>                    | <u>\$ 11,599,381</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 SIX-MONTH PERIODS ENDED JUNE 30, 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 July 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<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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.

(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:

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>Standards Board   |
|---|--|
| Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'              | January 1, 2026  |
| 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<br>International Accounting<br>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  |
| IFRS 19, 'Subsidiaries without public accountability: disclosures'  | 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.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'

The IASB issued the amendments to:

- (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception relating to the derecognition of a financial liability (or part of a financial liability) settled through an electronic cash transfer system. Applying the exception, an entity is permitted to derecognise a financial liability at an earlier date if, and only if, the entity has initiated a payment instruction and specific conditions are met.

The conditions for the exception are that the entity making the payment does not have:

- i. the practical ability to withdraw, stop or cancel the payment instruction;
- ii. the practical ability to access the cash used for settlement; and
- iii. significant settlement risk.

- (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion, covering contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG targets), non-recourse features and contractually-linked instruments.
- (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.
- (d) Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. 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.

C. IFRS 19, 'Subsidiaries without public accountability: Disclosures'

The standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

#### 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<sup>®</sup> Interpretations, and SIC<sup>®</sup> 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 |
|------------------|---|--|---------------|-------------------|---------------|-------------|
|                  |   |  | June 30, 2024 | December 31, 2023 | June 30, 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    |
|------------------|--|--|---------------|-------------------|---------------|----------------|
|                  |  |  | June 30, 2024 | December 31, 2023 | June 30, 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         | Notes 2 and 20 |
|                  | 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   |
|------------------|--|--|---------------|-------------------|---------------|---------------|
|                  |  |  | June 30, 2024 | December 31, 2023 | June 30, 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             | 62.40         | 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    |
|---|--|--|---------------|-------------------|---------------|----------------|
|   |  |  | June 30, 2024 | December 31, 2023 | June 30, 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         |
|   | Expotech Co., Ltd. (Expotech)                      | Computer system integration service  | 64.52         | 43.01             | 43.01         | Notes 2 and 18 |
| 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         |



| Name of investor  | Name of subsidiary  | Business activities   | Ownership (%) |                   |               | Description    |
|---|---|---|---------------|-------------------|---------------|----------------|
|   |   |   | June 30, 2024 | December 31, 2023 | June 30, 2023 |                |
| Advantech Automation Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)]) | Advantech Electronics, S.A.P.I. DE C.V. (AMX)                           | Marketing and trade of industrial use computers   | -             | -                 | 0.10          | Notes 2 and 10 |
|   | 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         |

| Name of investor  | Name of subsidiary   | Business activities   | Ownership (%) |                   |               | Description        |
|---|--|---|---------------|-------------------|---------------|--------------------|
|   |  |   | June 30, 2024 | December 31, 2023 | June 30, 2023 |                    |
| Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN) | Shanghai Advantech Intelligent Service Co., Ltd. (ACI CN)                        | Manufacturing, marketing and trade of industrial use computers  | 18.00         | 18.00             | 18.00         | Note 2             |
| 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        | Notes 2 and 19     |
|   | Adveco Technology Co., Ltd. (Adveco)   | Technology development, consulting, services, product design, production and project implementation in the field of smart buildings | 27.78         | -                 | -             | 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   | 99.90         | -                 | -             | Notes 2, 14 and 17 |

| Name of investor   | Name of subsidiary   | Business activities   | Ownership (%) |                   |               | Description        |
|--|--|---|---------------|-------------------|---------------|--------------------|
|  |  |   | June 30, 2024 | December 31, 2023 | June 30, 2023 |                    |
| Adveco Management Consulting Co., Ltd. (Adveco Management)                         | Adveco Management Consulting No. 2 (Limited partnership) (Adveco Management No. 2) | Enterprise management consulting, information consulting, planning, service   | 99.90         | -                 | -             | Notes 2, 15 and 17 |
| 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 | 22.22         | -                 | -             | 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 | 22.22         | -                 | -             | 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             | 99.00         | 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     |

| Name of investor                           | Name of subsidiary                                      | Business activities  | Ownership (%) |                   |               | Description       |
|--|---|--|---------------|-------------------|---------------|-------------------|
|  |   |  | June 30, 2024 | December 31, 2023 | June 30, 2023 |                   |
| Cermate Technologies Inc. (Cermate Taiwan) | LandMark Co., Ltd. (LandMark)                           | General investment   | 100.00        | 100.00            | 100.00        | Note 2            |
| LandMark Co., Ltd. (LandMark)              | Cermate Technologies (Shanghai) Inc. (Cermate Shanghai) | Networking electronic equipment for industrial use   | 100.00        | 100.00            | 100.00        | Note 2            |
|  | Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)   | Production of LCD touch screen, USB data cables, and industrial use computers                    | 90.00         | 90.00             | 90.00         | Note 2            |
|  | Cermate software Inc. (CSI)                             | Software development   | 100.00        | 100.00            | 100.00        | Note 2            |
| LNC Technology Co., Ltd. (LNC)             | Better Auto Holdings Limited (Better Auto)              | Holding company  | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |
|  | LNCMac Technology Corp. (LNCMac)                        | System integration and application, system furniture intelligent design, manufacturing and sales | 58.44         | 66.32             | 77.52         | Notes 2, 3 and 20 |
|  | BEST PLC LTD. (BEST PLC)                                | Holding company  | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |
| Better Auto Holdings Limited (Better Auto) | Famous Now Limited (Famous Now)                         | Holding company  | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |
| BEST PLC LTD. (BEST PLC)                   | BEST SERVO LTD. (BEST SERVO)                            | Holding company  | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |
| Famous Now Limited (Famous Now)            | LNC Dong Guan Co., Ltd. (LNC Dong Guan)                 | Manufacturing and trade of controllers   | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |
| LNCMac Technology Corp. (LNCMac)           | BEST MACHINE LTD. (BEST MACHINE)                        | Holding company  | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |

| Name of investor  | Name of subsidiary                                     | Business activities  | Ownership (%) |                   |               | Description       |
|---|--|--|---------------|-------------------|---------------|-------------------|
|   |  |  | June 30, 2024 | December 31, 2023 | June 30, 2023 |                   |
| LNCMac Technology Corp. (LNCMac)                          | BEST AUTOMATION LTD. (BEST AUTOMATION)                 | Holding company  | 100.00        | 100.00            | 100.00        | Notes 2 and 20    |
| BEST MACHINE LTD. (BEST MACHINE)                          | LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN) | System intergration  | 100.00        | 100.00            | 100.00        | Notes 2, 4 and 20 |
| 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 India Private Limited (AIN) | Advantech Raiser India Private Limited (ARI)           | Marketing and trade of industrial use computers              | 55.00         | 55.00             | 55.00         | Note 2            |
| 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, 9 and 20 |

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

Note 2: The financial statements of the entity as of and for the six-month periods ended June 30, 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 its equity interest in LNCMac, 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 in the second quarter of 2024, the Group did not participate in the capital increase proportionally to its equity interest in Adveco, which resulted to a decrease in ownership from 54.88% to 54.42%.
- 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: During 2024, the Group established Adveco Management No. 1, and the Group held 59.94% equity interest in Adveco Management No. 1.
- Note 15: During 2024, the Group established Adveco Management No. 2, and the Group held 59.94% 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 management and employees. The actual reward methods shall be agreed upon by the Group and external investors. However, as of July 26, 2024, the reward methods have not yet been finalized.
- Note 18: In the second quarter of 2024, the Group acquired 21.51% equity interest in Expetech from external shareholders for a cash consideration of \$40,000, which resulted to an increase in ownership from 43.01% to 64.52%. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary, and the related information on the business combination is provided in Note 6(30).
- Note 19: In the second quarter of 2024, AYL was dissolved and liquidated.
- Note 20: In the second quarter of 2024, the Group lost control over LNC and its subsidiaries, but still has significant influence over them. Accordingly, the investments in LNC and its subsidiaries were reclassified to investments accounted for under equity method from the second quarter of 2024.

- 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.

(6) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

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

There have been no significant changes as of June 30, 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>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Cash on hand and revolving funds   | \$ 847               | \$ 608                   | \$ 1,272             |
| Checking accounts and demand deposits  | 10,073,301           | 9,134,599                | 7,853,608            |
| Cash equivalents (time deposits with original maturities less than three months) | 3,816,879            | 1,876,373                | 3,744,501            |
|  | <u>\$ 13,891,027</u> | <u>\$ 11,011,580</u>     | <u>\$ 11,599,381</u> |

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

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

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

|   | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 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                        | \$ 760               | \$ 17,160                | \$ 7,561             |
| Non-derivative financial assets                           |                      |                          |                      |
| Listed and OTC stocks                                     | 175,048              | -                        | -                    |
| Beneficiary certificates                                  | 10,377,614           | 8,566,902                | 7,826,608            |
| Convertible corporate bonds                               | 37,485               | 34,965                   | 32,700               |
|   | <u>\$ 10,590,907</u> | <u>\$ 8,619,027</u>      | <u>\$ 7,866,869</u>  |
| <u>Financial assets - non-current</u>                     |                      |                          |                      |
| Mandatorily measured at fair value through profit or loss |                      |                          |                      |
| Non-derivative financial assets                           |                      |                          |                      |
| Listed and OTC stocks                                     | \$ 492,274           | \$ 186,017               | \$ 202,836           |
| Unlisted and non-OTC stocks                               | 127,976              | 139,496                  | 156,767              |
| Beneficiary certificates                                  | 2,273,779            | 2,213,735                | 2,262,949            |
| Ordinary corporate bonds                                  | 354,942              | 257,988                  | 101,210              |
| Convertible corporate bonds                               | 111,072              | 109,184                  | -                    |
|   | <u>\$ 3,360,043</u>  | <u>\$ 2,906,420</u>      | <u>\$ 2,723,762</u>  |



|   | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 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                        | \$ 3,807             | \$ 635                   | \$ 14,607            |

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

|  | <u>For the three-month periods ended June 30,</u> |                   |
|--|---|-------------------|
|  | <u>2024</u>                                       | <u>2023</u>       |
| Financial assets and liabilities mandatorily measured at fair value through profit or loss |   |                   |
| Non-derivative instruments   | (\$ 52,759)                                       | \$ 33,860         |
| Derivative instruments   | ( 21,182)   | ( 11,918)         |
|  | <u>(\$ 73,941)</u>                                | <u>\$ 21,942</u>  |
|  |   |                   |
|  | <u>For the six-month periods ended June 30,</u>   |                   |
|  | <u>2024</u>                                       | <u>2023</u>       |
| Financial assets and liabilities mandatorily measured at fair value through profit or loss |   |                   |
| Non-derivative instruments   | \$ 19,431   | \$ 142,866        |
| Derivative instruments   | ( 58,353)   | ( 25,108)         |
|  | <u>(\$ 38,922)</u>                                | <u>\$ 117,758</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>June 30, 2024</u>     | <u>Currency</u> | <u>Maturity date</u> | <u>Contract amount (in thousands)</u> |
|--------------------------|-----------------|----------------------|---------------------------------------|
| Sell forward             | EUR/NTD         | 2024.07~2024.08      | EUR 3,000/NTD 104,723                 |
| foreign exchange         | CNY/NTD         | 2024.07~2024.08      | CNY 12,000/NTD 53,507                 |
|                          |                 |                      |                                       |
| <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>June 30, 2023</u>     | <u>Currency</u> | <u>Maturity date</u> | <u>Contract amount (in thousands)</u> |
| Sell forward             | EUR/NTD         | 2023.07~2023.08      | EUR 1,000/NTD 33,842                  |
| foreign exchange         | CNY/NTD         | 2023.07~2023.08      | CNY 100,000/NTD 434,840               |
|                          | JPY/NTD         | 2023.07~2023.08      | JPY 170,000/NTD 37,440                |

Derivative financial liabilities:

| <u>June 30, 2024</u>             | <u>Currency</u> | <u>Maturity date</u> | <u>Contract amount (in thousands)</u> |
|----------------------------------|-----------------|----------------------|---------------------------------------|
| Sell forward<br>foreign exchange | EUR/NTD         | 2024.08              | EUR 1,000/NTD 34,577                  |
|                                  | USD/NTD         | 2024.07~2024.08      | USD 11,000/NTD 353,465                |
|                                  | CNY/NTD         | 2024.07~2024.08      | CNY 19,000/NTD 84,267                 |
| <u>December 31, 2023</u>         | <u>Currency</u> | <u>Maturity date</u> | <u>Contract amount (in thousands)</u> |
| Sell forward<br>foreign exchange | EUR/NTD         | 2024.02              | EUR 1,500/NTD 50,744                  |
|                                  | JPY/NTD         | 2024.01~2024.02      | JPY 50,000/NTD 10,646                 |
|                                  | USD/NTD         | 2024.02              | USD 1,000/NTD 30,500                  |
| <u>June 30, 2023</u>             | <u>Currency</u> | <u>Maturity date</u> | <u>Contract amount (in thousands)</u> |
| Sell forward<br>foreign exchange | USD/NTD         | 2023.07~2023.08      | USD 16,500/NTD 504,511                |
|                                  | EUR/NTD         | 2023.07~2023.08      | EUR 9,500/NTD 315,887                 |

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

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

|                             | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|-----------------------------|----------------------|--------------------------|----------------------|
| Listed and OTC stocks       | \$ 2,266,196         | \$ 2,465,721             | \$ 2,003,149         |
| Unlisted and non-OTC stocks | 320,325              | 485,513                  | 642,425              |
|                             | <u>\$ 2,586,521</u>  | <u>\$ 2,951,234</u>      | <u>\$ 2,645,574</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 June 30,</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                       | \$ 200,345  | \$ 323,935  |
| Cumulative gains (losses) reclassified to retained earnings due to derecognition | \$ 83,357   | \$ -        |
| Dividend income recognized in profit or loss held at end of period               | \$ 62,441   | \$ 65,729   |
|  |   |             |
|  | <u>For the six-month periods ended June 30,</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 (loss) income                | (\$ 158,750)                                      | \$ 448,913  |
| Cumulative gains (losses) reclassified to retained earnings due to derecognition | \$ 86,635   | \$ -        |
| Dividend income recognized in profit or loss held at end of period               | \$ 108,535  | \$ 65,729   |

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

| <u>Items</u>       | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--------------------|----------------------|--------------------------|----------------------|
| Current items:     |                      |                          |                      |
| Time deposits      | \$ 525,943           | \$ 1,569,168             | \$ 468,449           |
| Non-current items: |                      |                          |                      |
| Time deposits      | \$ 64,900            | \$ 61,410                | \$ -                 |

A. As of June 30, 2024, December 31, 2023 and June 30, 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 \$590,843, \$1,630,578 and \$468,449, respectively.

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

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

(5) Notes and accounts receivable

|  | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Notes receivable                           | \$ 1,316,618         | \$ 1,294,115             | \$ 1,420,058         |
| Less: Allowance for uncollectible accounts | ( 791)               | ( 798)                   | ( 794)               |
|  | <u>\$ 1,315,827</u>  | <u>\$ 1,293,317</u>      | <u>\$ 1,419,264</u>  |
| Accounts receivable                        | \$ 8,007,549         | \$ 8,114,254             | \$ 9,449,835         |
| Less: Allowance for uncollectible accounts | ( 172,118)           | ( 153,028)               | ( 115,506)           |
|  | <u>\$ 7,835,431</u>  | <u>\$ 7,961,226</u>      | <u>\$ 9,334,329</u>  |

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

|                                 | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|---------------------------------|----------------------|--------------------------|----------------------|
| Not past due                    | \$ 8,222,319         | \$ 8,220,242             | \$ 9,839,404         |
| Less than 90 days past due      | 898,872              | 978,515                  | 888,212              |
| Between 91 to 180 days past due | 48,116               | 55,847                   | 38,415               |
| Over 181 days past due          | 154,860              | 153,765                  | 103,862              |
|                                 | <u>\$ 9,324,167</u>  | <u>\$ 9,408,369</u>      | <u>\$ 10,869,893</u> |

The above aging analysis was based on past due date.

- B. Except for the balances shown above, the balance of notes and accounts receivable from contracts with customers was \$11,199,678 at January 1, 2023.
- C. The Group does not hold collateral as security for accounts receivable.
- D. As of June 30, 2024, December 31, 2023 and June 30, 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 \$1,315,827, \$1,293,317 and \$1,419,264, respectively. The maximum exposures to credit risk in respect of the amounts that best represents the Group's accounts receivable were \$7,835,431, \$7,961,226 and \$9,334,329, respectively.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

|                      | June 30, 2024        |   |                      |
|----------------------|----------------------|---|----------------------|
|                      | <u>Cost</u>          | <u>Allowance for<br/>valuation loss</u> | <u>Book value</u>    |
| Raw materials        | \$ 5,093,520         | (\$ 715,347)                            | \$ 4,378,173         |
| Work in progress     | 662,071              | ( 7,136)                                | 654,935              |
| Finished goods       | 3,269,701            | ( 233,294)                              | 3,036,407            |
| Inventory in transit | 1,173,296            | -                                       | 1,173,296            |
|                      | <u>\$ 10,198,588</u> | <u>(\$ 955,777)</u>                     | <u>\$ 9,242,811</u>  |
|                      | December 31, 2023    |   |                      |
|                      | <u>Cost</u>          | <u>Allowance for<br/>valuation loss</u> | <u>Book value</u>    |
| 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>  |
|                      | June 30, 2023        |   |                      |
|                      | <u>Cost</u>          | <u>Allowance for<br/>valuation loss</u> | <u>Book value</u>    |
| Raw materials        | \$ 6,286,358         | (\$ 783,622)                            | \$ 5,502,736         |
| Work in progress     | 961,232              | ( 8,396)                                | 952,836              |
| Finished goods       | 4,268,312            | ( 289,468)                              | 3,978,844            |
| Inventory in transit | 1,189,854            | -                                       | 1,189,854            |
|                      | <u>\$ 12,705,756</u> | <u>(\$ 1,081,486)</u>                   | <u>\$ 11,624,270</u> |

The cost of inventories recognized as expense for the period:

|   | For the three-month periods ended June 30, |                      |
|---|--|----------------------|
|   | <u>2024</u>                                | <u>2023</u>          |
| Cost of goods sold  | \$ 8,568,781                               | \$ 9,924,112         |
| Gain from price recovery                                      | ( 24,602)                                  | ( 9,761)             |
| Others  | 168,526                                    | 99,483               |
|   | <u>\$ 8,712,705</u>                        | <u>\$ 10,013,834</u> |
|   | For the six-month periods ended June 30,   |                      |
|   | <u>2024</u>                                | <u>2023</u>          |
| Cost of goods sold  | \$ 16,791,036                              | \$ 20,132,308        |
| (Gain from price recovery)<br>loss on decline in market value | ( 38,260)                                  | 86,318               |
| Others  | 291,521                                    | 279,835              |
|   | <u>\$ 17,044,297</u>                       | <u>\$ 20,498,461</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 six-month period ended June 30, 2024 and the three-month periods ended June 30, 2024 and 2023.

