

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

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries (the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of 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\$13,898,701 thousand and NT\$14,239,000 thousand (including the balance of investments accounted for under equity method), both constituting 21% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to NT\$1,221,055 thousand and NT\$2,466,224 thousand, constituting 7% and 12% of

consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income amounting to NT\$371,158 thousand, NT\$334,161 thousand, NT\$538,315 thousand and NT\$817,389 thousand, constituting 15%, 10%, 8% and 8% of consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively.

Qualified conclusion

Based on our reviews, except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

October 31, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the 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
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 12,354,578	19	\$ 11,011,580	16	\$ 11,769,113	18
1110	Financial assets at fair value through profit or loss - current	6(2)	4,609,918	7	8,619,027	13	5,035,527	7
1136	Financial assets at amortised cost - current	6(4) and 8	789,261	1	1,569,168	2	1,498,997	2
1150	Notes receivable	6(5)	1,424,080	2	1,293,317	2	1,340,471	2
1170	Accounts receivable	6(5)	7,833,894	12	7,961,226	12	8,400,236	13
1180	Accounts receivable - related parties	7	12,859	-	16,734	-	22,096	-
1200	Other receivables		203,865	-	73,265	-	45,997	-
1210	Other receivables - related parties	7	398	-	922	-	968	-
130X	Inventories	6(6)	9,911,665	15	9,803,796	14	10,849,623	16
1460	Non-current assets held for sale	6(11)	175,566	-	238,341	-	-	-
1470	Other current assets	7	788,098	1	798,361	1	785,160	1
11XX	Total current assets		<u>38,104,182</u>	<u>57</u>	<u>41,385,737</u>	<u>60</u>	<u>39,748,188</u>	<u>59</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6(2)	3,230,642	5	2,906,420	4	2,733,567	4
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,787,678	4	2,951,234	4	2,642,075	4
1535	Financial assets at amortised cost - non-current	6(4)	63,300	-	61,410	-	-	-
1550	Investments accounted for under equity method	6(7)	4,886,316	7	4,704,633	7	4,567,466	7
1600	Property, plant and equipment	6(8) and 8	11,616,208	18	11,326,045	17	11,439,062	17
1755	Right-of-use assets	6(9)	1,969,785	3	1,965,522	3	2,085,005	3
1780	Intangible assets	6(10)	2,575,935	4	2,750,414	4	2,812,392	4
1840	Deferred income tax assets		703,849	1	830,790	1	641,203	1
1915	Prepayments for business facilities		61,775	-	92,705	-	100,037	-
1990	Other non-current assets	8	395,061	1	81,362	-	186,255	1
15XX	Total non-current assets		<u>28,290,549</u>	<u>43</u>	<u>27,670,535</u>	<u>40</u>	<u>27,207,062</u>	<u>41</u>
1XXX	Total assets		<u>\$ 66,394,731</u>	<u>100</u>	<u>\$ 69,056,272</u>	<u>100</u>	<u>\$ 66,955,250</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ -	-	\$ 237,730	-	\$ 321,200	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	728	-	635	-	11,798	-
2130	Contract liabilities - current	6(22)	1,197,076	2	1,088,750	2	1,026,645	2
2170	Notes and accounts payable	7	6,472,084	10	6,088,794	9	6,428,661	10
2200	Other payables	6(13) and 7	3,950,615	6	4,395,090	6	4,410,866	7
2230	Current income tax liabilities		1,314,932	2	3,440,853	5	2,933,522	4
2250	Provisions for liabilities - current		185,999	-	212,893	-	239,287	-
2280	Lease liabilities - current	6(9)	310,913	-	106,391	-	218,814	-
2320	Long-term liabilities, current portion	6(14) and 8	-	-	118,500	-	119,000	-
2399	Other current liabilities		379,737	1	337,171	1	274,680	-
21XX	Total current liabilities		<u>13,812,084</u>	<u>21</u>	<u>16,026,807</u>	<u>23</u>	<u>15,984,473</u>	<u>24</u>
Non-current liabilities								
2540	Long-term borrowings	6(14) and 8	37,000	-	-	-	-	-
2560	Current income tax liabilities - non-current		-	-	219,989	-	329,984	1
2570	Deferred income tax liabilities		2,011,973	3	1,936,142	3	1,925,346	3
2580	Lease liabilities - non-current	6(9)	1,421,306	2	1,610,905	2	1,608,915	2
2600	Other non-current liabilities		487,891	1	452,851	1	611,852	1
25XX	Total non-current liabilities		<u>3,958,170</u>	<u>6</u>	<u>4,219,887</u>	<u>6</u>	<u>4,476,097</u>	<u>7</u>
2XXX	Total liabilities		<u>17,770,254</u>	<u>27</u>	<u>20,246,694</u>	<u>29</u>	<u>20,460,570</u>	<u>31</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Common shares	6(17)	8,631,680	13	8,577,795	12	8,567,315	13
3140	Advance receipts for share capital		2,642	-	6,699	-	10,479	-
Capital surplus								
3200	Capital surplus	6(18)	10,928,363	16	9,753,806	14	9,520,327	14
Retained earnings								
3310	Legal reserve	6(19)	10,723,047	16	9,630,127	14	9,630,127	14
3350	Unappropriated retained earnings		16,776,285	25	19,599,420	28	17,322,077	26
Other equity								
3400	Other equity	6(20)	1,439,279	3	893,305	2	1,097,072	2
31XX	Equity attributable to shareholders of the parent		<u>48,501,296</u>	<u>73</u>	<u>48,461,152</u>	<u>70</u>	<u>46,147,397</u>	<u>69</u>
36XX	Non-controlling interest	6(21)	123,181	-	348,426	1	347,283	-
3XXX	Total equity		<u>48,624,477</u>	<u>73</u>	<u>48,809,578</u>	<u>71</u>	<u>46,494,680</u>	<u>69</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 66,394,731</u>	<u>100</u>	<u>\$ 69,056,272</u>	<u>100</u>	<u>\$ 66,955,250</u>	<u>100</u>

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

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

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2024		2023		2024		2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 14,949,502	100	\$ 15,006,349	100	\$ 43,472,534	100	\$ 49,430,091	100
5000	Operating costs	6(6)(8)(9)(10)(15)(16)(26) and 7	(8,776,015)	(59)	(8,989,704)	(60)	(25,820,312)	(59)	(29,488,165)	(60)
5950	Gross profit		6,173,487	41	6,016,645	40	17,652,222	41	19,941,926	40
	Operating expenses	6(8)(9)(10)(15)(16)(26) and 7								
6100	Selling expenses		(1,440,406)	(10)	(1,498,010)	(10)	(4,460,674)	(11)	(4,484,980)	(9)
6200	General and administrative expenses		(961,377)	(6)	(823,768)	(5)	(2,719,647)	(6)	(2,463,776)	(5)
6300	Research and development expenses		(1,331,997)	(9)	(1,159,166)	(8)	(3,896,306)	(9)	(3,531,462)	(7)
6450	Expected credit impairment gain (loss)		12,495	-	(30,023)	-	(39,710)	-	(24,772)	-
6000	Total operating expenses		(3,721,285)	(25)	(3,510,967)	(23)	(11,116,337)	(26)	(10,504,990)	(21)
6900	Operating profit		2,452,202	16	2,505,678	17	6,535,885	15	9,436,936	19
	Non-operating income and expenses									
7100	Interest income	7	99,243	1	81,243	1	289,120	-	188,211	-
7010	Other income	6(23) and 7	163,361	1	186,647	1	354,037	1	362,199	1
7020	Other gains and losses	6(2)(24)	(66,696)	(1)	194,597	1	356,572	1	280,873	-
7050	Finance costs	6(9)(12)(14)(25)	(20,607)	-	(11,468)	-	(64,313)	-	(34,112)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	115,235	1	131,307	1	300,788	1	303,036	1
7000	Total non-operating income and expenses		290,536	2	582,326	4	1,236,204	3	1,100,207	2
7900	Profit before income tax		2,742,738	18	3,088,004	21	7,772,089	18	10,537,143	21
7950	Income tax expense	6(27)	(492,948)	(3)	(530,706)	(4)	(1,444,179)	(3)	(2,019,376)	(4)
8200	Profit for the period		\$ 2,249,790	15	\$ 2,557,298	17	\$ 6,327,910	15	\$ 8,517,767	17

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

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30				
		2024		2023		2024		2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	\$ 200,155	1	\$ 331,858	3	\$ 41,405	-	\$ 780,771	2
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)	(3,274)	-	9,510	-	(22,824)	-	27,172	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	-	-	2	-	-	(18)	-	
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>196,881</u>	<u>1</u>	<u>341,370</u>	<u>3</u>	<u>18,581</u>	<u>-</u>	<u>807,925</u>	<u>2</u>
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations	6(20)	51,945	1	554,717	4	725,730	2	505,498	1
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(20)	7,818	-	30,795	-	36,046	-	19,685	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(27)	(10,910)	-	(101,733)	(1)	(153,594)	(1)	(89,255)	-
8360	Other comprehensive income that will be reclassified to profit or loss		<u>48,853</u>	<u>1</u>	<u>483,779</u>	<u>3</u>	<u>608,182</u>	<u>1</u>	<u>435,928</u>	<u>1</u>
8300	Total other comprehensive income for the period		<u>\$ 245,734</u>	<u>2</u>	<u>\$ 825,149</u>	<u>6</u>	<u>\$ 626,763</u>	<u>1</u>	<u>\$ 1,243,853</u>	<u>3</u>
8500	Total comprehensive income for the period		<u>\$ 2,495,524</u>	<u>17</u>	<u>\$ 3,382,447</u>	<u>23</u>	<u>\$ 6,954,673</u>	<u>16</u>	<u>\$ 9,761,620</u>	<u>20</u>
Profit attributable to:										
8610	Shareholders of the parent		\$ 2,257,532	15	\$ 2,583,172	17	\$ 6,364,084	15	\$ 8,546,706	17
8620	Non-controlling interest		(7,742)	-	(25,874)	-	(36,174)	-	(28,939)	-
			<u>\$ 2,249,790</u>	<u>15</u>	<u>\$ 2,557,298</u>	<u>17</u>	<u>\$ 6,327,910</u>	<u>15</u>	<u>\$ 8,517,767</u>	<u>17</u>
Total comprehensive income attributable to:										
8710	Shareholders of the parent		\$ 2,498,058	17	\$ 3,404,320	23	\$ 6,997,043	16	\$ 9,784,495	20
8720	Non-controlling interest		(2,534)	-	(21,873)	-	(42,370)	-	(22,875)	-
			<u>\$ 2,495,524</u>	<u>17</u>	<u>\$ 3,382,447</u>	<u>23</u>	<u>\$ 6,954,673</u>	<u>16</u>	<u>\$ 9,761,620</u>	<u>20</u>
Basic earnings per share										
9750	Profit for the period	6(28)	<u>\$ 2.61</u>		<u>\$ 3.01</u>		<u>\$ 7.39</u>		<u>\$ 9.98</u>	
Diluted earnings per share										
9850	Profit for the period	6(28)	<u>\$ 2.61</u>		<u>\$ 2.98</u>		<u>\$ 7.34</u>		<u>\$ 9.88</u>	