(7) Investments accounted for under equity method

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

|  | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Associates that are not individually material</u>     |                      |                          |                      |
| <u>Listed and OTC companies</u>                          |                      |                          |                      |
| Axiomtek Co., Ltd.<br>(Axiomtek)                         | \$ 1,142,090         | \$ 1,077,036             | \$ 1,050,409         |
| Winmate Inc. (Winmate)                                   | 658,689              | 663,771                  | 615,493              |
| AzureWave Technologies,<br>Inc. (AzureWave)              | 806,235              | 775,429                  | 723,828              |
| Nippon RAD Inc. (Nippon<br>RAD)                          | 243,934              | 252,609                  | 247,426              |
| Mildex Optical Inc. (Mildex)                             | 186,809              | 178,362                  | 180,109              |
| Hwacom Systems Inc.<br>(Hwacom)                          | 441,997              | 458,363                  | 459,208              |
| Information Technology Total<br>Services Co.,Ltd. (ITTS) | -                    | 140,237                  | 151,104              |
| LNC Technology Co., Ltd.<br>(LNC)                        | 209,412              | -                        | -                    |
| <u>Unlisted and non-OTC companies</u>                    |                      |                          |                      |
| International Integrated<br>Systems, Inc. (IISI)         | 293,184              | 278,221                  | 292,278              |
| CDIB Innovation Accelerator<br>Co., Ltd. (CDIB)          | 294,529              | 286,793                  | 287,146              |
| VSO Electronics Co., Ltd.<br>(VSO)                       | 175,687              | 177,684                  | 199,815              |
| Feng Sang Enterprise Co.,<br>Ltd. (Feng Sang)            | 129,100              | 124,293                  | 121,474              |
| Others   | 245,992              | 291,835                  | 195,468              |
|  | <u>\$ 4,827,658</u>  | <u>\$ 4,704,633</u>      | <u>\$ 4,523,758</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%. In the second quarter of 2024, VSO converted employee share options into common shares, which resulted to a decrease in its equity interest from 12.51% to 12.37%. 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. In the second quarter of 2024, the Group disposed part of its equity interest in ITTS for a cash consideration of \$9,051, which resulted to a decrease in its equity interest to 14.01%. As the Group no longer remain as ITTS's directors and lost significant influence over ITTS, the investment in ITTS accounted for under equity method was reclassified to financial assets at fair value through profit or loss - current.
- (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. In the second quarter of 2024, the Group disposed part of its equity interest in AzureWave for a cash consideration of \$18,378, which resulted to a decrease in its equity interest to 18.97%. 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 and the second quarter of 2024, Axiomtek converted employee share options into common shares, which resulted to a decrease in its equity interest from 27.97% to 27.50%.
- (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%.
- (m) In the second quarter of 2024, AIMobile Co., Ltd. (AIMobile) made a capital reduction to offset the deficit and a capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27.00% to 9.81%, as the Group lost significant influence over AIMobile, the investment in AIMobile accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.
- (n) In the second quarter of 2024, the Group acquired 21.51% equity interest in Expetech from external shareholders for a cash consideration of \$40,000, which resulted to an increase in ownership from 43.01% to 64.52%. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary, and the related information on the business combination is provided in Note 6(30).
- (o) In the second quarter of 2024, the Group lost control over LNC and its subsidiaries, but still has significant influence over them. Accordingly, the investments in LNC and its subsidiaries were reclassified to investments accounted for under equity method from the second quarter of 2024.
- B. The summary of financial information of shares 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 June 30,</u> |                   |
|--|---|-------------------|
|  | <u>2024</u>                                       | <u>2023</u>       |
| Profit for the period from continuing operations | \$ 119,268  | \$ 146,780        |
| Other comprehensive income after tax             | <u>15,365</u>                                     | <u>2,010</u>      |
| Total comprehensive income                       | <u>\$ 134,633</u>                                 | <u>\$ 148,790</u> |
|  | <u>For the six-month periods ended June 30,</u>   |                   |
|  | <u>2024</u>                                       | <u>2023</u>       |
| Profit for the period from continuing operations | \$ 185,553  | \$ 171,729        |
| Other comprehensive income after tax             | <u>8,678</u>                                      | <u>6,532</u>      |
| Total comprehensive income                       | <u>\$ 194,231</u>                                 | <u>\$ 178,261</u> |



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

|                          | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--------------------------|----------------------|--------------------------|----------------------|
| Fair value of associates | \$ 7,625,501         | \$ 6,371,479             | \$ 5,474,773         |

D. Investments accounted for under equity method were evaluated based on the investees' unreviewed financial statements. As of June 30, 2024 and 2023, the unreviewed investments accounted for under equity method amounted to \$3,685,568 and \$3,473,349, respectively, and the share of comprehensive income amounted to \$73,782, \$82,355, \$89,670 and \$78,383 for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, respectively.

E. The Group is the single largest shareholder of Axiomtek, Winmate, Hwacom, VSO, iSAP and Feng Sang. Considering that the 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, and 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.

F. The Group is the single largest shareholder of LNC. Considering that the other shareholders of the company collectively hold more shares than the Group and that the Group has only one of its directors, and 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

|   | <u>Freehold<br/>land</u> | <u>Buildings</u>    | <u>Machinery<br/>and<br/>equipment</u> | <u>Office<br/>equipment</u> | <u>Other<br/>equipment</u> | <u>Construction<br/>in progress and<br/>equipment<br/>pending<br/>acceptance</u> | <u>Total</u>         |
|---|--------------------------|---------------------|--|-----------------------------|----------------------------|--|----------------------|
| Balance at January 1, 2024                              | \$ 2,921,224             | \$ 9,569,679        | \$ 2,397,115                           | \$ 871,739                  | \$ 2,228,038               | \$ 321,304   | \$ 18,309,099        |
| 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   | -                        | 129,686             | 15,080                                 | 30,780                      | 74,327                     | 38,477   | 288,350              |
| Acquired from business combinations (Note 1)            | -                        | -                   | -                                      | 305                         | 1,644                      | -  | 1,949                |
| Disposals   | -                        | ( 44)               | ( 2,440)                               | ( 863)                      | ( 1,278)                   | -  | ( 4,625)             |
| Depreciation  | -                        | ( 121,341)          | ( 79,625)                              | ( 37,236)                   | ( 104,417)                 | -  | ( 342,619)           |
| Changes due to loss of control of subsidiaries (Note 2) | -                        | -                   | ( 35,065)                              | ( 4,546)                    | ( 20,516)                  | -  | ( 60,127)            |
| Reclassifications                                       | -                        | -                   | 3,006                                  | ( 5)                        | 21,629                     | ( 3,591)   | 21,039               |
| Net exchange differences                                | 2,506                    | 41,987              | 12,241                                 | 5,434                       | 10,912                     | 4,690  | 77,770               |
| Balance at June 30, 2024                                | <u>\$ 2,923,730</u>      | <u>\$ 6,393,443</u> | <u>\$ 833,619</u>                      | <u>\$ 174,926</u>           | <u>\$ 621,184</u>          | <u>\$ 360,880</u>  | <u>\$ 11,307,782</u> |
| Balance at June 30, 2024                                | \$ 2,923,730             | \$ 9,743,216        | \$ 2,335,597                           | \$ 885,932                  | \$ 2,272,878               | \$ 360,880   | \$ 18,522,233        |
| Cost  | \$ 2,923,730             | \$ 9,743,216        | \$ 2,335,597                           | \$ 885,932                  | \$ 2,272,878               | \$ 360,880   | \$ 18,522,233        |
| Accumulated depreciation and impairment                 | -                        | ( 3,349,773)        | ( 1,501,978)                           | ( 711,006)                  | ( 1,651,694)               | -  | ( 7,214,451)         |
|   | <u>\$ 2,923,730</u>      | <u>\$ 6,393,443</u> | <u>\$ 833,619</u>                      | <u>\$ 174,926</u>           | <u>\$ 621,184</u>          | <u>\$ 360,880</u>  | <u>\$ 11,307,782</u> |

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

Note 1: Refer to Note 6(30) for details.

Note 2: Refer to Note 4(3) for details.

Note 3: 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

|                          | June 30, 2024       | December 31, 2023   | June 30, 2023       |
|--------------------------|---------------------|---------------------|---------------------|
| Carrying amount          |                     |                     |                     |
| Land                     | \$ 1,439,141        | \$ 1,372,871        | \$ 1,390,252        |
| Buildings                | 510,891             | 518,555             | 570,180             |
| Machinery and equipment  | 2,597               | 1,582               | 1,885               |
| Office equipment         | 18,395              | 8,347               | 11,446              |
| Transportation equipment | 84,774              | 57,357              | 74,452              |
| Other equipment          | -                   | 6,810               | 2,089               |
|                          | <u>\$ 2,055,798</u> | <u>\$ 1,965,522</u> | <u>\$ 2,050,304</u> |

|                          | For the three-month periods ended June 30, |                  |
|--------------------------|--|------------------|
|                          | 2024                                       | 2023             |
| Depreciation expenses    |  |                  |
| Land                     | \$ 2,163                                   | \$ 2,122         |
| Buildings                | 45,310                                     | 47,098           |
| Machinery and equipment  | 319  | 184              |
| Office equipment         | 1,863                                      | 1,608            |
| Transportation equipment | 10,372                                     | 8,835            |
| Other equipment          | -  | 300              |
|                          | <u>\$ 60,027</u>                           | <u>\$ 60,147</u> |

|                          | For the six-month periods ended June 30, |                   |
|--------------------------|--|-------------------|
|                          | 2024                                     | 2023              |
| Depreciation expenses    |  |                   |
| Land                     | \$ 4,279                                 | \$ 4,275          |
| Buildings                | 100,059                                  | 93,881            |
| Machinery and equipment  | 639                                      | 368               |
| Office equipment         | 3,711                                    | 3,210             |
| Transportation equipment | 20,741                                   | 17,668            |
| Other equipment          | 731                                      | 560               |
|                          | <u>\$ 130,160</u>                        | <u>\$ 119,962</u> |

C. The additions to right-of-use assets for the six-month periods ended June 30, 2024 and 2023 were \$283,088 and \$1,562,872, respectively.

D. Lease liabilities

|                 | June 30, 2024       | December 31, 2023   | June 30, 2023       |
|-----------------|---------------------|---------------------|---------------------|
| Carrying amount |                     |                     |                     |
| Current         | \$ 306,040          | \$ 106,391          | \$ 249,961          |
| Non-current     | 1,506,127           | 1,610,905           | 1,545,018           |
|                 | <u>\$ 1,812,167</u> | <u>\$ 1,717,296</u> | <u>\$ 1,794,979</u> |

E. Other lease information

|                                       | For the three-month periods ended June 30, |                  |
|---------------------------------------|--|------------------|
|                                       | 2024                                       | 2023             |
| Expense on lease interest             | \$ 20,501                                  | \$ 8,872         |
| Expense on short-term lease contracts | \$ 206                                     | \$ 83            |
| Expense on leases of low-value assets | \$ 84                                      | \$ 430           |
| Total cash outflow for leases         | <u>\$ 64,052</u>                           | <u>\$ 57,018</u> |

|                                       | For the six-month periods ended June 30, |                   |
|---------------------------------------|--|-------------------|
|                                       | 2024                                     | 2023              |
| Expense on lease interest             | \$ 41,777                                | \$ 15,909         |
| Expense on short-term lease contracts | \$ 329                                   | \$ 166            |
| Expense on leases of low-value assets | \$ 152                                   | \$ 860            |
| Total cash outflow for leases         | <u>\$ 138,769</u>                        | <u>\$ 121,425</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        |
| Additions-acquired separately                             | -                 | -                             | -                          | -                   | 64,778            | 64,778              |
| Additions-acquired through business combinations (Note 1) | -                 | -                             | -                          | 22,050              | 6,375             | 28,425              |
| Changes in liquidation of subsidiaries                    | -                 | -                             | -                          | ( 3,182)            | -                 | ( 3,182)            |
| Amortization  | ( 1,697)          | ( 17,928)                     | -                          | -                   | ( 59,609)         | ( 79,234)           |
| Changes due to loss of control of subsidiaries (Note 2)   | -                 | -                             | -                          | ( 227,127)          | ( 11,284)         | ( 238,411)          |
| Net exchange differences                                  | 1,763             | 13,413                        | -                          | 87,137              | 2,095             | 104,408             |
| Balance at June 30, 2024                                  | <u>\$ 78,091</u>  | <u>\$ 189,150</u>             | <u>\$ -</u>                | <u>\$ 2,167,154</u> | <u>\$ 192,803</u> | <u>\$ 2,627,198</u> |
| Balance at June 30, 2024                                  |                   |                               |                            |                     |                   |                     |
| Cost  | \$ 534,552        | \$ 597,690                    | \$ 442,856                 | \$ 2,848,409        | \$ 735,971        | \$ 5,159,478        |
| Accumulated amortization and impairment                   | ( 456,461)        | ( 408,540)                    | ( 442,856)                 | ( 681,255)          | ( 543,168)        | ( 2,532,280)        |
|   | <u>\$ 78,091</u>  | <u>\$ 189,150</u>             | <u>\$ -</u>                | <u>\$ 2,167,154</u> | <u>\$ 192,803</u> | <u>\$ 2,627,198</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                                       | -                 | -                             | -                          | -                   | 31,898            | 31,898              |
| Disposals   | -                 | -                             | -                          | -                   | ( 10)             | ( 10)               |
| Amortization  | -                 | ( 16,842)                     | ( 12,456)                  | -                   | ( 56,387)         | ( 85,685)           |
| Net exchange differences                                  | 2,398             | 694                           | 110                        | 29,518              | 14,081            | 46,801              |
| Balance at June 30, 2023                                  | <u>\$ 74,384</u>  | <u>\$ 207,560</u>             | <u>\$ 12,697</u>           | <u>\$ 2,276,754</u> | <u>\$ 210,888</u> | <u>\$ 2,782,283</u> |
| Balance at June 30, 2023                                  |                   |                               |                            |                     |                   |                     |
| Cost  | \$ 509,932        | \$ 572,250                    | \$ 426,693                 | \$ 2,949,181        | \$ 666,091        | \$ 5,124,147        |
| Accumulated amortization and impairment                   | ( 435,548)        | ( 364,690)                    | ( 413,996)                 | ( 672,427)          | ( 455,203)        | ( 2,341,864)        |
|   | <u>\$ 74,384</u>  | <u>\$ 207,560</u>             | <u>\$ 12,697</u>           | <u>\$ 2,276,754</u> | <u>\$ 210,888</u> | <u>\$ 2,782,283</u> |

Note 1: Refer to Note 6(30) for details.

Note 2: Refer to Note 4(3) for details.

A. The details of goodwill are as follows:

|                             | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|-----------------------------|----------------------|--------------------------|----------------------|
| B+B Smartworkx Inc.         | \$ 1,452,583         | \$ 1,374,470             | \$ 1,393,943         |
| LNC                         | -                    | 227,127                  | 227,127              |
| Advantech Service -IoT GmbH | 170,229              | 166,648                  | 165,815              |
| AEU                         | 138,536              | 135,616                  | 134,920              |
| Others                      | 405,806              | 384,415                  | 354,949              |
|                             | <u>\$ 2,167,154</u>  | <u>\$ 2,288,276</u>      | <u>\$ 2,276,754</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 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>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|------------------|----------------------|--------------------------|----------------------|
| Land (Note)      | \$ 108,776           | \$ 144,820               | \$ -                 |
| Buildings (Note) | 66,715               | 93,446                   | -                    |
| Other equipment  | 75                   | 75                       | -                    |
|                  | <u>\$ 175,566</u>    | <u>\$ 238,341</u>        | <u>\$ -</u>          |

Note: The Group had sold parts of land and buildings in the second quarter of 2024.

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>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|-----------------------------|----------------------|--------------------------|----------------------|
| <u>Unsecured borrowings</u> |                      |                          |                      |
| Credit borrowings           | <u>\$ -</u>          | <u>\$ 237,730</u>        | <u>\$ 363,500</u>    |

A. The range of interest rates on bank loans were 0.23%~4.20% and 0.23%~2.04% per annum as of December 31, 2023 and June 30, 2023, respectively.

B. The interest expense recognized in profit and loss amounted to \$46, \$1,545, \$1,573 and \$4,737 for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, respectively.

(13) Other payables

|  | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Wages and salaries and bonuses payable | \$ 2,538,372         | \$ 3,219,427             | \$ 3,262,563         |
| Employee benefits payable              | 211,439              | 225,619                  | 211,231              |
| Dividend payable                       | 8,155,269            | -                        | 7,779,770            |
| Others                                 | 951,533              | 950,044                  | 906,818              |
|  | <u>\$ 11,856,613</u> | <u>\$ 4,395,090</u>      | <u>\$ 12,160,382</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     |  |                      |                   | ( <u>118,500</u> )       |
|                           |  |                      |                   | <u>\$ -</u>              |

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

On June 30, 2024, the Group did not hold any long-term borrowings.

A. The interest expense recognized in profit and loss amounted to \$0, \$882, \$295 and \$1,730 for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, 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 \$1,636, \$2,221, \$3,676 and \$3,735 for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 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 \$116,744, \$108,586, \$229,731 and \$216,563 for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, respectively.

(16) Share-based payment

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 six-month periods ended June 30,   |  |  |  |
|--|--|--|--|--|
|  | 2024                                       |  | 2023                                       |  |
|  | Unit of options<br>(in thousand<br>shares) | Weighted-<br>average<br>exercise price<br>(in dollars) | Unit of options<br>(in thousand<br>shares) | Weighted-<br>average<br>exercise price<br>(in dollars) |
| Options outstanding at the beginning of the period | 18,704                                     | \$ 176.71  | 13,379                                     | \$ 179.19  |
| Options exercised                                  | (4,719)                                    | 149.32   | (957)                                      | 178.37   |
| Options outstanding at the end of the period       | <u>13,985</u>                              | 185.95   | <u>12,422</u>                              | 179.25   |
| Options exercisable at the end of the period       | <u>4,485</u>                               | 166.47   | <u>9,421</u>                               | 175.50   |

- C. The weighted-average stock price of share options at exercise dates for the six-month periods ended June 30, 2024 and 2023 were \$329.5 ~ \$432 (in dollars) and \$324 ~ \$424.5 (in dollars), respectively.