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

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

	Equity attributable to owners of the parent											Non-controlling interest	Total equity
	Capital			Retained Earnings				Other Equity Interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total		
For the nine-month period ended September 30, 2023													
Balance at January 1, 2023		\$ 7,778,434	\$ 1,335	\$ 9,110,280	\$ 8,552,226	\$ 555,794	\$ 17,750,074	(\$ 714,961)	\$ 785,560	(\$ 4,040)	\$ 43,814,702	\$ 469,312	\$ 44,284,014
Consolidated profit for the period		-	-	-	-	-	8,546,706	-	-	-	8,546,706	(28,939)	8,517,767
Other comprehensive income for the period	6(20)(21)	-	-	-	-	-	74	429,864	807,851	-	1,237,789	6,064	1,243,853
Total comprehensive income (loss) for the period		-	-	-	-	-	8,546,780	429,864	807,851	-	9,784,495	(22,875)	9,761,620
Appropriations of 2022 earnings													
Legal reserve	6(19)	-	-	-	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)	-	-	-	-	-	-	-	-	-	-	(19,989)	(19,989)
Recognition of employee share options	6(16)(17)	10,904	9,144	315,112	-	-	-	-	-	-	335,160	-	335,160
Compensation costs recognized for employee share options	6(16)	-	-	116,610	-	-	-	-	-	-	116,610	-	116,610
Changes in associates and joint ventures accounted for under equity method	6(20)	-	-	(22,383)	-	-	110,320	-	(110,320)	2,622	(19,761)	-	(19,761)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(21)(29)	-	-	-	-	-	(104,747)	-	-	-	(104,747)	(95,167)	(199,914)
Changes in ownership interests in subsidiaries	6(21)(29)	-	-	708	-	-	-	-	-	-	708	16,002	16,710
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	-	-	-	-	-	97,962	-	(97,962)	-	-	-	-
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(20)	-	-	-	-	-	1,542	-	(1,542)	-	-	-	-
Balance at September 30, 2023		\$ 8,567,315	\$ 10,479	\$ 9,520,327	\$ 9,630,127	\$ -	\$ 17,322,077	(\$ 285,097)	\$ 1,383,587	(\$ 1,418)	\$ 46,147,397	\$ 347,283	\$ 46,494,680
For the nine-month period ended September 30, 2024													
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		-	-	-	-	-	6,364,084	-	-	-	6,364,084	(36,174)	6,327,910
Other comprehensive (loss) income for the period	6(20)(21)	-	-	-	-	-	(78)	614,378	18,659	-	632,959	(6,196)	626,763
Total comprehensive income (loss) for the period		-	-	-	-	-	6,364,006	614,378	18,659	-	6,997,043	(42,370)	6,954,673
Appropriations of 2023 earnings													
Legal reserve	6(19)	-	-	-	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)	53,885	(4,057)	697,285	-	-	-	-	-	-	747,113	-	747,113
Compensation costs recognized for employee share options	6(16)	-	-	382,977	-	-	-	-	-	-	382,977	-	382,977
Changes in associates and joint ventures accounted for under equity method		-	-	82,023	-	-	(24,644)	-	-	369	57,748	-	57,748
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)	-	-	12,272	-	-	(517)	-	-	-	11,755	(38,295)	50,050
Disposal of investments in equity instruments measured at fair value through other comprehensive income	6(3)(20)	-	-	-	-	-	86,635	-	(86,635)	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income owned by associates	6(20)	-	-	-	-	-	797	-	(797)	-	-	-	-
Balance at September 30, 2024		\$ 8,631,680	\$ 2,642	\$ 10,928,363	\$ 10,723,047	\$ -	\$ 16,776,285	(\$ 212,633)	\$ 1,651,912	\$ -	\$ 48,501,296	\$ 123,181	\$ 48,624,477

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 7,772,089	\$ 10,537,143
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(26)	703,150	674,074
Amortisation	6(10)(26)	116,377	128,022
Expected credit impairment loss	12(2)	39,710	24,772
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(24)	136,583	(28,957)
Finance costs	6(25)	64,313	34,112
Interest income	(	289,120	(188,211)
Dividend income	6(23)	225,436	(211,872)
Compensation costs of employee share options	6(16)(26)	386,053	116,610
Share of profit of associates accounted for under equity method	6(7)	300,788	(303,036)
(Gain) loss on disposal of property, plant and equipment	6(24)	53,456	5,410
Gain on disposal of non-current assets held for sale	6(24)	85,667	-
Gain on disposal of investment	6(24)	130,348	(17,212)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		4,216,577	(1,834,067)
Notes receivable	(	235,468	94,370
Accounts receivable	(	9,939	1,215,135
Accounts receivable – related parties		3,875	10,304
Other receivables (including related parties)	(	135,922	16,200
Inventories	(	297,989	3,158,142
Other current assets	(	17,961	333,640
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		93	(9,836)
Contract liabilities - current		75,717	(287,050)
Notes and accounts payable		507,012	(697,757)
Other payables	(	391,648	(736,932)
Provision for liabilities - current	(	25,185	(13,147)
Other current liabilities		37,448	(57,775)
Other non-current liabilities		28,002	(16,631)
Cash inflow generated from operations		12,159,916	11,945,451
Dividends received		225,436	211,872
Interest received		168,027	188,211
Interest paid	(	64,197	(32,975)
Income taxes paid	(	3,790,479	(3,065,157)
Net cash flows provided by operating activities		8,698,703	9,247,402
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost	(	678,484	(2,057,255)
Proceeds from disposal of financial assets at amortised cost		1,454,885	700,647
Acquisition of financial assets at fair value through profit or loss	(	389,968	(213,706)
Proceeds from disposal of financial assets at fair value through profit or loss		-	305,700
Cash returned from capital reduction of financial assets at fair value through other comprehensive income		22,660	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		203,781	332,908
Acquisition of investments accounted for under equity method	6(7)	40,000	(60,274)
Proceeds from disposal of investment accounted for under equity method	6(7)	87,489	37,215
Net cash flow from acquisition of subsidiaries		2,130	-
Dividends received from associates		268,428	187,160
Disposal of non-current assets held for sale		148,442	-
Increase in prepayments for investments	(	319,961	-
Acquisition of property, plant and equipment	6(8)	725,756	(836,414)
Proceeds from disposal of property, plant and equipment		90,738	1,224
Decrease in refundable deposits		1,707	3,587
Acquisition of intangible assets	6(10)	88,810	(37,261)
Proceeds from disposal of intangible assets	6(10)	29	10
Increase in prepayments for business facilities	(	21,605	(25,625)
Increase in other non-current assets	(	1,539	(109,069)
Changes due to loss of control of subsidiaries	(	94,770	-
Net cash flows used in investing activities	(	80,604	(1,771,153)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term borrowings	6(31)	37,000	-
Decrease in long-term borrowings	6(31)	118,500	-
Decrease in short-term borrowings	6(31)	1,611	(192,180)
Increase in guarantee deposits received		269	102,996
Payments of lease liabilities	6(9)(31)	201,417	(194,344)
Payments of cash dividends	6(19)	8,155,269	(7,779,770)
Employee share options exercised		747,113	335,160
Dividends paid to non-controlling interests	6(21)	3,110	(19,989)
Change in non-controlling interests		98,833	(183,204)
Net cash flows used in financing activities	(	7,596,692	(7,931,331)
Effect of exchange rate changes		321,591	194,410
Net increase (decrease) in cash and cash equivalents		1,342,998	(260,672)
Cash and cash equivalents at beginning of period		11,011,580	12,029,785
Cash and cash equivalents at end of period		\$ 12,354,578	\$ 11,769,113

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 October 31, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

(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 International Accounting 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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis used in the 2023 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 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	
	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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Advantech Industrial Computing India Private Limited (AIN)	Marketing and trade of industrial use computers	99.99	99.99	99.99	Note 2
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	44.60	44.60	44.60	Notes 2 and 3
	Advantech Electronics, S.A.P.I DE C. V. (AMX)	Marketing and trade of industrial use computers	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
	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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	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	100.00	Note 6
	Advantech Corporate Investment Ltd. (ACI KY)	General investment	100.00	100.00	100.00	Notes 2 and 7
	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	45.00	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	59.23	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	

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
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 Corp. (ANA)	Advantech Technology Limited (AIE)	Trading of industrial network communication systems	100.00	100.00	100.00	Note 2
	BitFlow, Inc. (ABO)	High-speed image capture core technology in the advanced fields of image and AI machine vision technology	100.00	100.00	-	Notes 2 and 11
Advantech Automation Corp. (HK) Limited [AAC (HK)]	Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	100.00	100.00	100.00	
	Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	82.00	82.00	82.00	Note 2
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	100.00	100.00	100.00	Note 2
	Shanghai Advantech Intelligent Service Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	18.00	18.00	18.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	100.00	100.00	100.00	Note 2
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	-	100.00	100.00	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
	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

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
Adveco Management Consulting No. 1 (Limited partnership) (Adveco Management No. 1)	Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	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	0.10	Notes 2 and 10
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	100.00	Note 2

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
LandMark Co., Ltd. (LandMark)	Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	-	100.00	100.00	Notes 2 and 20
	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 3
	LNCMac Technology Corp. (LNCMac)	System integration and application, system furniture intelligent design, manufacturing and sales	56.09	66.32	77.52	Notes 2 and 3
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	100.00	100.00	Notes 2 and 3
Better Auto Holdings Limited (Better Auto)	Famous Now Limited (Famous Now)	Holding company	100.00	100.00	100.00	Notes 2 and 3
BEST PLC LTD. (BEST PLC)	BEST SERVO LTD. (BEST SERVO)	Holding company	100.00	100.00	100.00	Notes 2 and 3
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 3
LNCMac Technology Corp. (LNCMac)	BEST MACHINE LTD. (BEST MACHINE)	Holding company	100.00	100.00	100.00	Notes 2 and 3
	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	100.00	100.00	Notes 2 and 3

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
BEST MACHINE LTD. (BEST MACHINE)	LNCMac DONG GUAN Technology Co Ltd. (LNCMac DONG GUAN)	System intergration	100.00	100.00	100.00	Notes 2, 3 and 4
Advantech Technology Limited (AIE)	Advantech Czech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	100.00	Note 2
Advantech Industrial Computer Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	55.00	55.00	Note 2
LNCMac DONG GUAN Technology Co., Ltd. (LNCMac DONG GUAN)	LNCMac Furniture Co., Ltd. (LNCMac Furniture)	System furniture intelligent design, manufacturing and sales	100.00	100.00	100.00	Notes 2, 3 and 9

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

Note 2: The financial statements of the entity as of and for the nine-month periods ended September 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%. In the second quarter of 2024, it acquired equity interest in LNCMac from non-controlling interest, which resulted to an increase in ownership from 57.49% to 58.44%. In the third quarter of 2024, it did not participate in the capital increase proportionally to its equity interest in LNCMac, which resulted to a decrease in ownership from 58.44% to 56.09%. 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.

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 October 31, 2024, the reward methods have not 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). In the third quarter of 2024, Expetech converted employee share options into common shares, which resulted to a decrease in its equity interest from 64.52% to 59.23%.

Note 19: In the second quarter of 2024, AYL was dissolved and liquidated.

Note 20: In the third quarter of 2024, Cermate Shanghai was dissolved and liquidated.

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 September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and revolving funds	\$ 582	\$ 608	\$ 764
Checking accounts and demand deposits	8,894,156	9,134,599	9,582,072
Cash equivalents (time deposits with original maturities less than three months)	3,459,840	1,876,373	2,186,277
	<u>\$ 12,354,578</u>	<u>\$ 11,011,580</u>	<u>\$ 11,769,113</u>

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

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 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	\$ 2,285	\$ 17,160	\$ 4,960
Non-derivative financial assets			
Listed, OTC and emerging stocks	153,084	-	-
Beneficiary certificates	4,422,779	8,566,902	4,995,392
Convertible corporate bonds	31,770	34,965	35,175
	<u>\$ 4,609,918</u>	<u>\$ 8,619,027</u>	<u>\$ 5,035,527</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Listed, OTC and emerging stocks	\$ 454,644	\$ 186,017	\$ 179,523
Unlisted and non-OTC stocks	70,202	139,496	160,424
Beneficiary certificates	2,237,689	2,213,735	2,292,506
Ordinary corporate bonds	354,891	257,988	101,114
Convertible corporate bonds	113,216	109,184	-
	<u>\$ 3,230,642</u>	<u>\$ 2,906,420</u>	<u>\$ 2,733,567</u>
<u>Financial liabilities - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivative instruments (not under hedge accounting)			
Forward foreign exchange contracts	<u>\$ 728</u>	<u>\$ 635</u>	<u>\$ 11,798</u>

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

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	(\$ 96,572)	(\$ 48,706)
Derivative instruments	(1,089)	(40,095)
	<u>(\$ 97,661)</u>	<u>(\$ 88,801)</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	(\$ 77,141)	\$ 94,160
Derivative instruments	(59,442)	(65,203)
	<u>(\$ 136,583)</u>	<u>\$ 28,957</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>September 30, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2024.10~2024.11	EUR 1,500/NTD 53,220
	CNY/NTD	2024.11	CNY 4,000/NTD 18,134
	JPY/NTD	2024.10~2024.11	JPY 30,000/NTD 6,732
	USD/NTD	2024.10~2024.11	USD 11,000/NTD 350,171

<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	CNY/NTD	2024.01~2024.02	CNY 50,000/NTD 219,452
	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>September 30, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2023.10~2023.11	EUR 9,000/NTD 309,788
	JPY/NTD	2023.10~2023.11	JPY 120,000/NTD 26,282

Derivative financial liabilities:

<u>September 30, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2024.10~2024.11	EUR 3,500/NTD 123,538
	USD/NTD	2024.10	USD 500/NTD 15,821
	CNY/NTD	2024.10~2024.11	CNY 26,000/NTD 117,166

<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward 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>September 30, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	USD/NTD	2023.10~2023.11	USD 15,000/NTD 474,648
	EUR/NTD	2023.11	EUR 1,000/NTD 33,815
	CNY/NTD	2023.10~2023.11	CNY 46,000/NTD 200,791

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

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

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Listed and OTC stocks	\$ 2,425,403	\$ 2,465,721	\$ 1,984,104
Unlisted and non-OTC stocks	362,275	485,513	657,971
	<u>\$ 2,787,678</u>	<u>\$ 2,951,234</u>	<u>\$ 2,642,075</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 September 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	<u>\$ 200,155</u>	<u>\$ 331,858</u>
Cumulative (losses) gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ 97,962</u>
Dividend income recognized in profit or loss held at end of period	<u>\$ 91,581</u>	<u>\$ 133,802</u>
	<u>For the nine-month periods ended September 30,</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive (loss) income	<u>\$ 41,405</u>	<u>\$ 780,771</u>
Cumulative (losses) gains reclassified to retained earnings due to derecognition	<u>\$ 86,635</u>	<u>\$ 97,962</u>
Dividend income recognized in profit or loss held at end of period	<u>\$ 200,116</u>	<u>\$ 199,531</u>

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

(4) Financial assets at amortised cost

<u>Items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current items:			
Time deposits	\$ 789,261	\$ 1,569,168	\$ 1,498,997
Non-current items:			
Time deposits	\$ 63,300	\$ 61,410	\$ -

- A. As of September 30, 2024, December 31, 2023 and September 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 \$852,561, \$1,630,578 and \$1,498,997, respectively.
- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes receivable	\$ 1,424,891	\$ 1,294,115	\$ 1,341,272
Less: Allowance for uncollectible accounts	(811)	(798)	(801)
	<u>\$ 1,424,080</u>	<u>\$ 1,293,317</u>	<u>\$ 1,340,471</u>
Accounts receivable	\$ 7,969,776	\$ 8,114,254	\$ 8,547,309
Less: Allowance for uncollectible accounts	(135,882)	(153,028)	(147,073)
	<u>\$ 7,833,894</u>	<u>\$ 7,961,226</u>	<u>\$ 8,400,236</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Not past due	\$ 8,376,366	\$ 8,220,242	\$ 8,944,159
Less than 90 days past due	861,925	978,515	747,193
Between 91 to 180 days past due	28,463	55,847	105,155
Over 181 days past due	127,913	153,765	92,074
	<u>\$ 9,394,667</u>	<u>\$ 9,408,369</u>	<u>\$ 9,888,581</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 September 30, 2024, December 31, 2023 and September 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 \$1,424,080, \$1,293,317 and \$1,340,471, respectively. The maximum exposures to credit risk in respect of the amounts that best represents the Group's accounts receivable were \$7,833,894, \$7,961,226 and \$8,400,236, respectively.

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

(6) Inventories

	September 30, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,285,943	(\$ 760,402)	\$ 4,525,541
Work in progress	717,259	(6,746)	710,513
Finished goods	3,722,846	(246,660)	3,476,186
Inventory in transit	1,199,425	-	1,199,425
	<u>\$ 10,925,473</u>	<u>(\$ 1,013,808)</u>	<u>\$ 9,911,665</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,526,797	(\$ 776,460)	\$ 4,750,337
Work in progress	637,874	(8,294)	629,580
Finished goods	3,534,808	(274,698)	3,260,110
Inventory in transit	1,163,769	-	1,163,769
	<u>\$ 10,863,248</u>	<u>(\$ 1,059,452)</u>	<u>\$ 9,803,796</u>
	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,176,888	(\$ 861,428)	\$ 5,315,460
Work in progress	860,458	(9,270)	851,188
Finished goods	3,921,357	(302,879)	3,618,478
Inventory in transit	1,064,497	-	1,064,497
	<u>\$ 12,023,200</u>	<u>(\$ 1,173,577)</u>	<u>\$ 10,849,623</u>

The cost of inventories recognized as expense for the period:

	For the three-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 8,620,154	\$ 8,761,824
Loss on decline in market value	44,631	89,590
Others	111,230	138,290
	<u>\$ 8,776,015</u>	<u>\$ 8,989,704</u>
	For the nine-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 25,411,190	\$ 28,894,132
Loss on decline in market value	6,371	175,908
Others	402,751	418,125
	<u>\$ 25,820,312</u>	<u>\$ 29,488,165</u>

(7) Investments accounted for under equity method

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Associates that are not individually material</u>			
<u>Listed, OTC and emerging companies</u>			
Axiomtek Co., Ltd. (Axiomtek)	\$ 1,191,466	\$ 1,077,036	\$ 1,049,039
Winmate Inc. (Winmate)	681,063	663,771	655,230
AzureWave Technologies, Inc. (AzureWave)	788,136	775,429	771,026
Nippon RAD Inc. (Nippon RAD)	265,791	252,609	246,775
Mildex Optical Inc. (Mildex)	181,008	178,362	178,491
Hwacom Systems Inc. (Hwacom)	433,048	458,363	467,591
Information Technology Total Services Co.,Ltd. (ITTS)	-	140,237	147,379
LNC Technology Co., Ltd. (LNC)	206,895	-	-
International Integrated Systems, Inc. (IISI) (Note)	270,627	-	-
VSO Electronics Co., Ltd. (VSO)	181,187	177,684	175,780

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Unlisted and non-OTC companies</u>			
International Integrated Systems, Inc. (IISI) (Note)	-	278,221	275,105
CDIB Innovation Accelerator Co., Ltd. (CDIB)	297,028	286,793	289,946
Feng Sang Enterprise Co., Ltd. (Feng Sang)	131,655	124,293	124,613
Others	258,412	291,835	186,491
	<u>\$ 4,886,316</u>	<u>\$ 4,704,633</u>	<u>\$ 4,567,466</u>

Note: IISI was listed on the Emerging Stock Board in the third quarter of 2024.