D. Information on outstanding options at the balance sheet date is as follows:

|                  | June 30, 2024                  |  | December 31, 2023              |  | June 30, 2023                  |  |
|------------------|--------------------------------|--|--------------------------------|--|--------------------------------|--|
|                  | Exercise price<br>(in dollars) | Weighted-average<br>remaining contractual life<br>(in years) | Exercise price<br>(in dollars) | Weighted-average<br>remaining contractual life<br>(in years) | Exercise price<br>(in dollars) | Weighted-average<br>remaining contractual life<br>(in years) |
| Issuance in 2023 | \$ 200.00                      | 5.21   | \$ 200.00                      | 5.71   | \$ -                           | -  |
| Issuance in 2020 | 169.30                         | 2.08   | 169.30                         | 2.58   | 191.00                         | 3.08   |
| Issuance in 2018 | 148.20                         | 0.08   | 148.20                         | 0.58   | 167.10                         | 1.08   |

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

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

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

F. Compensation cost recognized for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023 were \$139,361, \$37,543, \$278,722 and \$75,085, respectively.

(17) Share capital

As of June 30, 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 \$8,631,680 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

|                                  | 2024    | 2023    |
|----------------------------------|---------|---------|
| At January 1                     | 858,449 | 777,977 |
| Employee share options exercised | 4,719   | 957     |
| At June 30                       | 863,168 | 778,934 |

(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>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|---|----------------------|--------------------------|----------------------|
| <u>May be used to offset a deficit,</u><br><u>distributed as cash dividends, or</u><br><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   | 4,992,871            | 4,172,821                | 3,801,202            |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed   | 31,556               | 31,556                   | 28,232               |
| 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  | 21,277               | 11,666                   | 1,237                |
| Changes in equity of associates accounted for under equity method   | 143,847              | 71,068                   | 153,531              |
| Employee share options forfeited  | 96,258               | 96,258                   | 96,258               |
| <u>Not to be used for any purpose</u>   |                      |                          |                      |
| Employee share options  | 1,078,473            | 962,412                  | 901,427              |
|   | <u>\$ 10,772,307</u> | <u>\$ 9,753,806</u>      | <u>\$ 9,389,912</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 amount 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 2023 and 2022 earnings had been approved by the shareholders on May 30, 2024 and May 25, 2023, respectively.

|  | 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 six-month periods ended June 30, |              |
|---|--|--------------|
|   | 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 | 548,151                                  | ( 41,026)    |
| Share of profit (loss) of associates accounted for under equity method                | 22,582                                   | ( 8,888)     |
| Other comprehensive income (loss) recognized for the period                           | 570,733                                  | ( 49,914)    |
| Balance at June 30  | (\$ 256,278)                             | (\$ 764,875) |

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

|   | For the six-month periods ended June 30, |              |
|---|--|--------------|
|   | 2024                                     | 2023         |
| Balance at January 1  | \$ 1,720,685                             | \$ 785,560   |
| Recognized for the period                                       |  |              |
| Unrealized gain or loss   |  |              |
| Equity instrument   | ( 158,750)                               | 448,913      |
| Share of loss of associates accounted for under equity method   | ( 19,463)                                | ( 92,757)    |
| Other comprehensive (loss) income                               | ( 178,213)                               | 356,156      |
| Transfer of valuation adjustments to retained earnings          |  |              |
| Equity instrument   | ( 86,635)                                | -            |
| Share of income of associates accounted for under equity method | ( 797)                                   | -            |
| Balance at June 30  | \$ 1,455,040                             | \$ 1,141,716 |

C. Unearned employee benefits compensation

|   | For the six-month periods ended June 30, |            |
|---|--|------------|
|   | 2024                                     | 2023       |
| Balance at January 1  | (\$ 369)                                 | (\$ 4,040) |
| Share of profit of associates accounted for under equity method | 369                                      | 1,633      |
| Balance at June 30  | (\$ -)                                   | (\$ 2,407) |

(21) Non-controlling interest

|   | For the six-month periods ended June 30, |                   |
|---|--|-------------------|
|   | 2024                                     | 2023              |
| Balance at January 1  | \$ 348,426                               | \$ 469,312        |
| Loss for the period   | ( 28,432)                                | ( 3,065)          |
| Increase in non-controlling interest arising from the establishment of subsidiaries       | 47,305                                   | -                 |
| Exchange differences on translation of the financial statements of foreign operations     | ( 11,404)                                | 2,063             |
| Increase in non-controlling interests arising from decrease in investment in subsidiaries | 35,357                                   | 16,002            |
| Increase in non-controlling interests arising from business combinations                  | 29,617                                   | -                 |
| Decrease in non-controlling interests arising from increase in investment in subsidiaries | -  | ( 7,590)          |
| Cash dividends distributed by subsidiaries  | ( 3,110)                                 | ( 7,404)          |
| Changes due to loss of control of subsidiaries  | ( 297,683)                               | -                 |
| Balance at June 30  | <u>\$ 120,076</u>                        | <u>\$ 469,318</u> |

(22) Operating revenue

|                                       | For the three-month periods ended June 30, |                      |
|---------------------------------------|--|----------------------|
|                                       | 2024                                       | 2023                 |
| Revenue from contracts with customers | <u>\$ 14,643,762</u>                       | <u>\$ 17,028,135</u> |

  

|                                       | For the six-month periods ended June 30, |                      |
|---------------------------------------|--|----------------------|
|                                       | 2024                                     | 2023                 |
| Revenue from contracts with customers | <u>\$ 28,523,032</u>                     | <u>\$ 34,423,742</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 June 30, 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>\$ 4,345,820</u>         | <u>\$ 3,732,338</u>       | <u>\$ 2,224,590</u>           | <u>\$ 1,519,479</u>                   | <u>\$ 1,262,064</u>      | <u>\$ 1,559,471</u>                                | <u>\$ 14,643,762</u> |

For the three-month period ended June 30, 2023

|                    | Industrial-IoT Group (IIoT) | Embedded-IoT Group (EIoT) | Applied Computing Group (ACG) | Industrial Cloud & Video Group (ICVG) | Service-IoT Group (SIoT) | Advantech Service Plus and Others (AS+ and Others) | Total                |
|--------------------|-----------------------------|---------------------------|-------------------------------|---------------------------------------|--------------------------|--|----------------------|
| Department revenue | <u>\$ 4,460,975</u>         | <u>\$ 4,459,350</u>       | <u>\$ 2,626,843</u>           | <u>\$ 1,933,188</u>                   | <u>\$ 1,703,664</u>      | <u>\$ 1,844,115</u>                                | <u>\$ 17,028,135</u> |

For the six-month period ended June 30, 2024

|                    | Industrial-IoT<br>Group<br>(IIoT) | Embedded-<br>IoT Group<br>(EIoT) | Applied<br>Computing<br>Group<br>(ACG) | Industrial<br>Cloud &<br>Video Group<br>(ICVG) | Service-IoT<br>Group<br>(SIoT) | Advantech<br>Service Plus and<br>Others (AS+<br>and Others) | Total         |
|--------------------|-----------------------------------|----------------------------------|--|--|--------------------------------|---|---------------|
| Department revenue | \$ 8,197,858                      | \$ 7,139,878                     | \$ 4,292,889                           | \$ 3,077,419                                   | \$ 2,570,146                   | \$ 3,244,842  | \$ 28,523,032 |

For the six-month period ended June 30, 2023

|                    | Industrial-IoT<br>Group<br>(IIoT) | Embedded-<br>IoT Group<br>(EIoT) | Applied<br>Computing<br>Group<br>(ACG) | Industrial<br>Cloud &<br>Video Group<br>(ICVG) | Service-IoT<br>Group<br>(SIoT) | Advantech<br>Service Plus and<br>Others (AS+<br>and Others) | Total         |
|--------------------|-----------------------------------|----------------------------------|--|--|--------------------------------|---|---------------|
| Department revenue | \$ 9,043,442                      | \$ 9,152,933                     | \$ 4,979,619                           | \$ 3,998,323                                   | \$ 3,158,626                   | \$ 4,090,799  | \$ 34,423,742 |

**B. Contract liabilities**

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,162,971, \$1,088,750, \$821,560 and \$1,313,695 as of June 30, 2024, December 31, 2023, June 30, 2023 and January 1, 2023, respectively.

**(23) Other income**

|                 | <u>For the three-month periods ended June 30,</u> |                   |
|-----------------|---|-------------------|
|                 | <u>2024</u>                                       | <u>2023</u>       |
| Rental income   | \$ 2,282  | \$ 7,306          |
| Dividend income | 63,701  | 65,729            |
| Others (Note)   | 28,300  | 66,946            |
|                 | <u>\$ 94,283</u>                                  | <u>\$ 139,981</u> |
|                 | <u>For the six-month periods ended June 30,</u>   |                   |
|                 | <u>2024</u>                                       | <u>2023</u>       |
| Rental income   | \$ 5,840  | \$ 15,317         |
| Dividend income | 110,172   | 66,603            |
| Others (Note)   | 74,664  | 93,632            |
|                 | <u>\$ 190,676</u>                                 | <u>\$ 175,552</u> |

Note: For the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, the Group received government grants of \$5,958, \$1,809, \$28,453 and \$11,018 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, \$214, \$0 and \$309 for the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, respectively, and were deducted from the recorded expenses.

(24) Other gains and losses

|   | For the three-month periods ended June 30, |                   |
|---|--|-------------------|
|   | 2024                                       | 2023              |
| Losses on disposal of property, plant and equipment                                 | (\$ 2,773)                                 | (\$ 3,965)        |
| Gain on disposal of non-current assets held for sale                                | 85,667                                     | -                 |
| Gains on disposals of investments   | 95,670                                     | 8,685             |
| Currency exchange gains (losses)  | 68,062                                     | ( 28,809)         |
| (Losses) gains on financial assets/liabilities at fair value through profit or loss | ( 73,941)                                  | 21,942            |
| Others  | ( 1,409)                                   | ( 77)             |
|   | <u>\$ 171,276</u>                          | <u>(\$ 2,224)</u> |

|   | For the six-month periods ended June 30, |                  |
|---|--|------------------|
|   | 2024                                     | 2023             |
| Losses on disposal of property, plant and equipment                                 | (\$ 3,280)                               | (\$ 4,978)       |
| Gain on disposal of non-current assets held for sale                                | 85,667                                   | -                |
| Gains on disposals of investments   | 108,246                                  | 8,685            |
| Currency exchange gains (losses)  | 277,353                                  | ( 33,325)        |
| (Losses) gains on financial assets/liabilities at fair value through profit or loss | ( 38,922)                                | 117,758          |
| Others  | ( 5,796)                                 | ( 1,864)         |
|   | <u>\$ 423,268</u>                        | <u>\$ 86,276</u> |

(25) Finance costs

|                                       | For the three-month periods ended June 30, |                  |
|---------------------------------------|--|------------------|
|                                       | 2024                                       | 2023             |
| Bank loan interest                    | \$ 46                                      | \$ 2,427         |
| Interest expense on lease liabilities | 20,501                                     | 8,872            |
| Others                                | 24   | 133              |
|                                       | <u>\$ 20,571</u>                           | <u>\$ 11,432</u> |

|                                       | For the six-month periods ended June 30, |                  |
|---------------------------------------|--|------------------|
|                                       | 2024                                     | 2023             |
| Bank loan interest                    | \$ 1,868                                 | \$ 6,467         |
| Interest expense on lease liabilities | 41,777                                   | 15,909           |
| Others                                | 61                                       | 268              |
|                                       | <u>\$ 43,706</u>                         | <u>\$ 22,644</u> |

(26) Expenses by nature

A. Depreciation and amortisation expenses

|   | For the three-month periods ended June 30, |                   |
|---|--|-------------------|
|   | 2024                                       | 2023              |
| Depreciation categorised by function                      |  |                   |
| Operating costs   | \$ 64,797                                  | \$ 65,288         |
| Operating expenses  | <u>165,676</u>                             | <u>155,576</u>    |
|   | <u>\$ 230,473</u>                          | <u>\$ 220,864</u> |
| Amortisation of intangible assets categorised by function |  |                   |
| Operating costs   | \$ 563                                     | \$ 392            |
| Operating expenses  | <u>43,187</u>                              | <u>42,302</u>     |
|   | <u>\$ 43,750</u>                           | <u>\$ 42,694</u>  |
|   |  |                   |
|   | For the six-month periods ended June 30,   |                   |
|   | 2024                                       | 2023              |
| Depreciation categorised by function                      |  |                   |
| Operating costs   | \$ 130,802                                 | \$ 131,279        |
| Operating expenses  | <u>341,977</u>                             | <u>310,330</u>    |
|   | <u>\$ 472,779</u>                          | <u>\$ 441,609</u> |
| Amortisation of intangible assets categorised by function |  |                   |
| Operating costs   | \$ 914                                     | \$ 801            |
| Operating expenses  | <u>78,320</u>                              | <u>84,884</u>     |
|   | <u>\$ 79,234</u>                           | <u>\$ 85,685</u>  |

B. Employee benefit expense

|  | For the three-month periods ended June 30, |                     |
|--|--|---------------------|
|  | 2024                                       | 2023                |
| Short-term employee benefits                         | \$ 3,096,035                               | \$ 2,979,312        |
| Post-employment benefits                             |  |                     |
| Defined contribution plan                            | 116,744                                    | 108,586             |
| Defined benefit plan                                 | <u>1,636</u>                               | <u>2,221</u>        |
|  | 118,380                                    | 110,807             |
| Share-based payment                                  |  |                     |
| Equity-settled                                       | 139,361                                    | 37,543              |
| Other employee benefits                              | <u>249,041</u>                             | <u>284,762</u>      |
| Total employee benefit expense                       | <u>\$ 3,602,817</u>                        | <u>\$ 3,412,424</u> |
| An analysis of employee benefits expense by function |  |                     |
| Operating costs                                      | \$ 772,778                                 | \$ 772,749          |
| Operating expenses                                   | <u>2,830,039</u>                           | <u>2,639,675</u>    |
|  | <u>\$ 3,602,817</u>                        | <u>\$ 3,412,424</u> |



|   | For the six-month periods ended June 30, |                     |
|---|--|---------------------|
|   | 2024                                     | 2023                |
| Short-term employee benefits                            | \$ 6,035,557                             | \$ 5,915,889        |
| Post-employment benefits                                |  |                     |
| Defined contribution plan                               | 229,731                                  | 216,563             |
| Defined benefit plan                                    | 3,676                                    | 3,735               |
|   | <u>233,407</u>                           | <u>220,298</u>      |
| Share-based payment                                     |  |                     |
| Equity-settled  | 278,722                                  | 75,085              |
| Other employee benefits                                 | 492,003                                  | 535,605             |
| Total employee benefit expense                          | <u>\$ 7,039,689</u>                      | <u>\$ 6,746,877</u> |
| An analysis of employee benefits expense<br>by function |  |                     |
| Operating costs   | \$ 1,498,446                             | \$ 1,525,334        |
| Operating expenses                                      | 5,541,243                                | 5,221,543           |
|   | <u>\$ 7,039,689</u>                      | <u>\$ 6,746,877</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 June 30, 2024 and 2023, and for the six-month periods ended June 30, 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 June 30, |                 |
|-------------------------|--|-----------------|
|                         | 2024                                       | 2023            |
| Employees' compensation | \$ 225,000                                 | \$ 215,000      |
| Directors' remuneration | <u>\$ 4,800</u>                            | <u>\$ 3,600</u> |

|                         | For the six-month periods ended June 30, |                 |
|-------------------------|--|-----------------|
|                         | 2024                                     | 2023            |
| Employees' compensation | \$ 450,000                               | \$ 400,000      |
| Directors' remuneration | <u>\$ 9,600</u>                          | <u>\$ 7,200</u> |

- (b) The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 as 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     |

The actual amounts of employees' compensation and directors' remuneration for 2023 are the same with the amounts recognized in the consolidated financial statements for 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 June 30, |              |
|--|--|--------------|
|  | 2024                                       | 2023         |
| Current income tax:  |  |              |
| Current tax on profits for the period                                      | \$ 407,811                                 | \$ 354,006   |
| Difference between prior years' income tax estimation and assessed results | -  | ( 98,192)    |
| Tax on undistributed earnings  | 84,051                                     | 84,958       |
| Total current tax  | 491,862                                    | 340,772      |
| Deferred income tax:   |  |              |
| Origination and reversal of temporary differences                          | 31,579                                     | 422,444      |
| Income tax expense   | \$ 523,441                                 | \$ 763,216   |
|  |  |              |
|  | For the six-month periods ended June 30,   |              |
|  | 2024                                       | 2023         |
| Current income tax:  |  |              |
| Current tax on profits for the period                                      | \$ 826,834                                 | \$ 1,288,302 |
| Difference between prior years' income tax estimation and assessed results | ( 65,625)                                  | ( 149,159)   |
| Tax on undistributed earnings  | 84,051                                     | 84,958       |
| Total current tax  | 845,260                                    | 1,224,101    |
| Deferred income tax:   |  |              |
| Origination and reversal of temporary differences                          | 105,971                                    | 264,569      |
| Income tax expense   | \$ 951,231                                 | \$ 1,488,670 |

- (b) Income tax recognized in other comprehensive income and loss

|                                   | For the three-month periods ended June 30, |            |
|-----------------------------------|--|------------|
|                                   | 2024                                       | 2023       |
| Translation of foreign operations | \$ 31,969                                  | (\$ 6,629) |

|                                   | For the six-month periods ended June 30, |             |
|-----------------------------------|--|-------------|
|                                   | 2024                                     | 2023        |
| Translation of foreign operations | \$ 142,684                               | (\$ 12,478) |

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 six-month periods ended June 30, 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, Canada and Korea, which come into effect from 2024, the Group has no related current tax exposure as of June 30, 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 June 30, |         |
|                            | 2024                                       | 2023    |
| Basic earnings per share   | \$ 2.46                                    | \$ 3.51 |
| Diluted earnings per share | \$ 2.43                                    | \$ 3.48 |

|                            | Unit: expressed in dollars per share     |         |
|----------------------------|--|---------|
|                            | For the six-month periods ended June 30, |         |
|                            | 2024                                     | 2023    |
| Basic earnings per share   | \$ 4.78                                  | \$ 6.97 |
| Diluted earnings per share | \$ 4.73                                  | \$ 6.90 |