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%. The Group lost control over LNC and its subsidiaries in the second quarter of 2024. Therefore, starting from the second quarter of 2024, the investments in LNC and its subsidiaries accounted for under equity method were no longer classified as associates of the Group.
- (g) The Group disposed part of its equity in ITTS during the second quarter of 2023 until the second quarter of 2024, which resulted to a decrease in its equity interest to 14.01%. As the Group no longer remains as one of ITTS's directors and has 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 in the second quarter of 2024.

- (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, the Group disposed of part of its equity in Azure Wave during the fourth quarter of 2023 to the third quarter of 2024, 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 to the third quarter in 2024, Axiomtek converted employee share options into common shares, which resulted to a decrease in its equity interest from 27.97% to 27.38%.
- (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.
- (p) In the third quarter of 2024, as the Group no longer remains as DotZero's directors and lost significant influence over DotZero, the investment in DotZero accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income

- non-current.

- (q) In the third quarter of 2024, the Group disposed part of its equity interest in IISI for a cash consideration of \$20,012, which resulted to a decrease in its equity interest to 19.08%. However, the Group continues to hold significant influence over IISI as the Group remains as one of its directors.
- (r) In the third quarter of 2024, the Group disposed part of its equity interest in Mildex for a cash consideration of \$788, which resulted to a decrease in its equity interest to 15.31%. However, the Group continues to hold significant influence over Mildex as the Group remains as one of its directors.
- (s) In the third quarter of 2024, the Group acquired equity interest in Smasoft Technology Co., Ltd. (Smasoft) for a cash consideration of \$40,000, which resulted to an increase in ownership from 25.63% to 40.03%.

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 September 30,</u>	
	<u>2024</u>	<u>2023</u>
Profit for the period from continuing operations	\$ 115,235	\$ 131,307
Other comprehensive income after tax	4,544	40,307
Total comprehensive income	<u>\$ 119,779</u>	<u>\$ 171,614</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Profit for the period from continuing operations	\$ 300,788	\$ 303,036
Other comprehensive income after tax	13,222	46,839
Total comprehensive income	<u>\$ 314,010</u>	<u>\$ 349,875</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Fair value of associates	<u>\$ 8,632,120</u>	<u>\$ 6,749,269</u>	<u>\$ 6,146,067</u>

D. Investments accounted for under equity method were evaluated based on the investees' unreviewed financial statements. As of September 30, 2024 and 2023, the unreviewed investments accounted for under equity method amounted to \$3,694,850 and \$3,518,427, respectively, and the share of comprehensive income amounted to \$69,796, \$107,228, \$159,466 and \$185,611 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.

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

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
Balance at January 1, 2024							
Cost	\$ 2,921,224	\$ 9,569,679	\$ 2,397,115	\$ 871,739	\$ 2,228,038	\$ 321,304	\$ 18,309,099
Accumulated depreciation and impairment	- (3,226,524)	(1,476,693)	(690,682)	(1,589,155)	- (6,983,054)		
	<u>\$ 2,921,224</u>	<u>\$ 6,343,155</u>	<u>\$ 920,422</u>	<u>\$ 181,057</u>	<u>\$ 638,883</u>	<u>\$ 321,304</u>	<u>\$ 11,326,045</u>
Balance at January 1, 2024	\$ 2,921,224	\$ 6,343,155	\$ 920,422	\$ 181,057	\$ 638,883	\$ 321,304	\$ 11,326,045
Additions	-	133,248	17,159	36,168	142,448	396,733	725,756
Acquired from business combinations (Note 1)	-	-	-	305	1,644	-	1,949
Disposals	(13,047)	(5,556)	(13,553)	(1,242)	(3,884)	-	(37,282)
Depreciation	-	(182,950)	(118,126)	(55,152)	(156,723)	-	(512,951)
Changes due to loss of control of subsidiaries (Note 2)	-	-	(35,065)	(4,546)	(20,516)	-	(60,127)
Reclassifications	-	-	3,060	(6)	27,695	9,229	39,978
Net exchange differences	9,040	70,739	23,866	9,284	18,890	1,021	132,840
Balance at September 30, 2024	<u>\$ 2,917,217</u>	<u>\$ 6,358,636</u>	<u>\$ 797,763</u>	<u>\$ 165,868</u>	<u>\$ 648,437</u>	<u>\$ 728,287</u>	<u>\$ 11,616,208</u>
Balance at September 30, 2024							
Cost	\$ 2,917,217	\$ 9,844,042	\$ 2,343,726	\$ 892,782	\$ 2,343,761	\$ 728,287	\$ 19,069,815
Accumulated depreciation and impairment	- (3,485,406)	(1,545,963)	(726,914)	(1,695,324)	- (7,453,607)		
	<u>\$ 2,917,217</u>	<u>\$ 6,358,636</u>	<u>\$ 797,763</u>	<u>\$ 165,868</u>	<u>\$ 648,437</u>	<u>\$ 728,287</u>	<u>\$ 11,616,208</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
Balance at January 1, 2023							
Cost	\$ 3,078,714	\$ 8,444,047	\$ 2,283,830	\$ 954,826	\$ 2,190,489	\$ 991,827	\$ 17,943,733
Accumulated depreciation and impairment	- (3,153,349)	(1,445,966)	(769,670)	(1,535,353)	- (6,904,338)		
	<u>\$ 3,078,714</u>	<u>\$ 5,290,698</u>	<u>\$ 837,864</u>	<u>\$ 185,156</u>	<u>\$ 655,136</u>	<u>\$ 991,827</u>	<u>\$ 11,039,395</u>
Balance at January 1, 2023	\$ 3,078,714	\$ 5,290,698	\$ 837,864	\$ 185,156	\$ 655,136	\$ 991,827	\$ 11,039,395
Additions	-	403,127	186,743	52,355	119,452	74,737	836,414
Disposals	- (1,451)	(321)	(4,289)	(573)	- (6,634)		
Depreciation	- (165,769)	(112,696)	(57,266)	(154,964)	- (490,695)		
Reclassifications	-	957,007	19,012	948	26,403	(950,758)	52,612
Net exchange differences	426	4,119	(261)	1,965	(1,480)	3,201	7,970
Balance at September 30, 2023	<u>\$ 3,079,140</u>	<u>\$ 6,487,731</u>	<u>\$ 930,341</u>	<u>\$ 178,869</u>	<u>\$ 643,974</u>	<u>\$ 119,007</u>	<u>\$ 11,439,062</u>
Balance at September 30, 2023							
Cost	\$ 3,079,140	\$ 9,768,507	\$ 2,386,806	\$ 871,074	\$ 2,216,836	\$ 119,007	\$ 18,441,370
Accumulated depreciation and impairment	- (3,280,776)	(1,456,465)	(692,205)	(1,572,862)	- (7,002,308)		
	<u>\$ 3,079,140</u>	<u>\$ 6,487,731</u>	<u>\$ 930,341</u>	<u>\$ 178,869</u>	<u>\$ 643,974</u>	<u>\$ 119,007</u>	<u>\$ 11,439,062</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Carrying amount			
Land	\$ 1,412,269	\$ 1,372,871	\$ 1,437,205
Buildings	464,446	518,555	563,442
Machinery and equipment	2,277	1,582	1,701
Office equipment	16,411	8,347	9,890
Transportation equipment	74,382	57,357	65,613
Other equipment	-	6,810	7,154
	<u>\$ 1,969,785</u>	<u>\$ 1,965,522</u>	<u>\$ 2,085,005</u>

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Depreciation expenses		
Land	\$ 2,184	\$ 2,118
Buildings	45,301	50,170
Machinery and equipment	320	184
Office equipment	1,862	1,623
Transportation equipment	10,372	8,838
Other equipment	-	484
	<u>\$ 60,039</u>	<u>\$ 63,417</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Depreciation expenses		
Land	\$ 6,463	\$ 6,393
Buildings	145,360	144,051
Machinery and equipment	959	552
Office equipment	5,573	4,833
Transportation equipment	31,113	26,506
Other equipment	731	1,044
	<u>\$ 190,199</u>	<u>\$ 183,379</u>

C. The additions to right-of-use assets for the nine-month periods ended September 30, 2024 and 2023 were \$281,721 and \$1,652,329, respectively.

D. Lease liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Carrying amount			
Current	\$ 310,913	\$ 106,391	\$ 218,814
Non-current	1,421,306	1,610,905	1,608,915
	<u>\$ 1,732,219</u>	<u>\$ 1,717,296</u>	<u>\$ 1,827,729</u>

E. Other lease information

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Expense on lease interest	\$ 20,545	\$ 8,575
Expense on short-term lease contracts	\$ 183	\$ 7
Expense on leases of low-value assets	\$ 118	\$ 430
Total cash outflow for leases	<u>\$ 63,430</u>	<u>\$ 74,382</u>

	For the nine-month periods ended September 30,	
	2024	2023
Expense on lease interest	\$ 62,322	\$ 24,484
Expense on short-term lease contracts	\$ 512	\$ 173
Expense on leases of low-value assets	\$ 270	\$ 1,290
Total cash outflow for leases	\$ 202,199	\$ 195,807

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

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
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	-	-	-	-	88,810	88,810
Additions-acquired through business combinations (Note 1)	-	-	-	22,050	6,375	28,425
Changes in liquidation of subsidiaries	-	-	-	(7,933)	-	(7,933)
Disposals	-	-	-	-	(29)	(29)
Amortization	(2,556)	(26,926)	-	-	(86,895)	(116,377)
Changes due to loss of control of subsidiaries (Note 2)	-	-	-	(227,127)	(11,284)	(238,411)
Net exchange differences	3,212	10,925	-	59,003	(2,104)	71,036
Balance at September 30, 2024	<u>\$ 78,681</u>	<u>\$ 177,664</u>	<u>\$ -</u>	<u>\$ 2,134,269</u>	<u>\$ 185,321</u>	<u>\$ 2,575,935</u>
Balance at September 30, 2024						
Cost	\$ 524,730	\$ 594,742	\$ 436,672	\$ 2,810,343	\$ 756,201	\$ 5,122,688
Accumulated amortization and impairment	(446,049)	(417,078)	(436,672)	(676,074)	(570,880)	(2,546,753)
	<u>\$ 78,681</u>	<u>\$ 177,664</u>	<u>\$ -</u>	<u>\$ 2,134,269</u>	<u>\$ 185,321</u>	<u>\$ 2,575,935</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	-	-	-	-	37,261	37,261
Disposals	-	-	-	-	(10)	(10)
Amortization	-	(25,313)	(18,916)	-	(83,793)	(128,022)
Net exchange differences	2,619	7,529	452	81,736	21,548	113,884
Balance at September 30, 2023	<u>\$ 74,605</u>	<u>\$ 205,924</u>	<u>\$ 6,579</u>	<u>\$ 2,328,972</u>	<u>\$ 196,312</u>	<u>\$ 2,812,392</u>
Balance at September 30, 2023						
Cost	\$ 525,958	\$ 586,430	\$ 438,587	\$ 2,994,911	\$ 677,905	\$ 5,223,791
Accumulated amortization and impairment	(451,353)	(380,506)	(432,008)	(665,939)	(481,593)	(2,411,399)
	<u>\$ 74,605</u>	<u>\$ 205,924</u>	<u>\$ 6,579</u>	<u>\$ 2,328,972</u>	<u>\$ 196,312</u>	<u>\$ 2,812,392</u>

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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
B+B Smartworkx Inc.	\$ 1,416,772	\$ 1,374,470	\$ 1,444,526
LNC	-	227,127	227,127
Advantech Service -IoT GmbH	173,514	166,648	166,305
AEU	141,217	135,616	127,454
Others	402,766	384,415	363,560
	<u>\$ 2,134,269</u>	<u>\$ 2,288,276</u>	<u>\$ 2,328,972</u>

B. Goodwill impairment assessment

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

(11) 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Unsecured borrowings</u>			
Credit borrowings	\$ -	\$ 237,730	\$ 321,200

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 September 30, 2023, respectively.

B. The interest expense recognized in profit and loss amounted to \$28, \$1,318, \$1,601 and \$6,055 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.

(13) Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Wages and salaries and bonuses payable	\$ 2,773,313	\$ 3,219,427	\$ 3,181,533
Employee benefits payable	220,948	225,619	211,183
Others	956,354	950,044	1,018,150
	<u>\$ 3,950,615</u>	<u>\$ 4,395,090</u>	<u>\$ 4,410,866</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>September 30, 2024</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from September 24, 2024 to March 24, 2027, interest is payable monthly; principal is payable in full upon maturity	2.69%	-	\$ 37,000
Less: Current portion				-
				<u>\$ 37,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	\$ 118,500
Less: Current portion				(118,500)
				<u>\$ -</u>

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

A. The interest expense recognized in profit and loss amounted to \$19, \$896, \$314 and \$2,626 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 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 \$1,668, \$2,193, \$5,344 and \$5,928 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 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 \$151,132, \$140,238, \$446,876 and \$419,273 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively.

(16) Share-based payment

A. Employee share options granted by the Company

(a) Qualified employees of the Company were granted 8,000,000 options in 2023, 7,500 options in 2020 and 8,000 options in 2018. Each option entitles the holder to subscribe for one, one thousand and one thousand ordinary shares of the Company, respectively. The holders of these shares include employees who meet certain criteria set by the Company from both domestic and overseas subsidiaries in which the Company directly or indirectly invests over 50%. Options issued in 2023, 2020 and 2018 are all valid for six years. All options are exercisable at certain percentages after the second anniversary year from the grant date. The exercise price of options granted in 2023 and 2020 were \$200 (in dollars) per share. The options issued in 2018 were granted at an exercise price equal to the share price at the grant date. For any subsequent changes in the Company's common shares, the exercise price and the number of options will be adjusted accordingly.

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

	For the nine-month periods ended September 30,			
	2024		2023	
	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the period	18,704	\$ 176.71	13,379	\$ 179.19
Options granted	-	-	8,000	200.00
Options exercised	(4,983)	149.94	(2,005)	167.18
Options forfeited	(551)	144.40	-	-
Options outstanding at the end of the period	<u>13,170</u>	186.22	<u>19,374</u>	175.99
Options exercisable at the end of the period	<u>5,170</u>	164.90	<u>9,873</u>	157.55

(c) The weighted-average stock price of share options at exercise dates for the nine-month periods ended September 30, 2024 and 2023 were \$306 ~ \$432 (in dollars) and \$324 ~ \$430 (in dollars), respectively.

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

	September 30, 2024		December 31, 2023		September 30, 2023	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2023	\$ 194.80	4.96	\$ 200.00	5.71	\$ 200.00	5.96
Issuance in 2020	164.90	1.83	169.30	2.58	169.30	2.83
Issuance in 2018	144.40	-	148.20	0.58	148.20	0.83

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

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

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

(f) Compensation cost recognized for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023 were \$104,255, \$41,525, \$382,977 and \$116,610, respectively.

B. Employee share options granted by the subsidiary - Expetch

(a) Qualified employees of Expetch, a subsidiary of the Company, were granted 1,500 options in 2024. Each option entitles the holder to subscribe for one thousand common shares of Expetch. The options were granted to employees of Expetch, who meet specific conditions. These options are valid for three years. All are exercisable at certain percentages from the grant date.

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

	For the nine-month periods ended September 30, 2024	
	Unit of options (in thousand shares)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the period	-	\$ -
Options granted	1,500	13.33
Options exercised	(830)	10.00
Options forfeited	(90)	10.00
Options outstanding at the end of the period	<u>580</u>	18.62
Options exercisable at the end of the period	<u>80</u>	10.00

(c) The weighted-average stock price of share options at exercise dates for the nine-month period ended September 30, 2024 was \$12.59 (in dollars).

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

	September 30, 2024	
	Exercise price (in dollars)	Weighted- average remaining contractual life (in years)
Issuance in 2024	\$ 10~20	2.33

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

	Issuance in 2024
Grant-date stock price (in dollars)	\$ 12.59
Exercise price (in dollars)	\$ 10~20
Expected price volatility	27.61~28.21%
Expected option life (in years)	1.5 ~ 2.5
Expected dividends yield	0%
Risk-free interest rate	1.08~1.12%
Fair value per unit (in dollars)	\$ 0.4~3.26

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 by the subsidiary, Expotech, for the nine-month period ended September 30, 2024 was \$3,076.

(17) Share capital

As of September 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 \$8,634,322 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The change in the number of the Company's common shares outstanding at the beginning and end of the period are as follows (in thousand shares):

	<u>2024</u>	<u>2023</u>
At January 1	858,449	777,977
Stock dividends	-	77,797
Employee share options exercised	4,983	2,005
At September 30	<u>863,432</u>	<u>857,779</u>

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Premium on issuance of ordinary shares	\$ 2,692,238	\$ 2,692,238	\$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499	1,636,499
Premium on issuance of ordinary shares for employee share options	5,172,743	4,172,821	3,990,284
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	31,556	31,556
Changes in equity of associates accounted for under equity method	674	674	674
Employees' share compensation	78,614	78,614	78,614

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>May be used to offset a deficit only</u>			
Changes in ownership interests in subsidiaries	23,938	11,666	1,237
Changes in equity of associates accounted for under equity method	153,091	71,068	85,096
Employee share options forfeited	96,258	96,258	96,258
<u>Not to be used for any purpose</u>			
Employee share options	<u>1,042,752</u>	<u>962,412</u>	<u>907,871</u>
	<u>\$ 10,928,363</u>	<u>\$ 9,753,806</u>	<u>\$ 9,520,327</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 nine-month periods ended September 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	585,541	414,116
Share of profit of associates accounted for under equity method	28,837	15,748
Other comprehensive income recognized for the period	614,378	429,864
Balance at September 30	(\$ 212,633)	(\$ 285,097)

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

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 1,720,685	\$ 785,560
Recognized for the period		
Unrealized gain or loss		
Equity instrument	41,405	780,771
Share of loss of associates accounted for under equity method	(22,746)	(83,240)
Total	<u>18,659</u>	<u>697,531</u>
Transfer of valuation adjustments to retained earnings		
Equity instrument	(86,635)	(97,962)
Share of income of associates accounted for under equity method	(797)	(1,542)
Balance at September 30	<u>\$ 1,651,912</u>	<u>\$ 1,383,587</u>

C. Unearned employee benefits compensation

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	(\$ 369)	(\$ 4,040)
Share of profit of associates accounted for under equity method	<u>369</u>	<u>2,622</u>
Balance at September 30	<u>\$ -</u>	<u>(\$ 1,418)</u>

(21) Non-controlling interest

	For the nine-month periods ended September 30,	
	2024	2023
Balance at January 1	\$ 348,426	\$ 469,312
Loss for the period	(36,174)	(28,939)
Increase in non-controlling interest arising from the establishment of subsidiaries	47,305	-
Exchange differences on translation of the financial statements of foreign operations	(6,196)	6,064
Increase in non-controlling interests arising from decrease in investment in subsidiaries	40,996	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	-	(95,167)
Cash dividends distributed by subsidiaries	(3,110)	(19,989)
Changes due to loss of control of subsidiaries	(297,683)	-
Balance at September 30	<u>\$ 123,181</u>	<u>\$ 347,283</u>

(22) Operating revenue

	For the three-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 14,949,502</u>	<u>\$ 15,006,349</u>

	For the nine-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	<u>\$ 43,472,534</u>	<u>\$ 49,430,091</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 September 30, 2024

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	<u>\$ 4,642,962</u>	<u>\$ 3,780,728</u>	<u>\$ 2,270,122</u>	<u>\$ 1,342,599</u>	<u>\$ 1,157,196</u>	<u>\$ 1,755,895</u>	<u>\$ 14,949,502</u>

For the three-month period ended September 30, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	<u>\$ 3,927,374</u>	<u>\$ 3,908,922</u>	<u>\$ 2,351,195</u>	<u>\$ 1,601,504</u>	<u>\$ 1,439,742</u>	<u>\$ 1,777,612</u>	<u>\$ 15,006,349</u>

For the nine-month period ended September 30, 2024

	Industrial-IoT Group (IIoT)	Embedded- IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	\$ 12,840,820	\$ 10,920,606	\$ 6,563,011	\$ 4,420,018	\$ 3,727,342	\$ 5,000,737	\$ 43,472,534

For the nine-month period ended September 30, 2023

	Industrial-IoT Group (IIoT)	Embedded- IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Department revenue	\$ 12,970,816	\$ 13,061,855	\$ 7,330,814	\$ 5,599,827	\$ 4,598,368	\$ 5,868,411	\$ 49,430,091

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$1,197,076, \$1,088,750, \$1,026,645 and \$1,313,695 as of September 30, 2024, December 31, 2023, September 30, 2023 and January 1, 2023, respectively.