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 June 30, |              |
|--|--|--------------|
|  | 2024                                       | 2023         |
| Earnings used in the computation of basic earnings per share   | \$ 2,113,495                               | \$ 3,004,331 |
| Earnings used in the computation of diluted earnings per share | \$ 2,113,495                               | \$ 3,004,331 |

|  | For the six-month periods ended June 30, |              |
|--|--|--------------|
|  | 2024                                     | 2023         |
| Earnings used in the computation of basic earnings per share   | \$ 4,106,552                             | \$ 5,963,534 |
| Earnings used in the computation of diluted earnings per share | \$ 4,106,552                             | \$ 5,963,534 |

Unit: expressed in thousand shares

|  | For the three-month periods ended June 30, |         |
|--|--|---------|
|  | 2024                                       | 2023    |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 860,473                                    | 856,349 |
| Assumed conversion of all dilutive potential ordinary shares                                     |  |         |
| Employee share options   | 6,578                                      | 6,570   |
| Employees' compensation  | 608  | 488     |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 867,659                                    | 863,407 |

Unit: expressed in thousand shares

|  | For the six-month periods ended June 30, |         |
|--|--|---------|
|  | 2024                                     | 2023    |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 859,578                                  | 856,136 |
| Assumed conversion of all dilutive potential ordinary shares                                     |  |         |
| Employee share options   | 5,969                                    | 6,366   |
| Employees' compensation  | 1,839                                    | 1,619   |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 867,386                                  | 864,121 |

(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 six-month period<br>ended June 30, 2024 |        |
|---|---|--------|
| Consideration received  | \$  | 1,478  |
| Proportionate share of the carrying amount<br>of the net assets of the subsidiary transferred<br>into non-controlling interests | (   | 2,701) |
| Difference between consideration<br>and carrying amount of subsidiaries<br>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 six-month periods ended June 30, |           |
|---|--|-----------|
|   | 2024                                     | 2023      |
|   | LNCMac                                   | LNCMac    |
| Cash  | \$ 41,750                                | \$ 16,710 |
| Proportionate share of the carrying amount<br>of the net assets of the subsidiary transferred<br>into non-controlling interests | ( 32,656)                                | ( 16,002) |
| Capital surplus - changes in ownership<br>interest in subsidiaries  | \$ 9,094                                 | \$ 708    |

(30) Business combinations

A. On April 11, 2024, the Group acquired 21.51% equity interest in Expetech from external shareholders for a cash consideration of \$ 40,000, which resulted to an increase in ownership from 43.01% to 64.52%. The subsidiary was consolidated starting from the date the Group obtained control of the subsidiary.

B. The following table summarises the consideration paid for Expetech and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets at the acquisition date:

|  | <u>April 11, 2024</u> |
|--|-----------------------|
| Purchase consideration   |                       |
| Cash paid  | \$ 40,000             |
| Fair value of equity interest in Expetech held before the business combination                                 | 35,898                |
| Non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets | <u>29,617</u>         |
|  | <u>105,515</u>        |
| Fair value of the identifiable assets acquired and liabilities assumed   |                       |
| Cash   | 42,130                |
| Financial assets at fair value through profit or loss - current  | 13,383                |
| Accounts receivable  | 2,901                 |
| Inventories  | 1,600                 |
| Other current assets   | 25,988                |
| Financial assets at fair value through other comprehensive income - non-current                                | 20,000                |
| Property, plant and equipment  | 1,949                 |
| Intangible assets  | 6,375                 |
| Deferred income tax assets   | 1,602                 |
| Other non-current assets   | 1,741                 |
| Notes and accounts payable   | ( 9,727)              |
| Other payables   | ( 7,608)              |
| Other current liabilities  | ( 10,100)             |
| Other non-current liabilities  | <u>( 6,769)</u>       |
| Total identifiable net assets  | <u>83,465</u>         |
| Goodwill   | <u>\$ 22,050</u>      |

- C. The fair value of the acquired identifiable intangible assets of \$28,324 is provisional pending receipt of the final valuations for those assets.
- D. The operating revenue included in the consolidated statement of comprehensive income since April 11, 2024 contributed by Expetech was \$18,455. Expetech also contributed loss before income tax of \$6,333 over the same period. Had Expetech been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$28,531,763 and profit before income tax of \$5,025,164.

(31) 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 | ( 4,389)              | ( 118,500)                                       | ( 138,288)          | ( 261,177)          |
| Increase                                       | -                     | -  | 283,088             | 283,088             |
| Net exchange differences                       | 4,278                 | -  | 84,638              | 88,916              |
| Changes due to loss of control of subsidiaries | ( 237,619)            | -  | ( 134,567)          | ( 372,186)          |
| At June 30                                     | <u>\$ -</u>           | <u>\$ -</u>                                      | <u>\$ 1,812,167</u> | <u>\$ 1,812,167</u> |

  

|  | 2023                  |  |                     |                     |
|--|-----------------------|--|---------------------|---------------------|
|  | Short-term borrowings | Long-term borrowings (including current portion) | Lease liabilities   | Total               |
| At January 1                                   | \$ 531,330            | \$ 121,500                                       | \$ 343,858          | \$ 996,688          |
| Changes in cash flow from financing activities | ( 147,560)            | -  | ( 120,399)          | ( 267,959)          |
| Increase                                       | -                     | -  | 1,562,872           | 1,562,872           |
| Net exchange differences                       | ( 20,270)             | ( 3,500)   | 8,648               | ( 15,122)           |
| At June 30                                     | <u>\$ 363,500</u>     | <u>\$ 118,000</u>                                | <u>\$ 1,794,979</u> | <u>\$ 2,276,479</u> |

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.

| <u>Names of related parties</u>      | <u>Relationship with the Group</u> |
|--------------------------------------|------------------------------------|
| Axiomtek Co., Ltd.                   | Associate                          |
| AIMobile Co., Ltd.                   | Associate (Note 1)                 |
| Deneng Scientific Research Co., Ltd. | Associate                          |
| Winmate Inc.                         | Associate                          |
| AzureWave Technologies, Inc.         | Associate                          |
| Nippon RAD Inc.                      | Associate                          |
| DotZero Co., Ltd.                    | Associate                          |

| Names of related parties                           | Relationship with the Group  |
|--|------------------------------|
| Mildex Optical Inc.                                | Associate                    |
| Information Technology Total Services Co., Ltd.    | Associate (Note 1)           |
| 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 (Note 2)           |
| Honghua Electronic Technology (Shanghai) Co., Ltd. | Associate                    |
| Feng Sang Enterprise Co., Ltd.                     | Associate                    |
| RFD Micro Electricity Co., Ltd.                    | Associate                    |
| Eil Co., Ltd.                                      | Associate (Note 4)           |
| Suzhou AIIST Intelligent Technology Co., Ltd.      | Associate                    |
| LNC Technology Co., Ltd.                           | Associate (Note 3)           |
| ENCORE MED SDN BHD                                 | Associate                    |
| Industrial Technology Research Institute           | Other related party          |
| LNC Rich investment Co., Ltd.                      | Other related party (Note 4) |
| K&M Investment Co., Ltd.                           | Other related party          |
| AIDC Investment Corp.                              | Other related party          |
| Advantech Foundation                               | Other related party          |
| Tran-Fei Development Co., Ltd.                     | Other related party          |
| OYALIN Co., Ltd.                                   | Other related party (Note 4) |
| Oya System Furniture Design Ltd.                   | Other related party (Note 4) |
| Chia-Lien Cable TV Corp.                           | Other related party          |

Note 1: In the second quarter of 2024, the Group lost significant influence over the associate. Accordingly, the entity was not considered as related party since the second quarter of 2024.

Note 2: In the second quarter of 2024, the Group obtained control over the associate. Accordingly, the entity was not considered as related party since the second quarter of 2024.

Note 3: In the second quarter of 2024, the Group lost control over LNC and its subsidiaries but still has significant influence over them. Accordingly, the entities have been included in the Group's associates starting from the second quarter of 2024.

Note 4: In the second quarter of 2024, the Group lost control over LNC and its subsidiaries but still has significant influence over them. Accordingly, the investments accounted for under equity method and other related parties of LNC and its subsidiaries were not anymore considered related parties since the second quarter of 2024.



(3) Significant related party transactions

A. Operating revenue

|                       | For the three-month periods ended June 30, |                  |
|-----------------------|--|------------------|
|                       | 2024                                       | 2023             |
| Associates            | \$ 27,110                                  | \$ 26,962        |
| Other related parties | 1,608                                      | 2,132            |
|                       | <u>\$ 28,718</u>                           | <u>\$ 29,094</u> |

  

|                       | For the six-month periods ended June 30, |                  |
|-----------------------|--|------------------|
|                       | 2024                                     | 2023             |
| Associates            | \$ 47,689                                | \$ 45,682        |
| Other related parties | 2,449                                    | 2,418            |
|                       | <u>\$ 50,138</u>                         | <u>\$ 48,100</u> |

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

B. Purchases and other operating costs

|                        | For the three-month periods ended June 30, |                  |
|------------------------|--|------------------|
|                        | 2024                                       | 2023             |
| Purchases of goods:    |  |                  |
| Associates             | \$ 48,819                                  | \$ 79,597        |
| Other related parties  | 320  | -                |
| Purchases of services: |  |                  |
| Associates             | -  | -                |
|                        | <u>\$ 49,139</u>                           | <u>\$ 79,597</u> |

  

|                        | For the six-month periods ended June 30, |                   |
|------------------------|--|-------------------|
|                        | 2024                                     | 2023              |
| Purchases of goods:    |  |                   |
| Associates             | \$ 97,169                                | \$ 186,556        |
| Other related parties  | 320                                      | -                 |
| Purchases of services: |  |                   |
| Associates             | 351                                      | -                 |
|                        | <u>\$ 97,840</u>                         | <u>\$ 186,556</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>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|---------------------------------------|----------------------|--------------------------|----------------------|
| Accounts receivable - related parties |                      |                          |                      |
| Associates                            | \$ 20,540            | \$ 15,551                | \$ 27,018            |
| Other related parties                 | 430                  | 1,183                    | 2,038                |
|                                       | <u>\$ 20,970</u>     | <u>\$ 16,734</u>         | <u>\$ 29,056</u>     |
| Other receivables - related parties   |                      |                          |                      |
| Associates                            | \$ 180,534           | \$ 922                   | \$ 123,858           |
| Other related parties                 | 637                  | -                        | -                    |
|                                       | <u>\$ 181,171</u>    | <u>\$ 922</u>            | <u>\$ 123,858</u>    |

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

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

|  | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| Notes and accounts payable - related parties |                      |                          |                      |
| Associates                                   | \$ 55,783            | \$ 57,089                | \$ 65,506            |
| Other related parties                        | 336                  | -                        | -                    |
|  | <u>\$ 56,119</u>     | <u>\$ 57,089</u>         | <u>\$ 65,506</u>     |
| Other payables - related parties             |                      |                          |                      |
| Associates                                   | \$ 5,887             | \$ 3,537                 | \$ 5,290             |
| Other related parties                        | 32                   | -                        | -                    |
|  | <u>\$ 5,919</u>      | <u>\$ 3,537</u>          | <u>\$ 5,290</u>      |

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

E. Prepayments to related parties

|                      | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|----------------------|----------------------|--------------------------|----------------------|
| Other current assets |                      |                          |                      |
| Associates           | \$ 22,994            | \$ 20,778                | \$ 39,259            |

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

F. Property transactions

|  | For the three-month periods ended June 30, |        |
|--|--|--------|
|  | 2024                                       | 2023   |
| Acquisition of property, plant and equipment<br>Associates | \$ -                                       | \$ -   |
|  | For the six-month periods ended June 30,   |        |
|  | 2024                                       | 2023   |
| Acquisition of property, plant and equipment<br>Associates | \$ 127                                     | \$ 134 |

G. Other related party transactions

(a) Operating expenses

|   | For the three-month periods ended June 30, |           |
|---|--|-----------|
|   | 2024                                       | 2023      |
| Selling expenses<br>Associates                    | \$ 1,123                                   | \$ 115    |
| General and administrative expenses<br>Associates | \$ 12,452                                  | \$ 13,243 |
| Other related parties                             | 30   | -         |
|   | \$ 12,482                                  | \$ 13,243 |
| Research and development expense<br>Associates    | \$ 1,469                                   | \$ 1,031  |
|   | For the six-month periods ended June 30,   |           |
|   | 2024                                       | 2023      |
| Selling expenses<br>Associates                    | \$ 1,124                                   | \$ 115    |
| General and administrative expenses<br>Associates | \$ 23,950                                  | \$ 22,606 |
| Other related parties                             | 30   | -         |
|   | \$ 23,980                                  | \$ 22,606 |
| Research and development expense<br>Associates    | \$ 2,080                                   | \$ 5,616  |

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 June 30, |                                 |
|-----------------|--|---------------------------------|
|                 | 2024                                       | 2023                            |
| Interest income |  |                                 |
| Associates      | \$ <u>                    -</u>            | \$ <u>                    -</u> |
|                 | For the six-month periods ended June 30,   |                                 |
|                 | 2024                                       | 2023                            |
| Interest income |  |                                 |
| Associates      | \$ <u>                    -</u>            | \$ <u>                    2</u> |

(c) Other income

|                       | For the three-month periods ended June 30, |                                  |
|-----------------------|--|----------------------------------|
|                       | 2024                                       | 2023                             |
| Rental income         |  |                                  |
| Other related parties | \$ <u>                  358</u>            | \$ <u>                  358</u>  |
| Other income          |  |                                  |
| Other related parties | \$ <u>                 3,357</u>           | \$ <u>                 3,357</u> |
|                       | For the six-month periods ended June 30,   |                                  |
|                       | 2024                                       | 2023                             |
| Rental income         |  |                                  |
| Other related parties | \$ <u>                  716</u>            | \$ <u>                  716</u>  |
| Other income          |  |                                  |
| Other related parties | \$ <u>                 5,216</u>           | \$ <u>                 5,213</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 June 30, |                                 |
|--|--|---------------------------------|
|  | 2024                                       | 2023                            |
| Associates (classified as a deduction of investment accounted for under equity method) | \$ <u>                 9,390</u>           | \$ <u>                    -</u> |
|  | For the six-month periods ended June 30,   |                                 |
|  | 2024                                       | 2023                            |
| Associates (classified as a deduction of investment accounted for under equity method) | \$ <u>             189,497</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 six-month period ended June 30, 2023.

(4) Key management compensation

|                              | For the three-month periods ended June 30, |                  |
|------------------------------|--|------------------|
|                              | 2024                                       | 2023             |
| Short-term employee benefits | \$ 11,992                                  | \$ 9,407         |
| Post-employment benefits     | 141  | 106              |
| Share-based payment          | 8,215                                      | 2,703            |
|                              | <u>\$ 20,348</u>                           | <u>\$ 12,216</u> |

  

|                              | For the six-month periods ended June 30, |                  |
|------------------------------|--|------------------|
|                              | 2024                                     | 2023             |
| Short-term employee benefits | \$ 23,984                                | \$ 18,815        |
| Post-employment benefits     | 282                                      | 212              |
| Share-based payment          | 16,430                                   | 5,406            |
|                              | <u>\$ 40,696</u>                         | <u>\$ 24,433</u> |

8. PLEDGED ASSETS

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

| Pledged asset   | Book value       |                   |                   | Purpose                  |
|---|------------------|-------------------|-------------------|--------------------------|
|   | June 30, 2024    | December 31, 2023 | June 30, 2023     |                          |
| Pledged deposits and demand deposits<br>(classified as financial assets at amortised<br>cost - current) | \$ 22,715        | \$ 14,176         | \$ 11,118         | Lease<br>mortgage        |
| Demand deposits (classified as other non-<br>current assets - other)                                    | -                | 4,343             | 5,566             | Performance<br>guarantee |
| Property, plant and equipment   |                  |                   |                   |                          |
| Land  | -                | 99,594            | 99,174            | Long-term<br>borrowings  |
| Buildings   | -                | 127,812           | 129,025           | Long-term<br>borrowings  |
|   | <u>\$ 22,715</u> | <u>\$ 245,925</u> | <u>\$ 244,883</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 June 30, 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 June 30, 2024, the Group has signed a contract for the construction of Linkou Smart Campus Phase III amounting to \$3,394, which has not yet been incurred.
- C. As of June 30, 2024, the Group has signed a contract for the construction of Hwa Ya Technology Park Phase II amounting to \$3,560,000, which has not yet been incurred.
- D. As of June 30, 2024, the Group has signed a contract for the construction of ANA factory and buildings amounting to USD71,200 thousand, which has not yet been incurred.