(23) Other income

	For the three-month periods ended September 30,	
	2024	2023
Rental income	\$ 1,804	\$ 8,253
Dividend income	115,264	145,269
Others (Note)	46,293	33,125
	<u>\$ 163,361</u>	<u>\$ 186,647</u>
	For the nine-month periods ended September 30,	
	2024	2023
Rental income	\$ 7,644	\$ 23,570
Dividend income	225,436	211,872
Others (Note)	120,957	126,757
	<u>\$ 354,037</u>	<u>\$ 362,199</u>

Note: For the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, the Group received government grants of \$9,796, \$7,194, \$38,249 and \$18,212 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, \$2, \$0 and \$311 for the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, respectively, and were deducted from the recorded expenses.

(24) Other gains and losses

	For the three-month periods ended September 30,	
	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ 56,736	(\$ 432)
Gains on disposals of investments	22,102	8,527
Currency exchange (losses) gains	(4,810)	277,033
Losses on financial assets/liabilities at fair value through profit or loss	(97,661)	(88,801)
Others	(43,063)	(1,730)
	<u>(\$ 66,696)</u>	<u>\$ 194,597</u>

	For the nine-month periods ended September 30,	
	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ 53,456	(\$ 5,410)
Gain on disposal of non-current assets held for sale	85,667	-
Gains on disposals of investments	130,348	17,212
Currency exchange gains	272,543	243,708
(Losses) gains on financial assets/liabilities at fair value through profit or loss	(136,583)	28,957
Others	(48,859)	(3,594)
	<u>\$ 356,572</u>	<u>\$ 280,873</u>

(25) Finance costs

	For the three-month periods ended September 30,	
	2024	2023
Bank loan interest	\$ 47	\$ 2,214
Interest expense on lease liabilities	20,545	8,575
Others	15	679
	<u>\$ 20,607</u>	<u>\$ 11,468</u>

	For the nine-month periods ended September 30,	
	2024	2023
Bank loan interest	\$ 1,915	\$ 8,681
Interest expense on lease liabilities	62,322	24,484
Others	76	947
	<u>\$ 64,313</u>	<u>\$ 34,112</u>

(26) Expenses by nature

A. Depreciation and amortisation expenses

	For the three-month periods ended September 30,	
	2024	2023
Depreciation categorised by function		
Operating costs	\$ 64,584	\$ 64,361
Operating expenses	165,787	168,104
	<u>\$ 230,371</u>	<u>\$ 232,465</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 632	\$ 65
Operating expenses	36,511	42,272
	<u>\$ 37,143</u>	<u>\$ 42,337</u>
	For the nine-month periods ended September 30,	
	2024	2023
Depreciation categorised by function		
Operating costs	\$ 195,386	\$ 195,640
Operating expenses	507,764	478,434
	<u>\$ 703,150</u>	<u>\$ 674,074</u>
Amortisation of intangible assets categorised		
Operating costs	\$ 1,546	\$ 866
Operating expenses	114,831	127,156
	<u>\$ 116,377</u>	<u>\$ 128,022</u>

B. Employee benefit expense

	For the three-month periods ended September 30,	
	2024	2023
Short-term employee benefits	\$ 3,086,923	\$ 2,838,739
Post-employment benefits		
Defined contribution plan	151,132	140,238
Defined benefit plan	1,668	2,193
	152,800	142,431
Share-based payment		
Equity-settled	107,331	41,525
Other employee benefits	240,105	278,073
Total employee benefit expense	<u>\$ 3,587,159</u>	<u>\$ 3,300,768</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 779,569	\$ 725,663
Operating expenses	2,807,590	2,575,105
	<u>\$ 3,587,159</u>	<u>\$ 3,300,768</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 9,056,467	\$ 8,692,156
Post-employment benefits		
Defined contribution plan	446,876	419,273
Defined benefit plan	5,344	5,928
	<u>452,220</u>	<u>425,201</u>
Share-based payment		
Equity-settled	386,053	116,610
Other employee benefits	732,108	813,678
Total employee benefit expense	<u>\$ 10,626,848</u>	<u>\$ 10,047,645</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,278,015	\$ 2,250,997
Operating expenses	8,348,833	7,796,648
	<u>\$ 10,626,848</u>	<u>\$ 10,047,645</u>

- (a) The Company accrues employees' compensation at the rate of no less than 5% and directors' remuneration at the rate of no higher than 1%, of net profit before income tax. For the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 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.

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Employees' compensation	\$ 231,000	\$ 200,000
Directors' remuneration	<u>\$ 4,800</u>	<u>\$ 3,600</u>

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Employees' compensation	\$ 681,000	\$ 600,000
Directors' remuneration	<u>\$ 14,400</u>	<u>\$ 10,800</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:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
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 September 30,	
	2024	2023
Current income tax:		
Current tax on profits for the period	\$ 549,741	\$ 1,112,375
Difference between prior years' income tax estimation and assessed results	-	(74,903)
Total current tax	549,741	1,037,472
Deferred income tax:		
Origination and reversal of temporary differences	(56,793)	(506,766)
Income tax expense	\$ 492,948	\$ 530,706
	For the nine-month periods ended September 30,	
	2024	2023
Current income tax:		
Current tax on profits for the period	\$ 1,376,575	\$ 2,400,677
Difference between prior years' income tax estimation and assessed results	(65,625)	(224,062)
Tax on undistributed earnings	84,051	84,958
Total current tax	1,395,001	2,261,573
Deferred income tax:		
Origination and reversal of temporary differences	49,178	(242,197)
Income tax expense	\$ 1,444,179	\$ 2,019,376

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

	For the three-month periods ended September 30,	
	2024	2023
Translation of foreign operations	\$ 10,910	\$ 101,733
Share of other comprehensive income of associates	-	(2)
Total	\$ 10,910	\$ 101,731

	For the nine-month periods ended September 30,	
	2024	2023
Translation of foreign operations	\$ 153,594	\$ 89,255
Share of other comprehensive income of associates	-	18
Total	\$ 153,594	\$ 89,273

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 for the nine-month periods ended September 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 September 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 September 30,	
	2024	2023
Basic earnings per share	\$ 2.61	\$ 3.01
Diluted earnings per share	\$ 2.61	\$ 2.98

Unit: expressed in dollars per share

	For the nine-month periods ended September 30,	
	2024	2023
Basic earnings per share	\$ 7.39	\$ 9.98
Diluted earnings per share	\$ 7.34	\$ 9.88

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:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Earnings used in the computation of basic earnings per share	<u>\$ 2,257,532</u>	<u>\$ 2,583,172</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,257,532</u>	<u>\$ 2,583,172</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Earnings used in the computation of basic earnings per share	<u>\$ 6,364,084</u>	<u>\$ 8,546,706</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 6,364,084</u>	<u>\$ 8,546,706</u>
	Unit: expressed in thousand shares	
	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	863,265	857,153
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	4,081	6,323
Employees' compensation	719	580
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>868,065</u>	<u>864,056</u>

Unit: expressed in thousand shares

	For the nine-month periods ended September 30,	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	860,807	856,475
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	4,025	6,271
Employees' compensation	2,534	2,167
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>867,366</u>	<u>864,913</u>

(29) Transactions with non-controlling interest

A. Acquisition of additional interests in subsidiaries:

- (a) In the second quarter of 2023, the Group acquired 2.4% equity interest in ATR, resulting to an increase in the Group's equity investment in ATR from 60% to 62.4%.
- (b) In the third quarter of 2023, the Group acquired 45% equity interest in Cermate Taiwan, resulting to an increase in the Group's equity investment in Cermate Taiwan from 55% to 100%.

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

B. 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%.

	<u>For the nine-month period ended September 30, 2024</u>	
Consideration received	\$	1,478
Proportionate share of the carrying amount of the net assets of the subsidiary transferred into non-controlling interests	(	<u>2,701)</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$	<u>1,223)</u>
<u>Line items adjusted for equity transactions</u>		
Unappropriated retained earnings	(\$	<u>1,223)</u>

C. 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%.

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>LNCMac</u>	<u>LNCMac</u>
Cash	\$ 41,750	\$ 16,710
Proportionate share of the carrying amount of the net assets of the subsidiary transferred into non-controlling interests	(32,656)	(16,002)
Capital surplus - changes in ownership interest in subsidiaries	<u>\$ 9,094</u>	<u>\$ 708</u>

(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	83,465
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 \$40,055. Expetech also contributed loss before income tax of \$13,793 over the same period. Had Expetech been consolidated from January 1, 2024, the consolidated statement of comprehensive income would show operating revenue of \$43,481,265 and profit before income tax of \$7,767,902.

(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	(1,611)	(81,500)	(201,417)	(284,528)
Increase	-	-	281,721	281,721
Net exchange differences	1,500	-	69,186	70,686
Changes due to loss of control of subsidiaries	(237,619)	-	(134,567)	(372,186)
At September 30	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 1,732,219</u>	<u>\$ 1,769,219</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	(192,180)	-	(194,344)	(386,524)
Increase	-	-	1,652,329	1,652,329
Net exchange differences	(17,950)	(2,500)	25,886	5,436
At September 30	<u>\$ 321,200</u>	<u>\$ 119,000</u>	<u>\$ 1,827,729</u>	<u>\$ 2,267,929</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

Names of related parties	Relationship with the Group
DotZero Co., Ltd.	Associate (Note 5)
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
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
YUAN FWU ENTERPRISES CO., LTD.	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.

Note 5: In the third quarter of 2024, the Group lost significant influence over the associate. Accordingly, the entity was not considered as related party since the third quarter of 2024.