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

#### 12. OTHERS

##### (1) Capital management

There was no significant change during the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

##### (2) Financial instruments

###### A. Financial instruments by category

|  | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 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 | \$ 13,950,950        | \$ 11,525,447            | \$ 10,590,631        |
| Financial assets at amortised cost (Note 1)                                | 23,978,087           | 22,070,911               | 23,109,625           |
| Financial assets at fair value through other comprehensive income          |                      |                          |                      |
| Equity instruments   | 2,586,521            | 2,951,234                | 2,645,574            |

|  | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Financial liabilities</u>                               |                      |                          |                      |
| Financial liabilities at fair value through profit or loss |                      |                          |                      |
| Financial liabilities held for trading                     | 3,807                | 635                      | 14,607               |
| Financial liabilities at amortised cost (Note 2)           | 18,528,003           | 10,891,625               | 18,322,237           |
| Lease liabilities  | 1,812,167            | 1,717,296                | 1,794,979            |

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:

|  | June 30, 2024                                |               |                     |
|--|--|---------------|---------------------|
|  | Foreign currency<br>amount<br>(in thousands) | Exchange rate | Book value<br>(NTD) |
| <b>(Foreign currency:<br/>functional currency)</b> |  |               |                     |
| <u>Financial assets</u>                            |  |               |                     |
| <u>Monetary items</u>                              |  |               |                     |
| USD:NTD  | \$ 196,705                                   | 32.450        | \$ 6,383,075        |
| CNY:NTD  | 1,127,083                                    | 4.445         | 5,009,882           |
| EUR:NTD  | 29,422                                       | 34.710        | 1,021,221           |
| USD:CNY  | 89,064                                       | 7.3003        | 2,890,121           |
| USD:EUR  | 26,758                                       | 0.9349        | 868,285             |
| <u>Financial liabilities</u>                       |  |               |                     |
| <u>Monetary items</u>                              |  |               |                     |
| USD:NTD  | 121,281                                      | 32.450        | 3,935,581           |
| CNY:NTD  | 507,348                                      | 4.445         | 2,255,163           |
| USD:CNY  | 30,130                                       | 7.3003        | 977,718             |
| USD:EUR  | 11,328                                       | 0.9349        | 367,596             |



|  |    |           |  | December 31, 2023                            |               |                     |
|--|----|-----------|--|--|---------------|---------------------|
|  |    |           |  | Foreign currency<br>amount<br>(in thousands) | Exchange rate | Book value<br>(NTD) |
| <b>(Foreign currency:<br/>functional currency)</b> |    |           |  |  |               |                     |
| <u>Financial assets</u>                            |    |           |  |  |               |                     |
| <u>Monetary items</u>                              |    |           |  |  |               |                     |
| USD:NTD  | \$ | 213,207   |  | 30.705                                       | \$            | 6,546,507           |
| CNY:NTD  |    | 998,274   |  | 4.327  |               | 4,319,531           |
| EUR:NTD  |    | 22,004    |  | 33.980                                       |               | 747,699             |
| USD:CNY  |    | 85,547    |  | 7.0961                                       |               | 2,626,731           |
| USD:EUR  |    | 30,701    |  | 0.9036                                       |               | 942,688             |
| <u>Financial liabilities</u>                       |    |           |  |  |               |                     |
| <u>Monetary items</u>                              |    |           |  |  |               |                     |
| USD:NTD  |    | 115,131   |  | 30.705                                       |               | 3,535,111           |
| CNY:NTD  |    | 475,588   |  | 4.327  |               | 2,057,868           |
| USD:CNY  |    | 29,198    |  | 7.0961                                       |               | 896,537             |
| USD:EUR  |    | 11,776    |  | 0.9036                                       |               | 361,592             |
|  |    |           |  | June 30, 2023                                |               |                     |
|  |    |           |  | Foreign currency<br>amount<br>(in thousands) | Exchange rate | Book value<br>(NTD) |
| <b>(Foreign currency:<br/>functional currency)</b> |    |           |  |  |               |                     |
| <u>Financial assets</u>                            |    |           |  |  |               |                     |
| <u>Monetary items</u>                              |    |           |  |  |               |                     |
| USD:NTD  | \$ | 202,540   |  | 31.140                                       | \$            | 6,307,091           |
| CNY:NTD  |    | 1,317,783 |  | 4.282  |               | 5,642,748           |
| EUR:NTD  |    | 40,333    |  | 33.810                                       |               | 1,363,649           |
| USD:CNY  |    | 62,317    |  | 7.2723                                       |               | 1,940,564           |
| USD:EUR  |    | 42,370    |  | 0.9210                                       |               | 1,319,395           |
| CNY:USD  |    | 589       |  | 0.1375                                       |               | 2,522               |
| <u>Financial liabilities</u>                       |    |           |  |  |               |                     |
| <u>Monetary items</u>                              |    |           |  |  |               |                     |
| USD:NTD  |    | 74,191    |  | 31.140                                       |               | 2,310,307           |
| CNY:NTD  |    | 427,110   |  | 4.282  |               | 1,828,885           |
| USD:CNY  |    | 27,264    |  | 7.2723                                       |               | 848,996             |
| USD:EUR  |    | 19,879    |  | 0.9210                                       |               | 619,024             |
| EUR:NTD  |    | 64        |  | 33.810                                       |               | 2,163               |

For the three-month periods ended June 30, 2024 and 2023, and for the six-month periods ended June 30, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$68,062, (\$28,809), \$277,353 and (\$33,325), respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

- iv. The Group is mainly exposed to the exchange rate fluctuation of USD, EUR and CNY.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| For the six-month period ended June 30, 2024   |                     |                          |                                      |
|--|---------------------|--------------------------|--------------------------------------|
| Sensitivity Analysis                           |                     |                          |                                      |
|  | Degree of variation | Effect on profit or loss | Effect on other comprehensive income |
| <b>(Foreign currency: functional currency)</b> |                     |                          |                                      |
| <u>Financial assets</u>                        |                     |                          |                                      |
| <u>Monetary items</u>                          |                     |                          |                                      |
| USD:NTD  | 1%                  | \$ 63,831                | \$ -                                 |
| CNY:NTD  | 1%                  | 50,099                   | -                                    |
| EUR:NTD  | 1%                  | 10,212                   | -                                    |
| USD:CNY  | 1%                  | 28,901                   | -                                    |
| USD:EUR  | 1%                  | 8,683                    | -                                    |
| <u>Financial liabilities</u>                   |                     |                          |                                      |
| <u>Monetary items</u>                          |                     |                          |                                      |
| USD:NTD  | 1%                  | 39,356                   | -                                    |
| CNY:NTD  | 1%                  | 22,552                   | -                                    |
| USD:CNY  | 1%                  | 9,777                    | -                                    |
| USD:EUR  | 1%                  | 3,676                    | -                                    |

For the six-month period ended June 30, 2023

Sensitivity Analysis

|  | <u>Degree of variation</u> | <u>Effect on profit or loss</u> | <u>Effect on other comprehensive income</u> |
|--|----------------------------|---------------------------------|---|
| <b>(Foreign currency: functional currency)</b> |                            |                                 |   |
| <u>Financial assets</u>                        |                            |                                 |   |
| <u>Monetary items</u>                          |                            |                                 |   |
| USD:NTD  | 1%                         | \$ 63,071                       | \$ -  |
| CNY:NTD  | 1%                         | 56,427                          | -   |
| EUR:NTD  | 1%                         | 13,636                          | -   |
| USD:CNY  | 1%                         | 19,406                          | -   |
| USD:EUR  | 1%                         | 13,194                          | -   |
| CNY:USD  | 1%                         | 25                              | -   |
| <u>Financial liabilities</u>                   |                            |                                 |   |
| <u>Monetary items</u>                          |                            |                                 |   |
| USD:NTD  | 1%                         | 23,103                          | -   |
| CNY:NTD  | 1%                         | 18,289                          | -   |
| USD:CNY  | 1%                         | 8,490                           | -   |
| USD:EUR  | 1%                         | 6,190                           | -   |
| EUR:NTD  | 1%                         | 22                              | -   |

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>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|-------------------------------|----------------------|--------------------------|----------------------|
| Fair value interest rate risk |                      |                          |                      |
| - Financial assets            | \$ 4,407,722         | \$ 3,506,951             | \$ 4,212,950         |
| - Financial liabilities       | 1,812,167            | 1,913,786                | 2,106,479            |
| Cash flow interest rate risk  |                      |                          |                      |
| - Financial assets            | 10,073,301           | 9,135,207                | 7,854,880            |
| - Financial liabilities       | -                    | 159,740                  | 170,000              |

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

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

- iv. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the six-month periods ended June 30, 2024 and 2023 would have increased by \$25,183 and \$19,212 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.

#### Price risk

- i. The Group is exposed to equity price risk through its investments in listed and OTC equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments trading in Taiwan.
- ii. If equity prices had been 1% higher, pre-tax profit for the six-month periods ended June 30, 2024 and 2023 would have increased by \$7,953 and \$3,596, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the six-month periods ended June 30, 2024 and 2023 would have increased by \$25,865 and \$26,456, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax profit and other comprehensive income would have decreased by the same respective amounts.
- iii. The Group's sensitivity to equity prices increased or decreased because of volatility of stock price.

#### (b) Credit risk

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

ratings. The utilization of credit limits is regularly monitored.

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

|  |                     | 1~ 90<br>days     | 91~ 180<br>days  | 181~ 360<br>days | Over<br>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>June 30, 2024</u>                             |                     |                   |                  |                  |                  |                     |
| Expected credit loss rate                        | 0%~10%              | 0%~95%            | 15%~100%         | 65%~100%         | 100%             |                     |
| Total book value                                 | \$ 8,222,319        | \$ 898,872        | \$ 48,116        | \$ 43,753        | \$ 110,316       | \$ 9,323,376        |
| Loss allowance (lifetime expected credit losses) | ( 370)              | ( 7,326)          | ( 14,386)        | ( 39,720)        | ( 110,316)       | ( 172,118)          |
| Amortised cost                                   | <u>\$ 8,221,949</u> | <u>\$ 891,546</u> | <u>\$ 33,730</u> | <u>\$ 4,033</u>  | <u>\$ -</u>      | <u>\$ 9,151,258</u> |

|  |                     | 1~ 90<br>days     | 91~ 180<br>days  | 181~ 360<br>days | Over<br>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<br>days     | 91~ 180<br>days  | 181~ 360<br>days | Over<br>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>June 30, 2023</u>                             |                     |                   |                  |                  |                  |                     |
| Expected credit loss rate                        | -                   | 0%~30%            | 10%~40%          | 20%~60%          | 100%             |                     |
| Total book value                                 | \$ 9,839,404        | \$ 888,212        | \$ 38,415        | \$ 48,307        | \$ 54,761        | \$10,869,099        |
| Loss allowance (lifetime expected credit losses) | -                   | ( 26,797)         | ( 7,427)         | ( 26,521)        | ( 54,761)        | ( 115,506)          |
| Amortised cost                                   | <u>\$ 9,839,404</u> | <u>\$ 861,415</u> | <u>\$ 30,988</u> | <u>\$ 21,786</u> | <u>\$ -</u>      | <u>\$10,753,593</u> |

vii. The Group individually assesses the customers that have low credit rating and default. As of June 30, 2024, December 31, 2023 and June 30, 2023, the carrying amount of notes and accounts receivable amounted to \$791, \$798 and \$794, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$791, \$798 and \$794, 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             |             | 52,205         | (           | 5,251)         |
| Amounts written off (Note 1)                            | (           | 108)           | (           | 1,593)         |
| Changes due to loss of control of subsidiaries (Note 2) | (           | 36,581)        |             | -              |
| Net exchange differences                                |             | 3,567          | (           | 147)           |
| Balance at June 30                                      | <u>\$</u>   | <u>172,909</u> | <u>\$</u>   | <u>116,300</u> |

Note 1: The Group wrote off accounts receivable and related loss allowance for the six-month periods ended June 30, 2024 and 2023 amounting to \$108 and \$1,593, respectively, as the customers' accounts receivable have aged more than 2 years and the legal attest letters were served without receivables collected.

Note 2: Refer to Note 4(3) for details.

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

|   | June 30, 2024                         |   |                         |            |
|---|---------------------------------------|---|-------------------------|------------|
|   | 12 months                             | Lifetime                                  |                         | Total      |
|   |                                       | Significant<br>increase<br>in credit risk | Impairment<br>of credit |            |
| Financial assets<br>at amortised cost                       | \$ 590,843                            | \$ -                                      | \$ -                    | \$ 590,843 |
| Financial assets at<br>fair value through<br>profit or loss | \$ 503,499                            | \$ -                                      | \$ -                    | \$ 503,499 |
|   | December 31, 2023                     |   |                         |            |
|   | 12 months                             | Lifetime                                  |                         | Total      |
|   |                                       | Significant<br>increase<br>in credit risk | Impairment<br>of credit |            |
|   | Financial assets<br>at amortised cost | \$ 1,630,578                              | \$ -                    | \$ -       |
| Financial assets at<br>fair value through<br>profit or loss | \$ 402,137                            | \$ -                                      | \$ -                    | \$ 402,137 |
|   | June 30, 2023                         |   |                         |            |
|   | 12 months                             | Lifetime                                  |                         | Total      |
|   |                                       | Significant<br>increase<br>in credit risk | Impairment<br>of credit |            |
|   | Financial assets<br>at amortised cost | \$ 468,449                                | \$ -                    | \$ -       |
| Financial assets at<br>fair value through<br>profit or loss | \$ 133,910                            | \$ -                                      | \$ -                    | \$ 133,910 |

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 the 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group's undrawn bank borrowing facilities are as follows:

|                                   | <u>June 30, 2024</u> | <u>December 31, 2023</u> | <u>June 30, 2023</u> |
|-----------------------------------|----------------------|--------------------------|----------------------|
| Unsecured borrowing facilities    |                      |                          |                      |
| - Amount used (Note)              | \$ 7,146             | \$ 253,096               | \$ 378,770           |
| - Amount unused                   | 6,962,346            | 6,893,319                | 6,926,127            |
|                                   | <u>\$ 6,969,492</u>  | <u>\$ 7,146,415</u>      | <u>\$ 7,304,897</u>  |
| Secured bank overdraft facilities |                      |                          |                      |
| - Amount used (Note)              | <u>\$ -</u>          | <u>\$ 118,500</u>        | <u>\$ 118,000</u>    |

Note: As of June 30, 2024, December 31, 2023 and June 30, 2023, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$0, \$356,230 and \$481,500, respectively, and lease and salary guarantees amounting to \$7,146, \$15,366 and \$15,270, 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.



June 30, 2024

|   | On demand<br>or less<br>than 1 month | 1-3 months          | Over 3<br>months<br>to 1 year | Over 1 year         |
|---|--------------------------------------|---------------------|-------------------------------|---------------------|
| <u>Non-derivative financial liabilities</u> |                                      |                     |                               |                     |
| Non-interest bearing liabilities            | \$ 6,669,208                         | \$ 1,524,295        | \$ 10,273,176                 | \$ -                |
| Lease liability                             | 13,372                               | 42,652              | 284,825                       | 1,987,027           |
|   | <u>\$ 6,682,580</u>                  | <u>\$ 1,566,947</u> | <u>\$ 10,558,001</u>          | <u>\$ 1,987,027</u> |

December 31, 2023

|   | On demand<br>or less<br>than 1 month | 1-3 months          | Over 3<br>months<br>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> |

June 30, 2023

|   | On demand<br>or less<br>than 1 month | 1-3 months          | Over 3<br>months<br>to 1 year | Over 1 year         |
|---|--------------------------------------|---------------------|-------------------------------|---------------------|
| <u>Non-derivative financial liabilities</u> |                                      |                     |                               |                     |
| Non-interest bearing liabilities            | \$ 6,590,062                         | \$ 9,474,946        | \$ 1,775,729                  | \$ -                |
| Lease liability                             | 17,216                               | 36,719              | 262,326                       | 2,514,474           |
| Floating rate instruments                   | 70,257                               | 100,178             | -                             | -                   |
| Fixed rate instruments                      | 43,323                               | 151,099             | 119,138                       | -                   |
|   | <u>\$ 6,720,858</u>                  | <u>\$ 9,762,942</u> | <u>\$ 2,157,193</u>           | <u>\$ 2,514,474</u> |

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.

| <u>June 30, 2024</u>               | <u>On demand<br/>or less<br/>than 1 month</u> | <u>1-3 months</u> | <u>Over 3<br/>months<br/>to 1 year</u> | <u>Total</u>      |
|------------------------------------|---|-------------------|--|-------------------|
| <u>Gross settled</u>               |   |                   |  |                   |
| Forward foreign exchange contracts |   |                   |  |                   |
| - Inflows                          | \$ 288,230                                    | \$ 342,309        | \$ -                                   | \$ 630,539        |
| - Outflows                         | ( 289,456)                                    | ( 344,130)        | -                                      | ( 633,586)        |
|                                    | <u>(\$ 1,226)</u>                             | <u>(\$ 1,821)</u> | <u>\$ -</u>                            | <u>(\$ 3,047)</u> |
| <u>December 31, 2023</u>           |   |                   |  |                   |
|                                    | <u>On demand<br/>or less<br/>than 1 month</u> | <u>1-3 months</u> | <u>Over 3<br/>months<br/>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>  |
| <u>June 30, 2023</u>               |   |                   |  |                   |
|                                    | <u>On demand<br/>or less<br/>than 1 month</u> | <u>1-3 months</u> | <u>Over 3<br/>months<br/>to 1 year</u> | <u>Total</u>      |
| <u>Gross settled</u>               |   |                   |  |                   |
| Forward foreign exchange contracts |   |                   |  |                   |
| - Inflows                          | \$ 837,420                                    | \$ 489,099        | \$ -                                   | \$ 1,326,519      |
| - Outflows                         | ( 837,896)                                    | ( 495,669)        | -                                      | ( 1,333,565)      |
|                                    | <u>(\$ 476)</u>                               | <u>(\$ 6,570)</u> | <u>\$ -</u>                            | <u>(\$ 7,046)</u> |

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>June 30, 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   | \$ -                 | \$ 760            | \$ -                | \$ 760               |
| Listed and OTC stocks  | 367,809              | -                 | 299,513             | 667,322              |
| Unlisted and non-OTC stocks  | -                    | -                 | 127,976             | 127,976              |
| Convertible corporate bonds  | 37,485               | 111,072           | -                   | 148,557              |
| Ordinary corporate bonds   | 354,942              | -                 | -                   | 354,942              |
| Fund beneficiary certificates  | <u>10,377,614</u>    | <u>-</u>          | <u>2,273,779</u>    | <u>12,651,393</u>    |
|  | <u>11,137,850</u>    | <u>111,832</u>    | <u>2,701,268</u>    | <u>13,950,950</u>    |
| <u>Financial assets at fair value through other comprehensive income</u> |                      |                   |                     |                      |
| Listed and OTC stocks  | 2,266,196            | -                 | -                   | 2,266,196            |
| Unlisted and non-OTC stocks  | <u>-</u>             | <u>-</u>          | <u>320,325</u>      | <u>320,325</u>       |
|  | <u>2,266,196</u>     | <u>-</u>          | <u>320,325</u>      | <u>2,586,521</u>     |
| Assets - non-recurring fair value measurements                           |                      |                   |                     |                      |
| Non-current assets held for sale (Note)                                  | <u>-</u>             | <u>-</u>          | <u>366,215</u>      | <u>366,215</u>       |
|  | <u>\$ 13,404,046</u> | <u>\$ 111,832</u> | <u>\$ 3,387,808</u> | <u>\$ 16,903,686</u> |
| Liabilities - recurring fair value measurements                          |                      |                   |                     |                      |
| <u>Financial liabilities at fair value through profit or loss</u>        |                      |                   |                     |                      |
| Derivative instruments   | <u>\$ -</u>          | <u>\$ 3,807</u>   | <u>\$ -</u>         | <u>\$ 3,807</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>June 30, 2023</u>   | <u>Level 1</u>       | <u>Level 2</u>  | <u>Level 3</u>      | <u>Total</u>         |
|--|----------------------|-----------------|---------------------|----------------------|
| Assets - recurring fair value measurements                               |                      |                 |                     |                      |
| <u>Financial assets at fair value through profit or loss</u>             |                      |                 |                     |                      |
| Derivative instruments   | \$ -                 | \$ 7,561        | \$ -                | \$ 7,561             |
| Listed and OTC stocks  | 202,836              | -               | -                   | 202,836              |
| Unlisted and non-OTC stocks  | -                    | -               | 156,767             | 156,767              |
| Convertible corporate bonds  | 32,700               | -               | -                   | 32,700               |
| Ordinary corporate bonds   | 101,210              | -               | -                   | 101,210              |
| Fund beneficiary certificates  | 7,826,608            | -               | 2,262,949           | 10,089,557           |
|  | <u>8,163,354</u>     | <u>7,561</u>    | <u>2,419,716</u>    | <u>10,590,631</u>    |
| <u>Financial assets at fair value through other comprehensive income</u> |                      |                 |                     |                      |
| Listed and OTC stocks  | 2,003,149            | -               | -                   | 2,003,149            |
| Unlisted and non-OTC stocks  | -                    | -               | 642,425             | 642,425              |
|  | <u>2,003,149</u>     | <u>-</u>        | <u>642,425</u>      | <u>2,645,574</u>     |
|  | <u>\$ 10,166,503</u> | <u>\$ 7,561</u> | <u>\$ 3,062,141</u> | <u>\$ 13,236,205</u> |
| Liabilities - recurring fair value measurements                          |                      |                 |                     |                      |
| <u>Financial liabilities at fair value through profit or loss</u>        |                      |                 |                     |                      |
| Derivative instruments   | \$ -                 | \$ 14,607       | \$ -                | \$ 14,607            |

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<br/>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 six-month periods ended June 30, 2024 and 2023.
- E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the six-month period ended June 30, 2024

| <u>Financial assets</u>                  | <u>Financial assets<br/>at fair value<br/>through profit or loss</u> | <u>Financial assets at fair<br/>value through other<br/>comprehensive income</u> | <u>Total</u>        |
|--|--|--|---------------------|
| Balance at January 1                     | \$ 2,353,231   | \$ 485,513   | \$ 2,838,744        |
| Purchases                                | 289,968  | -  | 289,968             |
| Acquired from business combinations      | -  | 20,000   | 20,000              |
| Recognized in profit or loss             | 58,069   | -  | 58,069              |
| Recognized in other comprehensive income | -  | ( 185,188)   | ( 185,188)          |
| Balance at June 30                       | <u>\$ 2,701,268</u>  | <u>\$ 320,325</u>  | <u>\$ 3,021,593</u> |

For the six-month period ended June 30, 2023

| <u>Financial assets</u>                     | Financial assets<br>at fair value<br>through profit or loss | Financial assets at fair<br>value through other<br>comprehensive income | Total               |
|---|---|---|---------------------|
| Balance at January 1                        | \$ 2,182,173  | \$ 551,359  | \$ 2,733,532        |
| Purchases                                   | 211,949   | -   | 211,949             |
| Recognized in profit or loss                | 25,594  | -   | 25,594              |
| Recognized in other<br>comprehensive income | -   | 91,066  | 91,066              |
| Balance at June 30                          | <u>\$ 2,419,716</u>   | <u>\$ 642,425</u>   | <u>\$ 3,062,141</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<br>June 30, 2024     | Valuation<br>technique                        | Significant<br>unobservable<br>input | Range<br>(weighted<br>average) | Relationship<br>of inputs<br>to fair value                                  |
|---|------------------------------------|---|--------------------------------------|--------------------------------|---|
| Non-derivative equity instrument:           |                                    |   |                                      |                                |   |
| Unlisted and non-OTC stocks                 | \$ <u>448,301</u>                  | Net asset value                               | Not applicable                       | Not applicable                 | Not applicable  |
| Private placement shares (listed companies) | \$ <u>299,513</u>                  | 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                    | \$ <u>2,273,779</u>                | Net asset value                               | Not applicable                       | Not applicable                 | Not applicable  |
| Non-financial instrument:                   |                                    |   |                                      |                                |   |
| Non-current assets held for sale            | \$ <u>366,215</u>                  | Sales comparison approach and income approach | Not applicable                       | Not applicable                 | Not applicable  |
|   | Fair value at<br>December 31, 2023 | Valuation<br>technique                        | Significant<br>unobservable<br>input | Range<br>(weighted<br>average) | Relationship<br>of inputs<br>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<br>June 30, 2023     | Valuation<br>technique                        | Significant<br>unobservable<br>input | Range<br>(weighted<br>average) | Relationship<br>of inputs<br>to fair value                                  |
| Non-derivative equity instrument:           |                                    |   |                                      |                                |   |
| Unlisted and non-OTC stocks                 | \$ <u>799,192</u>                  | Net asset value                               | Not applicable                       | Not applicable                 | Not applicable  |
| Beneficiary certificates                    | \$ <u>2,262,949</u>                | Net asset value                               | Not applicable                       | Not applicable                 | Not applicable  |



#### (4) Others

##### Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$28.523 billion for the six-month period ended June 30, 2024, a decrease of 17% over the same period last year. The gross profit was NT\$11.479 billion (gross profit margin was 40.2%), the operating profit was NT\$4.084 billion (operating profit margin was 14.3%), the consolidated net profit after tax was NT\$4.107 billion (a decrease of 31% YoY), and the basic earnings per share was \$4.78 (in dollars) for the six-month period ended June 30, 2024.

The Group's consolidated operating revenue reached NT\$14.644 billion for the three-month period ended June 30, 2024, a decrease of 14% over the same period last year. The gross profit was NT\$5.931 billion (gross profit margin was 40.5%), the operating profit was NT\$2.166 billion (operating profit margin was 14.8%), the consolidated net profit after tax was NT\$2.113 billion (a decrease of 30% YoY), and the basic earnings per share was \$2.46 (in dollars) for the three-month period ended June 30, 2024. In the second quarter, revenue and profits exhibited single-digit sequential growth compared to the first quarter, reflecting a gradual resurgence in overall operational performance.

Regarding the operating results of the Group for the six-month period ended June 30, 2024, in US dollar, the Group achieved an overall revenue of US\$897 million (a decrease of 20% YoY). In terms of geographic overview, only Taiwan market outperformed with a YoY growth at 12%, mainly driven by shipments of semiconductor equipment and gaming projects. However, North America, Europe, North Asia, and Emerging markets experienced double-digit YoY decline; China market was a single-digit decline YoY. In terms of performance across business units, each business unit showed a double-digit decrease in performance compared to the same period last year.

The Group's revenue and profits for the six-month period ended June 30, 2024, with a double-digit YoY decline were mainly due to the systematic impacts of geopolitical issues and high inflation, resulting in demand slowdown in global end markets.

### 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 six-month period ended June 30, 2024

|   | Industrial-IoT<br>Group<br>(IIoT) | Embedded-IoT<br>Group<br>(EIoT) | Applied<br>Computing<br>Group<br>(ACG) | Industrial<br>Cloud &<br>Video Group<br>(ICVG) | Service-IoT<br>Group<br>(SIoT) | Advantech<br>Service Plus and<br>Others (AS+<br>and Others) | Total               |
|---|-----------------------------------|---------------------------------|--|--|--------------------------------|---|---------------------|
| Revenue   |                                   |                                 |  |  |                                |   |                     |
| Revenue from external customers                                 | \$ 8,197,858                      | \$ 7,139,878                    | \$ 4,292,889                           | \$ 3,077,419                                   | \$ 2,570,146                   | \$ 3,244,842  | \$ 28,523,032       |
| Inter-segment revenue   | -                                 | -                               | -                                      | -  | -                              | -   | -                   |
| Segment revenue   | <u>\$ 8,197,858</u>               | <u>\$ 7,139,878</u>             | <u>\$ 4,292,889</u>                    | <u>\$ 3,077,419</u>                            | <u>\$ 2,570,146</u>            | <u>\$ 3,244,842</u>   | 28,523,032          |
| Eliminations  | \$ -                              | \$ -                            | \$ -                                   | \$ -   | \$ -                           | \$ -  | -                   |
| Consolidated revenue  | <u>-</u>                          | <u>-</u>                        | <u>-</u>                               | <u>-</u>                                       | <u>-</u>                       | <u>-</u>  | <u>28,523,032</u>   |
| Segment income  | <u>\$ 2,493,261</u>               | <u>\$ 1,412,474</u>             | <u>\$ 729,818</u>                      | <u>\$ 460,887</u>                              | <u>\$ 257,668</u>              | <u>\$ 296,424</u>   | 5,650,532           |
| Interest and other income                                       |                                   |                                 |  |  |                                |   | 380,553             |
| Other unamortised expenses                                      |                                   |                                 |  |  |                                |   | ( 1,566,849)        |
| Other gains and losses  |                                   |                                 |  |  |                                |   | 423,268             |
| Finance costs   |                                   |                                 |  |  |                                |   | ( 43,706)           |
| Share of profit of associates accounted for under equity method |                                   |                                 |  |  |                                |   | <u>185,553</u>      |
| Profit from continuing operations before tax                    |                                   |                                 |  |  |                                |   | <u>\$ 5,029,351</u> |

For the six-month period ended June 30, 2023

|   | Industrial-IoT<br>Group<br>(IIoT) | Embedded-IoT<br>Group<br>(EIoT) | Applied<br>Computing<br>Group<br>(ACG) | Industrial<br>Cloud &<br>Video Group<br>(ICVG) | Service-IoT<br>Group<br>(SIoT) | Avantech<br>Service Plus and<br>Others (AS+<br>and Others) | Total               |
|---|-----------------------------------|---------------------------------|--|--|--------------------------------|--|---------------------|
| Revenue   |                                   |                                 |  |  |                                |  |                     |
| Revenue from external customers                                 | \$ 9,043,442                      | \$ 9,152,933                    | \$ 4,979,619                           | \$ 3,998,323                                   | \$ 3,158,626                   | \$ 4,090,799   | \$ 34,423,742       |
| Inter-segment revenue   | -                                 | -                               | -                                      | -  | -                              | -  | -                   |
| Segment revenue   | <u>\$ 9,043,442</u>               | <u>\$ 9,152,933</u>             | <u>\$ 4,979,619</u>                    | <u>\$ 3,998,323</u>                            | <u>\$ 3,158,626</u>            | <u>\$ 4,090,799</u>  | 34,423,742          |
| Eliminations  | \$ -                              | \$ -                            | \$ -                                   | \$ -   | \$ -                           | \$ -   | -                   |
| Consolidated revenue  | <u>-</u>                          | <u>-</u>                        | <u>-</u>                               | <u>-</u>                                       | <u>-</u>                       | <u>-</u>   | 34,423,742          |
| Segment income  | <u>\$ 3,019,052</u>               | <u>\$ 2,332,926</u>             | <u>\$ 1,210,302</u>                    | <u>\$ 674,043</u>                              | <u>\$ 519,649</u>              | <u>\$ 353,845</u>  | 8,109,817           |
| Interest and other income                                       |                                   |                                 |  |  |                                |  | 282,520             |
| Other unamortised expenses                                      |                                   |                                 |  |  |                                |  | ( 1,178,559)        |
| Other gains and losses  |                                   |                                 |  |  |                                |  | 86,276              |
| Finance costs   |                                   |                                 |  |  |                                |  | ( 22,644)           |
| Share of profit of associates accounted for under equity method |                                   |                                 |  |  |                                |  | 171,729             |
| Profit from continuing operations before tax                    |                                   |                                 |  |  |                                |  | <u>\$ 7,449,139</u> |

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

Loans to others

For the six-month period ended June 30, 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 C) | Ending Balance (Note C) | 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 (Note B) | Ceiling on total loans granted (Note B) |
|-----|---------------------|----------|------------------------------------|-----------------|---|-------------------------|--------------------------|---------------|----------------------|--|---------------------------------|---------------------------------|------------|-------|---|---|
|     |                     |          |                                    |                 |   |                         |                          |               |                      |  |                                 |                                 | Item       | Value |   |   |
| 0   | ADVANTECH CO., LTD. | AKR      | Other receivable - related parties | Yes             | \$ 162,725                              | \$ 162,250              | \$ 97,350                | 3%~4%         | Short-term financing | \$ -                                     | Operating need                  | \$ -                            | None       | \$ -  | \$ 4,586,793                                      | \$ 9,173,587                            |

Note A: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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 maximum balance for the period and ending balance are approved by the board of directors of creditors.

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
For the six-month period ended June 30, 2024

Table 2

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

| No. | Endorser/<br>guarantor | Party being endorsed/guaranteed    |  | Limit on<br>endorsements/<br>guarantees provided<br>for a single party<br>(Note A) | Maximum outstanding<br>endorsement/guarantee<br>amount as of June 30,<br>2024 | Outstanding<br>endorsement/<br>guarantee<br>amount at<br>June 30, 2024 | Actual amount<br>drawn down | Amount of<br>endorsements/<br>guarantees<br>secured with<br>collateral | Ratio of accumulated<br>endorsement/<br>guarantee<br>amount to net asset value of the<br>endorser/<br>guarantor company | Ceiling on total amount of<br>endorsements/<br>guarantees provided<br>(Note B) | Provision of<br>endorsements/<br>guarantees by parent<br>company to subsidiary | Provision of<br>endorsements/<br>guarantees by subsidiary<br>to parent company | Provision of<br>endorsements/<br>guarantees to the party<br>in Mainland China |
|-----|------------------------|------------------------------------|--|--|---|--|-----------------------------|--|---|--|--|--|---|
|     |                        | Company name                       | Relationship with<br>the<br>endorser/guarantor |  |   |  |                             |  |   |  |  |  |   |
| 0   | ADVANTECH CO., LTD.    | ACI CN                             | Subsidiary                                     | \$ 4,586,793   | \$ 650,900<br>USD 20,000  | \$ -   | \$ -                        | \$ -   | 0.00  | \$ 13,760,380  | Y  | N  | Y   |
| 0   | ADVANTECH CO., LTD.    | ACI KY                             | Subsidiary                                     | 4,586,793  | 650,900<br>USD 20,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AJP                                | Subsidiary                                     | 4,586,793  | 318,000<br>JPY 1,500,000  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AEU                                | Subsidiary                                     | 4,586,793  | 325,450<br>USD 10,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ANA                                | Subsidiary                                     | 4,586,793  | 325,450<br>USD 10,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AAC MT                             | Subsidiary                                     | 4,586,793  | 325,450<br>USD 10,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ACI                                | Subsidiary                                     | 4,586,793  | 325,450<br>USD 10,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AKMC                               | Subsidiary                                     | 4,586,793  | 195,270<br>USD 6,000  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | Y   |
| 0   | ADVANTECH CO., LTD.    | AKR                                | Subsidiary                                     | 4,586,793  | 195,270<br>USD 6,000  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AiCS                               | Subsidiary                                     | 4,586,793  | 97,635<br>USD 3,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AIH                                | Subsidiary                                     | 4,586,793  | 97,635<br>USD 3,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ABR                                | Subsidiary                                     | 4,586,793  | 48,818<br>USD 1,500   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AVN                                | Subsidiary                                     | 4,586,793  | 32,545<br>USD 1,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ARU                                | Subsidiary                                     | 4,586,793  | 32,545<br>USD 1,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | Cermate (Taiwan)                   | Subsidiary                                     | 4,586,793  | 32,545<br>USD 1,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | Cermate (Shenzhen)                 | Subsidiary                                     | 4,586,793  | 32,545<br>USD 1,000   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | Y   |
| 0   | ADVANTECH CO., LTD.    | ATR                                | Subsidiary                                     | 4,586,793  | 16,273<br>USD 500   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ACZ                                | Subsidiary                                     | 4,586,793  | 16,273<br>USD 500   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | Advanixs Corporation               | Subsidiary                                     | 4,586,793  | 16,273<br>USD 500   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AAU                                | Subsidiary                                     | 4,586,793  | 6,509<br>USD 200  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AMY                                | Subsidiary                                     | 4,586,793  | 3,255<br>USD 100  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ASG                                | Subsidiary                                     | 4,586,793  | 3,255<br>USD 100  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | ATH                                | Subsidiary                                     | 4,586,793  | 3,255<br>USD 100  | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | AID                                | Subsidiary                                     | 4,586,793  | 1,627<br>USD 50   | -  | -                           | -  | 0.00  | 13,760,380   | Y  | N  | N   |
| 0   | ADVANTECH CO., LTD.    | Yan Xu Green Electricity Co., Ltd. | Subsidiary                                     | 4,586,793  | 526,680   | 526,680  | -                           | -  | 1.15  | 13,760,380   | Y  | N  | N   |

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

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

Note C: The exchange rates as of June 30, 2024 were USD\$1= NT\$32.45, and JPY\$1=NT\$0.202.