(3) Significant related party transactions

A. Operating revenue

	For the three-month periods ended September 30,	
	2024	2023
Associates	\$ 20,816	\$ 19,654
Other related parties	1,857	2,875
	<u>\$ 22,673</u>	<u>\$ 22,529</u>
	For the nine-month periods ended September 30,	
	2024	2023
Associates	\$ 68,444	\$ 64,989
Other related parties	4,306	5,293
	<u>\$ 72,750</u>	<u>\$ 70,282</u>

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

B. Purchases and other operating costs

	For the three-month periods ended September 30,	
	2024	2023
Purchases of goods:		
Associates	\$ 54,631	\$ 72,392
Purchases of services:		
Associates	190	-
	<u>\$ 54,821</u>	<u>\$ 72,392</u>
	For the nine-month periods ended September 30,	
	2024	2023
Purchases of goods:		
Associates	\$ 151,800	\$ 258,948
Other related parties	320	-
Purchases of services:		
Associates	541	-
	<u>\$ 152,661</u>	<u>\$ 258,948</u>

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable - related parties			
Associates	\$ 12,424	\$ 15,524	\$ 19,695
Other related parties	435	1,183	2,401
	<u>\$ 12,859</u>	<u>\$ 16,707</u>	<u>\$ 22,096</u>
Other receivables - related parties			
Associates	\$ -	\$ 922	\$ -
Other related parties	398	-	968
	<u>\$ 398</u>	<u>\$ 922</u>	<u>\$ 968</u>

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Notes and accounts payable - related parties			
Associates	\$ 46,985	\$ 57,089	\$ 82,054
Other related parties	525	-	-
	<u>\$ 47,510</u>	<u>\$ 57,089</u>	<u>\$ 82,054</u>
Other payables - related parties			
Associates	\$ 2,721	\$ 3,537	\$ 5,462
Other related parties	6,405	-	-
	<u>\$ 9,126</u>	<u>\$ 3,537</u>	<u>\$ 5,462</u>

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

E. Prepayments to related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other current assets			
Associates	\$ 14,408	\$ 20,778	\$ 30,086
Other related parties	500	-	-
	<u>\$ 14,908</u>	<u>\$ 20,778</u>	<u>\$ 30,086</u>

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

F. Property transactions

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment		
Associates	\$ -	\$ 525
Acquisition of intangible assets		
Associates	<u>1,575</u>	<u>-</u>
	<u>\$ 1,575</u>	<u>\$ 525</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Acquisition of property, plant and equipment		
Associates	\$ -	\$ 659
Acquisition of intangible assets		
Associates	<u>1,575</u>	<u>-</u>
	<u>\$ 1,575</u>	<u>\$ 659</u>

G. Other related party transactions

(a) Operating expenses

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Selling expenses		
Associates	<u>\$ -</u>	<u>\$ 81</u>
General and administrative expenses		
Associates	\$ 11,652	\$ 10,549
Other related parties	<u>5,531</u>	<u>-</u>
	<u>\$ 17,183</u>	<u>\$ 10,549</u>
Research and development expense		
Associates	\$ 843	\$ 1,360
Other related parties	<u>78</u>	<u>-</u>
	<u>\$ 921</u>	<u>\$ 1,360</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Selling expenses		
Associates	<u>\$ 1,124</u>	<u>\$ 196</u>
General and administrative expenses		
Associates	\$ 35,602	\$ 33,155
Other related parties	<u>5,561</u>	<u>-</u>
	<u>\$ 41,163</u>	<u>\$ 33,155</u>
Research and development expense		
Associates	\$ 2,923	\$ 6,976
Other related parties	<u>78</u>	<u>-</u>
	<u>\$ 3,001</u>	<u>\$ 6,976</u>

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

(b) Interest income

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income		
Associates	\$ -	\$ -
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Interest income		
Associates	\$ -	\$ 2

(c) Other income

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income		
Other related parties	\$ 358	\$ 358
Other income		
Associates	\$ 84	\$ 96
Other related parties	1,856	1,856
	<u>\$ 1,940</u>	<u>\$ 1,952</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Rental income		
Other related parties	\$ 1,074	\$ 1,074
Other income		
Associates	\$ 84	\$ 96
Other related parties	7,072	7,069
	<u>\$ 7,156</u>	<u>\$ 7,165</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

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Associates (classified as a deduction of investment accounted for under equity method)	<u>\$ 78,931</u>	<u>\$ 63,303</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Associates (classified as a deduction of investment accounted for under equity method)	<u>\$ 268,428</u>	<u>\$ 187,160</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 nine-month period ended September 30, 2023.

(4) Key management compensation

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 11,992</u>	<u>\$ 9,408</u>
Post-employment benefits	<u>141</u>	<u>106</u>
Share-based payment	<u>7,638</u>	<u>2,768</u>
	<u>\$ 19,771</u>	<u>\$ 12,282</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	<u>\$ 35,976</u>	<u>\$ 28,223</u>
Post-employment benefits	<u>423</u>	<u>318</u>
Share-based payment	<u>24,068</u>	<u>8,174</u>
	<u>\$ 60,467</u>	<u>\$ 36,715</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2024	December 31, 2023	September 30, 2023	
Pledged deposits (classified as financial assets at amortised cost - current)	\$ 12,163	\$ 14,176	\$ 11,778	Lease mortgage
Demand deposits (classified as other non-current assets - other)	-	4,343	5,756	Performance guarantee
Property, plant and equipment				
Land	-	99,594	100,015	Long-term borrowings
Buildings	-	127,812	129,190	Long-term borrowings
	<u>\$ 12,163</u>	<u>\$ 245,925</u>	<u>\$ 246,739</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 September 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 September 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 September 30, 2024, the Group has signed a contract for the construction of Hwa Ya Technology Park Phase II amounting to \$3,359,148, which has not yet been incurred.
- D. As of September 30, 2024, the Group has signed a contract for the construction of ANA factory and buildings amounting to USD 69,128 thousand, which has not yet been incurred.
- E. As of September 30, 2024, the Group has signed a contract for the construction of a solar power system project of Yan Xu Green Electricity Co., Ltd. amounting to \$499,421, which has not yet been incurred.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. To strengthen the Group's competitive position in the retail industry and expand its product lines and presence in the global market, the Company's Board of Directors during its meeting on April 26, 2024 resolved to acquire the shares of Aures Technologies S.A., a French company renowned for its POS and KIOSK brands, and subscribe its newly issued convertible bonds, for a total investment of 5 million Euros. The Company acquired 1,430,381 shares through transactions with Aures' major shareholder, at a price per share of 6.31 Euros, approximately 36.32%. Consequently, the Group became the single largest shareholder and acquired substantial control over Aures on October 1, 2024. Additionally, the first-tranche investment of 2.5 million Euros in Aures' newly issued convertible bonds was completed on October 4, 2024. As the accounting information of Aures as of October 1, 2024 (the acquisition date) is still being processed, the amounts and fair values of the assets acquired and liabilities assumed on the acquisition date can not be disclosed yet.
- B. The Company disposed the remaining land and buildings of the Donghu Plant (classified as non-current assets held for sale) at a price of NT\$450 million on October 17, 2024. The disposal gain amounted to \$267,966.
- C. The Company's Board of Directors during its meeting on October 31, 2024 resolved to engage others on self-owned land for the construction of AJP factory, expecting to invest approximately 5 billion Japanese yen in the construction of the Fukuoka Nogata plant and office in Japan, and authorised the chairman of the Board of Directors to handle the subsequent project matters.

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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 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	\$ 7,840,560	\$ 11,525,447	\$ 7,769,094
Financial assets at amortised cost (Note 1)	22,753,380	22,070,911	23,159,056
Financial assets at fair value through other comprehensive income			
Equity instruments	2,787,678	2,951,234	2,642,075

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 728	\$ 635	\$ 11,798
Financial liabilities at amortised cost (Note 2)			
	10,516,948	10,891,625	11,279,727
Lease liabilities	1,732,219	1,717,296	1,827,729

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:

				September 30, 2024	
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	174,819	31.650	\$	5,533,014
CNY:NTD		1,191,824	4.523		5,390,618
EUR:NTD		34,741	35.380		1,229,134
USD:CNY		98,175	6.9976		3,107,224
USD:EUR		25,884	0.8946		819,234
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD		114,155	31.650		3,613,013
CNY:NTD		459,234	4.523		2,077,116
USD:CNY		37,424	6.9976		1,184,461
USD:EUR		13,046	0.8946		412,896

				December 31, 2023				
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)		
(Foreign currency: functional currency)								
<u>Financial assets</u>								
<u>Monetary items</u>								
	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		
				September 30, 2023				
				Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)		
(Foreign currency: functional currency)								
<u>Financial assets</u>								
<u>Monetary items</u>								
	USD:NTD	\$	197,911	32.270	\$	6,386,603		
	CNY:NTD		1,056,367	4.415		4,663,860		
	EUR:NTD		32,624	33.910		1,106,291		
	USD:CNY		70,118	7.3092		2,262,714		
	USD:EUR		34,621	0.9516		1,117,226		
	CNY:USD		589	0.1368		2,614		
<u>Financial liabilities</u>								
<u>Monetary items</u>								
	USD:NTD		104,169	32.270		3,361,522		
	CNY:NTD		447,349	4.415		1,975,046		
	USD:CNY		23,397	7.3092		755,036		
	USD:EUR		16,863	0.9516		544,173		
	EUR:NTD		107	33.910		3,620		

For the three-month periods ended September 30, 2024 and 2023, and for the nine-month periods ended September 30, 2024 and 2023, realized and unrealized net foreign exchange (losses) gains were (\$4,810), \$277,033, \$272,543 and \$243,708, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

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

	For the nine-month period ended September 30, 2024		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 55,330	\$ -
CNY:NTD	1%	53,906	-
EUR:NTD	1%	12,291	-
USD:CNY	1%	31,072	-
USD:EUR	1%	8,192	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	36,130	-
CNY:NTD	1%	20,771	-
USD:CNY	1%	11,845	-
USD:EUR	1%	4,129	-

For the nine-month period ended September 30, 2023			
Sensitivity Analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 63,866	\$ -
CNY:NTD	1%	46,639	-
EUR:NTD	1%	11,063	-
USD:CNY	1%	22,627	-
USD:EUR	1%	11,172	-
CNY:USD	1%	26	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	33,615	-
CNY:NTD	1%	19,750	-
USD:CNY	1%	7,550	-
USD:EUR	1%	5,442	-
EUR:NTD	1%	36	-