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)  
June 30, 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 June 30, 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 | 3,639,461           | \$ 1,812,452 | 0.49          | \$ 1,812,452 | 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           | 172,800      | 2.35          | 172,800      | Note A   |
| ADVANTECH CO., LTD.                | Stock                    | AIMobile   | None                                    | Financial assets at fair value through other comprehensive income or loss - non-current | 1,566,000           | -            | 9.81          | -            | Note C   |
| ADVANTECH CO., LTD.                | Bond                     | PHISON Electronics Corp.   | None                                    | Financial assets at fair value through profit or loss - current                         | 300,000             | 37,485       | -             | 37,485       | Note A   |
| ADVANTECH CO., LTD.                | Bond                     | Taiwan Power Company   | None                                    | Financial assets at fair value through profit or loss - non-current                     | 1,000,000           | 100,416      | -             | 100,416      | Note A   |
| ADVANTECH CO., LTD.                | Bond                     | AURES TECHNOLOGIES Convertible Bonds   | None                                    | Financial assets at fair value through profit or loss - non-current                     | 800,000             | 111,072      | -             | 111,072      | Note A   |
| ADVANTECH CO., LTD.                | Bond                     | NVIDIA Corporation   | None                                    | Financial assets at fair value through profit or loss - non-current                     | -                   | 156,711      | -             | 156,711      | 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           | 97,815       | -             | 97,815       | Note A   |
| ADVANTECH CO., LTD.                | Beneficiary certificates | FSITC Taiwan Money Market  | None                                    | Financial assets at fair value through profit or loss - current                         | 141,328,727         | 2,239,325    | -             | 2,239,325    | Note B   |
| ADVANTECH CO., LTD.                | Beneficiary certificates | Mega Diamond Money Market Fund   | None                                    | Financial assets at fair value through profit or loss - current                         | 150,854,139         | 1,958,901    | -             | 1,958,901    | 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         | 2,385,430    | -             | 2,385,430    | 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          | 757,121      | -             | 757,121      | 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         | 2,021,164    | -             | 2,021,164    | 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          | 301,380      | -             | 301,380      | Note B   |
| ACI                                | Stock                    | GSD Technologies Co., Ltd.   | None                                    | Financial assets at fair value through profit or loss - non-current                     | 2,568,358           | 105,816      | 6.94          | 105,816      | 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             | 34,500       | 0.10          | 34,500       | Note A   |
| ACI                                | Stock                    | PHISON Electronics Corp.   | None                                    | Financial assets at fair value through profit or loss - non-current                     | 85,000              | 52,445       | 0.04          | 52,445       | Note A   |
| ACI                                | Stock                    | Apacer Technology Inc.   | None                                    | Financial assets at fair value through profit or loss - non-current                     | 6,041,000           | 299,513      | 4.69          | 299,513      | 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           | 280,944      | 3.83          | 280,944      | Note A   |
| ACI                                | Stock                    | BroadTec System Inc.   | None                                    | Financial assets at fair value through other comprehensive income or loss - non-current | 225,000             | 3,758        | 6.82          | 3,758        | Note C   |
| ACI                                | Stock                    | BiosenseTek Corp.  | None                                    | Financial assets at fair value through other comprehensive income or loss - non-current | 37,500              | -            | 1.50          | -            | Note C   |
| ACI                                | Stock                    | Juguar Technology  | None                                    | Financial assets at fair value through other comprehensive income or loss - non-current | 500,000             | 8,509        | 10.33         | 8,509        | Note C   |
| ACI                                | Stock                    | i-Link   | None                                    | Financial assets at fair value through other comprehensive income or loss - non-current | 616,938             | -            | 15.42         | -            | Note C   |
| ACI                                | Stock                    | ITTS   | None                                    | Financial assets at fair value through profit or loss - current                         | 3,658,273           | 175,048      | 13.39         | 175,048      | Note A   |
| ACI                                | Beneficiary certificates | Taishin 1699 Money Market  | None                                    | Financial assets at fair value through profit or loss - current                         | 34,094,225          | 478,618      | -             | 478,618      | Note B   |
| ACI                                | Mutual Fund              | CBC Capital  | None                                    | Financial assets at fair value through profit or loss - non-current                     | -                   | 71,976       | 4.38          | 71,976       | Note B   |
| Advanix Corporation                | Beneficiary certificates | Jih Sun Money Market   | None                                    | Financial assets at fair value through profit or loss - current                         | 7,847,821           | 120,518      | -             | 120,518      | Note B   |
| AiCS                               | Beneficiary certificates | Jih Sun Money Market   | None                                    | Financial assets at fair value through profit or loss - current                         | 548,770             | 8,428        | -             | 8,428        | 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           | 22,795       | -             | 22,795       | Note B   |
| Expotech Co., Ltd.                 | Beneficiary certificates | Taishin 1699 Money Market  | None                                    | Financial assets at fair value through profit or loss - current                         | 2,669,483           | 37,474       | -             | 37,474       | Note B   |
| Expotech Co., Ltd.                 | Stock                    | JiaTech International Investment Co., Ltd.                                       | None                                    | Financial assets at fair value through other comprehensive income or loss - non-current | 2,000,000           | 20,000       | 4.00          | 20,000       | Note C   |
| AIH                                | Beneficiary certificates | Capital Money Market Fund  | None                                    | Financial assets at fair value through profit or loss - current                         | 367,047             | 6,128        | -             | 6,128        | Note B   |
| Cermate                            | Beneficiary certificates | Mega Diamond Money Market Fund   | None                                    | Financial assets at fair value through profit or loss - current                         | 2,394,604           | 31,095       | -             | 31,095       | 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                         | 657,980             | 9,237        | -             | 9,237        | Note B   |
| ACI KY                             | Beneficiary certificates | Momenta DIF III L.P.   | None                                    | Financial assets at fair value through profit or loss - non-current                     | -                   | 884,134      | -             | 884,134      | Note B   |
| ACI KY                             | Beneficiary certificates | Esquarre IoT Landing Fund L.P.   | None                                    | Financial assets at fair value through profit or loss - non-current                     | -                   | 704,343      | -             | 704,343      | 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 | -                   | 288,058      | 8.33          | 288,058      | 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                     | -                   | 473,798      | -             | 473,798      | Note B   |
| ACI CN                             | Beneficiary certificates | Tianying Hehua (Ningbo) Venture Investment Partnership (Limited Partnership)     | None                                    | Financial assets at fair value through profit or loss - non-current                     | -                   | 211,504      | -             | 211,504      | Note B   |

Note A: Market value was based on the closing price on June 30, 2024.

Note B: Market value was based on the net asset values of the open-ended funds on June 30, 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 June 30, 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 six-month period ended June 30, 2024

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Marketable Securities |                          |                                | General ledger account | Counterparty | Relationship | Balance as at January 1, 2024 |              | Acquisition  |            | Disposal     |               |                 | Balance as at June 30, 2024 |                                   |              |              |
|-----------------------|--------------------------|--------------------------------|------------------------|--------------|--------------|-------------------------------|--------------|--------------|------------|--------------|---------------|-----------------|-----------------------------|-----------------------------------|--------------|--------------|
| Company Name          | Type                     | Name                           |                        |              |              | Shares/Units                  | Amount       | Shares/Units | Amount     | Shares/Units | Selling price | Carrying Amount | Gain (Loss) on Disposal     | Gain (Loss) on Valuation (Note B) | Shares/Units | Amount       |
| ADVANTECH CO., LTD.   | Beneficiary certificates | FSITC Taiwan Money Market      | Note A                 | None         | None         | 127,399,045                   | \$ 2,005,070 | 18,990,347   | \$ 300,000 | 5,060,665    | \$ 80,000     | \$ 79,511       | \$ 489                      | \$ 13,766                         | 141,328,727  | \$ 2,239,325 |
| ADVANTECH CO., LTD.   | Beneficiary certificates | Mega Diamond Money Market Fund | Note A                 | None         | None         | 42,642,722                    | 550,070      | 212,291,350  | 2,750,003  | 104,079,933  | 1,350,000     | 1,345,908       | 4,092                       | 4,736                             | 150,854,139  | 1,958,901    |
| ADVANTECH CO., LTD.   | Beneficiary certificates | Taishin 1699 Money Market      | Note A                 | None         | None         | -                             | -            | 21,468,749   | 300,002    | -            | -             | -               | -                           | 1,378                             | 21,468,749   | 301,380      |
| ACI                   | Beneficiary certificates | Taishin 1699 Money Market      | Note A                 | None         | None         | 50,071,292                    | 698,119      | 8,349,804    | 117,000    | 24,326,871   | 340,000       | 339,191         | 809                         | 2,690                             | 34,094,225   | 478,618      |

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 NT\$300 million or 20% of paid-in capital or more  
June 30, 2024

Table 5

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

| Real estate acquired by | Real estate acquired | Date of the event | Transaction amount | Status of payment  | Counterparty                        | Relationship        | Information on prior transaction if the counterparty is a related party |       |              |               | Pricing Reference                       | Purpose of Acquisition      | Other commitments |
|-------------------------|----------------------|-------------------|--------------------|--|-------------------------------------|---------------------|---|-------|--------------|---------------|---|-----------------------------|-------------------|
|                         |                      |                   |                    |  |                                     |                     | 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 June 30, 2024, a total of \$1,406,606 had been paid, with \$128,698 paid in the second quarter of 2024. | 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 June 30, 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.     | Real estate          | 2024.04.08        | 3,560,000          | Based on percentage of construction completed; as of June 30, 2024, no payment has been made yet.  | Chung-Lin General Contractors, Ltd. | None                | -   | -     | -            | \$ -          | Contract price                          | For the Company's expansion | None              |
| ANA                     | Real estate          | 2024.06.07        | USD 71,200         | Based on percentage of construction completed; as of June 30, 2024, no payment has been made yet.  | Uprite Construction Corporation     | None                | -   | -     | -            | \$ -          | Contract price                          | For the Company's expansion | None              |

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
For the six-month period ended June 30, 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   | \$ 6,363,091 | 31.46%                                | 60 days after month-end             | Contract price | No significant difference | \$ 2,601,325 | 24.34%  |
| ADVANTECH CO., LTD. | ACN                  | Subsidiary        | Sales   | 4,315,996    | 21.34%                                | 90 days after month-end             | Contract price | No significant difference | 4,351,484    | 40.72%  |
| ADVANTECH CO., LTD. | AEU                  | Subsidiary        | Sales   | 3,034,756    | 15.00%                                | 45 days after month-end             | Contract price | No significant difference | 1,173,993    | 10.99%  |
| ADVANTECH CO., LTD. | AKR                  | Subsidiary        | Sales   | 841,895      | 4.16%                                 | 90 days after month-end             | Contract price | No significant difference | 420,648      | 3.94%   |
| ADVANTECH CO., LTD. | AJP                  | Subsidiary        | Sales   | 422,436      | 2.09%                                 | 30 days after month-end             | Contract price | No significant difference | 100,796      | 0.94%   |
| ADVANTECH CO., LTD. | Advanixs Corporation | Subsidiary        | Sales   | 171,019      | 0.85%                                 | 30 days after month-end             | Contract price | No significant difference | 80,040       | 0.75%   |
| ADVANTECH CO., LTD. | ASG                  | Subsidiary        | Sales   | 176,592      | 0.87%                                 | 45 days after month-end             | Contract price | No significant difference | 63,095       | 0.59%   |
| ADVANTECH CO., LTD. | AAU                  | Subsidiary        | Sales   | 114,883      | 0.57%                                 | 45 days after month-end             | Contract price | No significant difference | 49,513       | 0.46%   |
| ADVANTECH CO., LTD. | AMY                  | Subsidiary        | Sales   | 111,821      | 0.55%                                 | 45 days after month-end             | Contract price | No significant difference | 31,206       | 0.29%   |
| AKMC                | ADVANTECH CO., LTD.  | Parent company    | Sales   | 5,971,980    | 95.68%                                | 90 days after month-end             | Contract price | No significant difference | 3,398,364    | 98.05%  |
| AKMC                | ACN                  | Fellow subsidiary | Sales   | 212,588      | 3.41%                                 | 60 days after month-end             | Contract price | No significant difference | 55,871       | 1.61%   |
| ANA                 | ADVANTECH CO., LTD.  | Parent company    | Sales   | 116,998      | 1.33%                                 | 30 days from the invoice date       | Contract price | No significant difference | 47,894       | 2.08%   |
| ACZ                 | AEU                  | Fellow subsidiary | Sales   | 122,500      | 74.03%                                | 60 days from the invoice date       | Contract price | No significant difference | 35,710       | 61.56%  |
| LNC (Note B)        | LNC Dong Guan        | Sub-subsiary      | Sales   | 102,365      | 83.10%                                | 150 days after month-end            | Contract price | No significant difference | -            | 0.00%   |

Note A: All intercompany transactions have been eliminated during consolidation.

Note B: The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Thus, the above information only pertains to transactions when the Group had control over LNC and its subsidiaries.

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
June 30, 2024

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Company Name        | Counterparty        | Relationship   | Ending balance | Turnover rate | Overdue receivables |                                       | Amounts received<br>in subsequent<br>period | Allowance for<br>doubtful accounts |
|---------------------|---------------------|----------------|----------------|---------------|---------------------|---------------------------------------|---|------------------------------------|
|                     |                     |                |                |               | Amount              | Actions taken                         |   |                                    |
| ADVANTECH CO., LTD. | ACN                 | Subsidiary     | \$ 4,351,484   | 2.17          | \$ 2,023,213        | Monthly reconciliation and collection | \$ 537,845                                  | \$ -                               |
| ADVANTECH CO., LTD. | ANA                 | Subsidiary     | 2,609,625      | 5.11          | -                   | -                                     | -   | -                                  |
| ADVANTECH CO., LTD. | AEU                 | Subsidiary     | 1,180,877      | 5.73          | 44,021              | Monthly reconciliation and collection | 278,251                                     | -                                  |
| ADVANTECH CO., LTD. | AKR                 | Subsidiary     | 520,603        | 3.45          | -                   | -                                     | -   | -                                  |
| ADVANTECH CO., LTD. | AJP                 | Subsidiary     | 102,556        | 1.00          | 2,672               | Monthly reconciliation and collection | -   | -                                  |
| ADVANTECH CO., LTD. | AKMC                | Subsidiary     | 580,797        | Note          | 191,992             | Monthly reconciliation and collection | 173,207                                     | -                                  |
| AKMC                | ADVANTECH CO., LTD. | Parent company | 3,398,364      | 3.70          | 392,219             | Monthly reconciliation and collection | 675,644                                     | -                                  |

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 six-month period ended June 30, 2024

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

| No.<br>(Note A) | Company Name        | Counterparty         | Relationship<br>(Note B) | Transaction                      |            |                         | Percentage of consolidated<br>total operating<br>revenues or total assets<br>(Note C) |
|-----------------|---------------------|----------------------|--------------------------|----------------------------------|------------|-------------------------|---|
|                 |                     |                      |                          | General ledger account           | Amount     | Transaction terms       |   |
| 0               | ADVANTECH CO., LTD. | AAU                  | 1                        | Sales revenue                    | \$ 114,883 | Usual trade terms       | 0%  |
| 0               | ADVANTECH CO., LTD. | ACN                  | 1                        | Receivables from related parties | 4,351,484  | 90 days after month-end | 6%  |
| 0               | ADVANTECH CO., LTD. | ACN                  | 1                        | Sales revenue                    | 4,315,996  | Usual trade terms       | 15%   |
| 0               | ADVANTECH CO., LTD. | AEU                  | 1                        | Receivables from related parties | 1,173,993  | 45 days after month-end | 2%  |
| 0               | ADVANTECH CO., LTD. | AEU                  | 1                        | Sales revenue                    | 3,034,756  | Usual trade terms       | 11%   |
| 0               | ADVANTECH CO., LTD. | AJP                  | 1                        | Receivables from related parties | 100,796    | 30 days after month-end | 0%  |
| 0               | ADVANTECH CO., LTD. | AJP                  | 1                        | Sales revenue                    | 422,436    | Usual trade terms       | 1%  |
| 0               | ADVANTECH CO., LTD. | AKMC                 | 1                        | Receivables from related parties | 580,797    | 45 days after month-end | 1%  |
| 0               | ADVANTECH CO., LTD. | AKR                  | 1                        | Receivables from related parties | 420,648    | 90 days after month-end | 1%  |
| 0               | ADVANTECH CO., LTD. | AKR                  | 1                        | Sales revenue                    | 841,895    | Usual trade terms       | 3%  |
| 0               | ADVANTECH CO., LTD. | AMY                  | 1                        | Sales revenue                    | 111,821    | Usual trade terms       | 0%  |
| 0               | ADVANTECH CO., LTD. | ANA                  | 1                        | Receivables from related parties | 2,601,325  | 60 days after month-end | 4%  |
| 0               | ADVANTECH CO., LTD. | ANA                  | 1                        | Sales revenue                    | 6,363,091  | Usual trade terms       | 22%   |
| 0               | ADVANTECH CO., LTD. | ASG                  | 1                        | Sales revenue                    | 176,592    | Usual trade terms       | 1%  |
| 0               | ADVANTECH CO., LTD. | Advanixs Corporation | 1                        | Sales revenue                    | 171,019    | Usual trade terms       | 1%  |
| 1               | AKMC                | ADVANTECH CO., LTD.  | 2                        | Receivables from related parties | 3,398,364  | 90 days after month-end | 5%  |
| 1               | AKMC                | ADVANTECH CO., LTD.  | 2                        | Sales revenue                    | 5,971,980  | Usual trade terms       | 21%   |
| 1               | AKMC                | ACN                  | 3                        | Sales revenue                    | 212,588    | Usual trade terms       | 1%  |
| 2               | ANA                 | ADVANTECH CO., LTD.  | 2                        | Sales revenue                    | 116,998    | Usual trade terms       | 0%  |
| 3               | ACZ                 | AEU                  | 3                        | Sales revenue                    | 122,500    | Usual trade terms       | 0%  |
| 4               | LNC (Note E)        | LNC Dong Guan        | 3                        | Sales revenue                    | 102,365    | Usual trade terms       | 0%  |

Note A: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note B: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of June 30, 2024, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six-month period ended June 30, 2024.

Note D: All intercompany transactions have been eliminated during consolidation.

Note E: The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Thus, the above information only pertains to transactions when the Group had control over LNC and its subsidiaries.

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Information on investees (excluding information on investments in Mainland china)  
For the six-month period ended June 30, 2024

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

| Investor            | Investee                          | Location               | Main business activities   | Initial investment amount   |                               | Balance as of June 30, 2024 |               |                | Net profit (loss) of the investee for the six-month period ended June 30, 2024 | Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024 (Note C) | Footnote                                      |
|---------------------|-----------------------------------|------------------------|--|-----------------------------|-------------------------------|-----------------------------|---------------|----------------|--|--|---|
|                     |                                   |                        |  | Balance as at June 30, 2024 | Balance as at January 1, 2024 | Number of 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        | \$ 8,209,546   | \$ 237,936   | \$ 237,936   | Subsidiary                                    |
| ADVANTECH CO., LTD. | ATC                               | British Virgin Islands | Overseas investment in manufacturing and services industries   | 998,788                     | 998,788                       | 33,850,000                  | 100.00        | 5,589,756      | 148,079  | 148,079  | Subsidiary                                    |
| ADVANTECH CO., LTD. | Advanixs Corporation              | Taiwan                 | Manufacturing, marketing and trade of industrial use computers   | 100,000                     | 100,000                       | 10,000,000                  | 100.00        | 219,884        |  | 26,475   | Subsidiary                                    |
| ADVANTECH CO., LTD. | ACI                               | Taiwan                 | Investment in marketable securities  | 3,300,000                   | 3,300,000                     | 330,000,000                 | 100.00        | 3,999,125      |  | 196,475  | Subsidiary                                    |
| ADVANTECH CO., LTD. | Axiomtek                          | Taiwan                 | Manufacturing, marketing and trade of industrial use computers   | 511,372                     | 511,372                       | 28,080,142                  | 27.50         | 1,142,090      |  | 314,252  | 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         | 209,412        |  | (11,617)   | Note F  |
| ADVANTECH CO., LTD. | AMX                               | Mexico                 | Marketing and trade of industrial use computers  | 91,861                      | 93,338                        | 16,250,003                  | 97.50         | 109,641        |  | 8,719  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AEUH                              | Netherlands            | Overseas investment in manufacturing and services industries   | 1,655,383                   | 1,655,383                     | 25,961,250                  | 100.00        | 1,323,538      |  | (221,982)  | Subsidiary                                    |
| ADVANTECH CO., LTD. | ASG                               | Singapore              | Marketing and trade of industrial use computers  | 27,134                      | 27,134                        | 1,450,000                   | 100.00        | 260,456        |  | 37,554   | Subsidiary                                    |
| ADVANTECH CO., LTD. | ATH                               | Thailand               | Manufacturing of computer products   | 47,701                      | 47,701                        | 51,000                      | 51.00         | 53,901         |  | 5,465  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AAU                               | Australia              | Marketing and trade of industrial use computers  | 40,600                      | 40,600                        | 500,204                     | 100.00        | 31,583         |  | 3,773  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AJP                               | Japan                  | Marketing and trade of industrial use computers  | 651,685                     | 651,685                       | 1,200                       | 100.00        | 1,128,884      |  | 51,858   | Subsidiary                                    |
| ADVANTECH CO., LTD. | AMY                               | Malaysia               | Marketing and trade of industrial use computers  | 35,140                      | 35,140                        | 2,000,000                   | 100.00        | 98,739         |  | 9,618  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AKR                               | Korea                  | Marketing and trade of industrial use computers  | 156,668                     | 156,668                       | 600,000                     | 100.00        | 603,104        |  | 14,893   | Subsidiary                                    |
| ADVANTECH CO., LTD. | ABR                               | Brazil                 | Marketing and trade of industrial use computers  | 89,846                      | 89,846                        | 15,373,031                  | 100.00        | 119,658        |  | 13,626   | Subsidiary                                    |
| ADVANTECH CO., LTD. | AiCS                              | Taiwan                 | Design, research and develop and sale of intelligent services  | 81,837                      | 81,837                        | 1,000,000                   | 100.00        | 85,722         |  | 63   | Subsidiary                                    |
| ADVANTECH CO., LTD. | AIN                               | India                  | Marketing and trade of industrial use computers  | 39,747                      | 39,747                        | 4,999,999                   | 99.99         | 14,687         |  | (3,889)  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AIMobile                          | Taiwan                 | Design, manufacturing, service and trade of industrial use wireless hand-held mobile systems                   | -                           | 180,000                       | -                           | -             | -              |  | -  | Note D  |
| ADVANTECH CO., LTD. | Winmate                           | Taiwan                 | Embedded System Modules  | 540,000                     | 540,000                       | 12,000,000                  | 15.05         | 658,689        |  | 269,697  | 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         | 55,635         |  | 4,823  | Subsidiary                                    |
| ADVANTECH CO., LTD. | Nippon RAD                        | Japan                  | Integration of IoT intelligent system  | 251,915                     | 251,915                       | 850,000                     | 16.08         | 199,323        |  | 29,496   | 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        | 2,273          |  | (505)  | Subsidiary                                    |
| ADVANTECH CO., LTD. | ATR                               | Turkey                 | Wholesale of computers and peripheral devices  | 105,608                     | 105,608                       | 370,335                     | 80.10         | 25,017         |  | 2,610  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AIL                               | Israel                 | Trading of industrial network communications systems   | 8,653                       | 8,653                         | 100                         | 100.00        | 10,715         |  | 324  | 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         | 21,433         |  | (227)  | Subsidiary                                    |
| ADVANTECH CO., LTD. | ADB                               | United Arab Emirates   | Trading of industrial network communications systems   | 3,312                       | 3,312                         | 50                          | 100.00        | 4,248          |  | 220  | Subsidiary                                    |
| ADVANTECH CO., LTD. | AID                               | Indonesia              | Marketing and trade of industrial use computers  | 48                          | 48                            | 30                          | 1.00          | 48             |  | (370)  | 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        | 843,332        |  | (183,275)  | Subsidiary                                    |
| ADVANTECH CO., LTD. | ACI KY                            | Cayman Islands         | General investment   | 2,156,908                   | 2,156,908                     | 100,000,000                 | 100.00        | 2,188,175      |  | (13,027)   | Subsidiary                                    |
| ADVANTECH CO., LTD. | Cermate (Taiwan)                  | Taiwan                 | Manufacturing of electronic components, computers, and peripheral devices                                      | 189,000                     | 189,000                       | 4,500,000                   | 45.00         | 87,183         |  | 55,477   | Subsidiary                                    |
| ACI                 | Cermate (Taiwan)                  | Taiwan                 | Manufacturing of electronic components, computers, and peripheral devices                                      | 71,500                      | 71,500                        | 5,500,000                   | 55.00         | 139,365        |  | 55,477   | Subsidiary                                    |
| ACI                 | Deneng                            | Taiwan                 | Installment and sale of electronic components and software   | 18,095                      | 18,095                        | 658,000                     | 39.69         | 12,722         |  | (1,149)  | Investments accounted for under equity method |
| ACI                 | CDIB                              | Taiwan                 | Investment in marketable securities  | 150,000                     | 150,000                       | 16,976,999                  | 17.86         | 294,529        |  | 43,326   | Investments accounted for under equity method |
| ACI                 | AzureWave                         | Taiwan                 | Wireless communication and digital image module manufacturing and trading                                      | 492,408                     | 502,837                       | 28,942,000                  | 18.97         | 806,235        |  | 168,271  | 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         |  | 29,496   | Investments accounted for under equity method |
| ACI                 | DotZero                           | Taiwan                 | Intelligent metal processing integration   | 10,928                      | 10,928                        | 415,245                     | 10.38         | -              |  | (9,287)  | Investments accounted for under equity method |
| ACI                 | Mildex                            | Taiwan                 | Electronic component manufacturing   | 202,948                     | 202,948                       | 11,947,313                  | 15.37         | 186,809        |  | (1,597)  | Investments accounted for under equity method |
| ACI                 | ITTS                              | Taiwan                 | Electronic Information Service   | -                           | 123,867                       | -                           | -             | -              |  | -  | Note E  |
| ACI                 | Smasoft                           | Taiwan                 | Manufacturing and trade of electronic and mechanical devices   | 33,270                      | 33,270                        | 561,955                     | 25.63         | 13,963         |  | (8,002)  | 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         | 7,359          |  | (3,882)  | Investments accounted for under equity method |
| ACI                 | VSO                               | Taiwan                 | Manufacturing and trade of electronic and mechanical devices   | 116,400                     | 116,400                       | 4,694,800                   | 12.37         | 175,687        |  | 66,273   | Investments accounted for under equity method |
| ACI                 | Hwacom                            | Taiwan                 | Computer system integration service  | 357,119                     | 357,119                       | 24,575,000                  | 17.54         | 441,997        |  | (18,835)   | 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        | 6,225          |  | 4  | Subsidiary                                    |
| ACI                 | Feng Sang                         | Taiwan                 | Computer system integration service  | 109,219                     | 109,219                       | 6,088,750                   | 36.24         | 129,100        |  | 18,915   | 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         | 293,184        |  | 8,358  | Investments accounted for under equity method |

| Investor         | Investee                           | Location       | Main business activities   | Initial investment amount   |                               | Balance as of June 30, 2024 |               |                | Net profit (loss) of the investee for the six-month period ended June 30, 2024 | Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024 (Note C) | Footnote                                      |
|------------------|------------------------------------|----------------|--|-----------------------------|-------------------------------|-----------------------------|---------------|----------------|--|--|---|
|                  |                                    |                |  | Balance as at June 30, 2024 | Balance as at January 1, 2024 | Number of shares            | Ownership (%) | Carrying value |  |  |   |
| ACI              | Freedom Systems                    | Taiwan         | Electronic information service   | 37,500                      | 37,500                        | 1,653,750                   | 20.00         | 42,028         | 12,166   | -  | 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         | 80,814         | 2  | -  | Subsidiary                                    |
| ACI              | Expetech                           | Taiwan         | Computer system integration service  | 80,000                      | 40,000                        | 6,000,000                   | 64.52         | 71,813         | (10,520)   | -  | Note G  |
| ACI              | Encore Med                         | Malaysia       | Wise Information Technology of med cloud service   | 54,274                      | 54,274                        | 66,700                      | 30.00         | 52,479         | (4,707)  | -  | 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        | 5,617,173      | 148,175  | -  | Subsidiary                                    |
| AAC MT           | ANA                                | USA            | Marketing, trade and assembly of industrial use computers  | 504,179                     | 504,179                       | 10,952,616                  | 100.00        | 8,575,323      | 237,869  | -  | Subsidiary                                    |
| AEUH             | AEU                                | Netherlands    | Marketing and trade of industrial use computers  | 868,222                     | 868,222                       | 32,315,215                  | 100.00        | 1,636,099      | (220,739)  | -  | Subsidiary                                    |
| AEUH             | APL                                | Poland         | Marketing and trade of industrial use computers  | 14,176                      | 14,176                        | 7,030                       | 100.00        | 62,144         | (572)  | -  | Subsidiary                                    |
| ASG              | ATH                                | Thailand       | Manufacturing of computers products  | 7,537                       | 7,537                         | 49,000                      | 49.00         | 52,444         | 5,465  | -  | Subsidiary                                    |
| ASG              | AID                                | Indonesia      | Marketing and trade of industrial use computers  | 4,749                       | 4,749                         | 2,970                       | 99.00         | 13,259         | (370)  | -  | Subsidiary                                    |
| ASG              | AMX                                | Mexico         | Marketing and trade of industrial use computers  | 98                          | 98                            | 16,667                      | 0.10          | 99             | 8,719  | -  | Subsidiary                                    |
| Cermate (Taiwan) | LandMark                           | Samoa          | General investment   | 28,200                      | 28,200                        | 972,284                     | 100.00        | 148,462        | 13,546   | -  | Subsidiary                                    |
| LandMark         | Cermate Software Inc.              | Canada         | Software development   | 229                         | 229                           | -                           | 100.00        | 3,503          | 624  | -  | Subsidiary                                    |
| ANA              | AIE                                | Ireland        | Trading of industrial network communications systems   | 1,212,462                   | 1,212,462                     | -                           | 100.00        | 349,206        | 12,571   | -  | 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        | 83,226         | (16,899)   | -  | Subsidiary                                    |
| AIE              | ACZ                                | Czech Republic | Manufacturing of automation control  | -                           | -                             | -                           | 100.00        | 298,959        | 11,145   | -  | Subsidiary                                    |
| AIN              | ARI                                | India          | Marketing and trade of industrial use computers  | 4,651                       | 4,651                         | 1,237,500                   | 55.00         | (10,082)       | (14,712)   | -  | 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.

Note D: In the second quarter of 2024, AIMobile made a capital reduction to offset the deficit and a capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27% to 9.81%, as the Group lost significant influence over AIMobile, the investment in AIMobile accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income or loss - non-current.

Note E: In the second quarter of 2024, the Group disposed part of its equity interest in ITTS, which resulted to a decrease in its equity interest from 14.61% to 14.01%.

As the Group no longer remain as ITTS's directors and lost significant influence over ITTS, the investment in ITTS accounted for under equity method was reclassified to financial assets at fair value through profit or loss - current.

Note F: In the second quarter of 2024, the Group lost control over LNC, but still has significant influence over it, and accordingly, the investment in LNC as subsidiary was reclassified to investments accounted for under equity method since the second quarter of 2024.

Note G: In the second quarter of 2024, the Group acquired 21.51% equity interest in Expetech for a cash consideration of \$40,000. As the Group obtained control over Expetech, the investment in Expetech accounted for under equity method was reclassified and accounted for as a subsidiary.

ADVANTECH CO., LTD. AND SUBSIDIARIES  
Information on investments in Mainland China  
For the six-month period ended June 30, 2024

Table 10

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

| Investee in<br>Mainland China  | Main business<br>activities   | Paid-in capital   | Investment<br>method  | Accumulated Outflow of<br>Investment from Taiwan<br>as of January 1, 2024 |        | Investment Flows |                            | Accumulated Outflow of<br>Investment from Taiwan<br>as of June 30, 2024 |            | Net profit (loss) of the investee<br>for the six-month period ended<br>June 30, 2024 | Ownership held by the<br>Company (direct or<br>indirect) (%) | Investment net profit<br>(loss) | Carrying Value as<br>of June 30, 2024 | Accumulated Inward<br>Remittance of Earnings<br>as of June 30, 2024 |        |
|--|---|---|---|---|--------|------------------|----------------------------|---|------------|--|--|---------------------------------|---------------------------------------|---|--------|
|  |   |   |   | Outflow   | Inflow | Outflow          | Inflow                     | Outflow   | Inflow     |  |  |                                 |                                       | Outflow   | Inflow |
| Advantech Technology (China) Company Ltd. (AKMC) (Note D)                        | Manufacturing and trade of interface cards and PC cases, plastic cases and accessories  | \$ 1,419,688<br>USD 43,750  | Through investing in an existing company in the third region, which then invested in the investee in Mainland China | \$ 1,210,385<br>USD 37,300  | \$ -   | \$ -             | \$ 1,210,385<br>USD 37,300 | \$ -  | \$ 148,175 | 100.00   | \$ 148,052   | \$ 5,617,173                    | \$ -                                  |   |        |
| Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)          | Marketing and trade of industrial use computers   | 137,264<br>USD 4,230  | Through investing in an existing company in the third region, which then invested in the investee in Mainland China | 173,023<br>USD 5,332  | -      | -                | 173,023<br>USD 5,332       | ( 218,950)  | 100.00     | ( 219,536)   | ( 267,857)   | 3,347,218<br>USD 103,150        |                                       |   |        |
| Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)              | Manufacturing, marketing and trade of industrial use computers  | 296,117<br>CNY 66,618   | Through investing in an existing company in the third region, which then invested in the investee in Mainland China | 259,600<br>USD 8,000  | -      | -                | 259,600<br>USD 8,000       | 34,530  | 100.00     | 34,505   | 1,963,388  | -                               |                                       |   |        |
| Xi'an Advantech Software Ltd. (AXA)  | Development and manufacturing of software products  | 32,450<br>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                     | 245   | 100.00     | 245  | 30,486   | -                               |                                       |   |        |
| Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)                            | Production of LCD touch screen, USB data cables, and industrial use computers   | 8,890<br>CNY 2,000  | Through investing in an existing company in the third region, which then invested in the investee in Mainland China | 9,995<br>USD 308  | -      | -                | 9,995<br>USD 308           | 14,375  | 90.00      | 12,937   | 125,109  | 81,970<br>CNY 18,441            |                                       |   |        |
| Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)                          | Networking electronic equipment for industrial use  | 16,874<br>USD 520   | Through investing in an existing company in the third region, which then invested in the investee in Mainland China | 18,561<br>USD 572   | -      | -                | 18,561<br>USD 572          | ( 16)   | 100.00     | ( 50)  | 22,182   | 51,846<br>CNY 11,664            |                                       |   |        |
| Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China) ]                       | Technology development, consulting and services in the field of intelligent technology  | 66,675<br>CNY 15,000  | Other   | Note E  | -      | -                | Note E                     | 987   | 100.00     | 987  | 54,393   | -                               |                                       |   |        |
| Shanghai Yanle Co., Ltd.(AYL)  | Application and retail of intelligent technology  | 9,779<br>CNY 2,200  | Other   | Note F · I  | -      | -                | Note F · I                 | ( 349)  | Note I     | ( 349)   | -  | -                               |                                       |   |        |
| Foshan Technology Co., Ltd. (Foshan Technology)                                  | Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues                 | 35,560<br>CNY 8,000   | Other   | Note F  | -      | -                | Note F                     | 579   | 21.88      | 127  | 15,167   | -                               |                                       |   |        |
| Suzhou AIIST Intelligent Technology Co., Ltd (AAY)                               | Smart operating room total solution   | 43,956<br>CNY 9,889   | Other   | Note F  | -      | -                | Note F                     | ( 19,589)   | 28.09      | ( 5,502)   | 102,274  | -                               |                                       |   |        |
| Adveco Technology Co., Ltd. (Adveco)   | Technology development, consulting, services, product design, production and project implementation in the field of smart buildings | 18,225<br>CNY 4,100   | Other   | Note L  | -      | -                | Note L                     | ( 24,890)   | 54.42      | ( 13,358)  | 26,550   | -                               |                                       |   |        |
| Adveco Management Consulting Co., Ltd. (Adveco Management)                       | Enterprise management consulting, information consulting, planning, service   | 8,890<br>CNY 2,000  | Other   | Note L  | -      | -                | Note L                     | ( 3)  | 60.00      | ( 2)   | 5,333  | -                               |                                       |   |        |
| Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1) | Enterprise management consulting, information consulting, planning, service   | 4,445<br>CNY 1,000  | Other   | Note M  | -      | -                | Note M                     | ( 1)  | 59.94      | ( 1)   | 2,661  | -                               |                                       |   |        |
| Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2) | Enterprise management consulting, information consulting, planning, service   | 4,445<br>CNY 1,000  | Other   | Note M  | -      | -                | Note M                     | ( 1)  | 59.94      | ( 1)   | 2,661  | -                               |                                       |   |        |
| Accumulated Investment in Mainland China as of June 30, 2024                     | Investment Amounts Authorized by Investment Commission, MOEA  | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |   |   |        |                  |                            |   |            |  |  |                                 |                                       |   |        |
| \$ 1,696,973 (USD 52,295 thousand)<br>(Note H)                                   | \$ 2,464,999 (USD 75,963 thousand)  | \$ 27,520,760<br>(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: In the second quarter of 2024, AYL has been dissolved and liquidated.

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\$32.45 and CNY\$1=NT\$4.445.

Note L: Remittance by ACI CN.

Note M: Remittance by Adveco Management.



ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

June 30, 2024

Table 11

| Name of major shareholders | Shares                |               |
|----------------------------|-----------------------|---------------|
|                            | Number of shares held | Ownership (%) |
| ASUSTek Computer Inc.      | 113,483,106           | 13.15%        |
| K&M Investment Co., Ltd.   | 100,494,794           | 11.64%        |
| AIDC Investment Corp.      | 99,314,136            | 11.50%        |

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.