Interest rate risk

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Fair value interest rate risk			
- Financial assets	\$ 4,312,401	\$ 3,506,951	\$ 3,685,274
- Financial liabilities	1,732,219	1,913,786	2,097,929
Cash flow interest rate risk			
- Financial assets	8,894,156	9,135,207	9,582,836
- Financial liabilities	37,000	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 nine-month periods ended September 30, 2024 and 2023 would have increased by \$33,214 and \$35,298, 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 nine-month periods ended September 30, 2024 and 2023 would have increased by \$6,779 and \$3,399, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the nine-month periods ended September 30, 2024 and 2023 would have increased by \$27,877 and \$26,421, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax profit and other comprehensive income would have decreased by the same respective amounts.
 - iii. The Group's sensitivity to equity prices increased or decreased because of volatility of stock price.
- (b) Credit risk
- i. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.
 - ii. Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas and, thus, no concentration of credit risk was observed. According to the Group's credit policy, each entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard

payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risks limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

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

	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<u>September 30, 2024</u>						
Expected credit loss rate	0%~10%	0%~95%	15%~100%	65%~100%	100%	
Total book value	\$ 8,376,366	\$ 861,925	\$ 28,463	\$ 16,441	\$ 110,661	\$ 9,393,856
Loss allowance (lifetime expected credit losses)	(322)	(5,577)	(9,993)	(9,329)	(110,661)	(135,882)
Amortised cost	<u>\$ 8,376,044</u>	<u>\$ 856,348</u>	<u>\$ 18,470</u>	<u>\$ 7,112</u>	<u>\$ -</u>	<u>\$ 9,257,974</u>
	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<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>
	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
<u>September 30, 2023</u>						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	\$ 8,944,159	\$ 747,193	\$ 105,155	\$ 29,194	\$ 62,079	\$ 9,887,780
Loss allowance (lifetime expected credit losses)	-	(39,738)	(28,248)	(17,008)	(62,079)	(147,073)
Amortised cost	<u>\$ 8,944,159</u>	<u>\$ 707,455</u>	<u>\$ 76,907</u>	<u>\$ 12,186</u>	<u>\$ -</u>	<u>\$ 9,740,707</u>

vii. The Group individually assesses the customers that have low credit rating and default. As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amount of notes and accounts receivable amounted to \$811, \$798 and \$801, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to \$811, \$798 and \$801, 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 impairment loss	39,710	24,772
Amounts written off (Note 1)	(24,075)	(1,592)
Changes due to loss of control of subsidiaries (Note 2)	(36,581)	-
Net exchange differences	<u>3,813</u>	<u>1,403</u>
Balance at September 30	<u>\$ 136,693</u>	<u>\$ 147,874</u>

Note 1: The Group wrote off accounts receivable and related loss allowance for the nine-month periods ended September 30, 2024 and 2023 amounting to \$24,075 and \$1,592, 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:

	<u>September 30, 2024</u>			
		<u>Lifetime</u>		
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	<u>\$ 852,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852,561</u>
Financial assets at fair value through profit or loss	<u>\$ 499,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,877</u>
	<u>December 31, 2023</u>			
		<u>Lifetime</u>		
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	<u>\$ 1,630,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,630,578</u>
Financial assets at fair value through profit or loss	<u>\$ 402,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,137</u>

	September 30, 2023			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	\$ 1,498,997	\$ -	\$ -	\$ 1,498,997
Financial assets at fair value through profit or loss	\$ 136,289	\$ -	\$ -	\$ 136,289

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unsecured borrowing facilities			
- Amount used (Note)	\$ 44,284	\$ 253,096	\$ 336,531
- Amount unused	<u>6,809,771</u>	<u>6,893,319</u>	<u>7,158,421</u>
	<u>\$ 6,854,055</u>	<u>\$ 7,146,415</u>	<u>\$ 7,494,952</u>
Secured bank overdraft facilities			
- Amount used (Note)	<u>\$ -</u>	<u>\$ 118,500</u>	<u>\$ 119,000</u>

Note: As of September 30, 2024, December 31, 2023 and September 30, 2023, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to \$37,000, \$356,230 and \$440,200, respectively, and lease and salary guarantees amounting to \$7,284, \$15,366 and \$15,331, respectively.

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

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

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

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

September 30, 2024

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities				
Lease liability	\$ 5,753,969	\$ 780,019	\$ 3,888,711	\$ -
Floating rate instruments	31,858	32,671	282,602	1,897,673
	<u>83</u>	<u>166</u>	<u>746</u>	<u>38,472</u>
	<u>\$ 5,785,910</u>	<u>\$ 812,856</u>	<u>\$ 4,172,059</u>	<u>\$ 1,936,145</u>

December 31, 2023

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

September 30, 2023

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,619,633	\$ 1,589,029	\$ 1,630,865	\$ -
Lease liability	31,960	32,151	226,601	2,356,688
Floating rate instruments	70,254	100,217	-	-
Fixed rate instruments	321	641	270,516	-
	<u>\$ 7,722,168</u>	<u>\$ 1,722,038</u>	<u>\$ 2,127,982</u>	<u>\$ 2,356,688</u>

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

v. Liquidity tables for derivative financial liabilities

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

September 30, 2024

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 310,823	\$ 373,959	\$ -	\$ 684,782
- Outflows	(309,975)	(373,250)	-	(683,225)
	<u>\$ 848</u>	<u>\$ 709</u>	<u>\$ -</u>	<u>\$ 1,557</u>

December 31, 2023

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 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>

September 30, 2023

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 464,592	\$ 580,730	\$ -	\$ 1,045,322
- Outflows	(465,885)	(586,275)	-	(1,052,160)
	<u>(\$ 1,293)</u>	<u>(\$ 5,545)</u>	<u>\$ -</u>	<u>(\$ 6,838)</u>

- 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>September 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	\$ -	\$ 2,285	\$ -	\$ 2,285
Listed, OTC and emerging stocks	369,773	-	237,955	607,728
Unlisted and non-OTC stocks	-	-	70,202	70,202
Convertible corporate bonds	31,770	113,216	-	144,986
Ordinary corporate bonds	354,891	-	-	354,891
Fund beneficiary certificates	4,422,779	-	2,237,689	6,660,468
	<u>5,179,213</u>	<u>115,501</u>	<u>2,545,846</u>	<u>7,840,560</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 2,425,403	\$ -	\$ -	\$ 2,425,403
Unlisted and non-OTC stocks	-	-	362,275	362,275
	<u>2,425,403</u>	<u>-</u>	<u>362,275</u>	<u>2,787,678</u>
Assets - non-recurring fair value measurements				
Non-current assets held for sale (Note)	-	-	366,215	366,215
	<u>\$ 7,604,616</u>	<u>\$ 115,501</u>	<u>\$ 3,274,336</u>	<u>\$ 10,994,453</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 728	\$ -	\$ 728

<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>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets - recurring fair value measurements				
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 4,960	\$ -	\$ 4,960
Listed and OTC stocks	179,523	-	-	179,523
Unlisted and non-OTC stocks	-	-	160,424	160,424
Convertible corporate bonds	35,175	-	-	35,175
Ordinary corporate bonds	101,114	-	-	101,114
Fund beneficiary certificates	4,995,392	-	2,292,506	7,287,898
	<u>5,311,204</u>	<u>4,960</u>	<u>2,452,930</u>	<u>7,769,094</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 1,984,104	\$ -	\$ -	\$ 1,984,104
Unlisted and non-OTC stocks	-	-	657,971	657,971
	<u>1,984,104</u>	<u>-</u>	<u>657,971</u>	<u>2,642,075</u>
	<u>\$ 7,295,308</u>	<u>\$ 4,960</u>	<u>\$ 3,110,901</u>	<u>\$ 10,411,169</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 11,798	\$ -	\$ 11,798

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

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

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

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

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

- iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- D. There were no transfers between Levels 1 and 2 for the nine-month periods ended September 30, 2024 and 2023.
- E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the nine-month period ended September 30, 2024

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 2,353,231	\$ 485,513	\$ 2,838,744
Purchases	289,968	-	289,968
Acquired from business combinations	-	20,000	20,000
Transfers out from level 3	(35,541)	-	(35,541)
Recognized in profit or loss	(61,812)	-	(61,812)
Recognized in other comprehensive income	-	(143,238)	(143,238)
Balance at September 30	<u>\$ 2,545,846</u>	<u>\$ 362,275</u>	<u>\$ 2,908,121</u>

For the nine-month period ended September 30, 2023

<u>Financial assets</u>	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1	\$ 2,182,173	\$ 551,359	\$ 2,733,532
Purchases	211,949	-	211,949
Recognized in profit or loss	58,808	-	58,808
Recognized in other comprehensive income	-	106,612	106,612
Balance at September 30	<u>\$ 2,452,930</u>	<u>\$ 657,971</u>	<u>\$ 3,110,901</u>

F. As the shares of RFD Micro Electricity Co., Ltd. were listed on the emerging stock market from July, 2024, and there is insufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

G. 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.

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

	<u>Fair value at September 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted and non-OTC stocks	<u>\$ 432,477</u>	Net asset value	Not applicable	Not applicable	Not applicable
Private placement shares (listed companies)	<u>\$ 237,955</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>\$ 2,237,689</u>	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-financial instrument:					
Non-current assets held for sale	\$ 366,215	Sales comparison approach and income approach	Not applicable	Not applicable	Not applicable
	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non- OTC stocks	\$ 625,009	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 2,213,735	Net asset value	Not applicable	Not applicable	Not applicable
Non-financial instrument:					
Non-current assets held for sale	\$ 495,124	Sales comparison approach and income approach	Not applicable	Not applicable	Not applicable
	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted and non- OTC stocks	\$ 818,395	Net asset value	Not applicable	Not applicable	Not applicable
Beneficiary certificates	\$ 2,292,506	Net asset value	Not applicable	Not applicable	Not applicable

(4) Others

Description of overall operating conditions

The Group's consolidated operating revenue reached NT\$43.473 billion for the nine-month period ended September 30, 2024, a decrease of 12% over the same period last year. The gross profit was NT\$17.652 billion (gross profit margin was 40.6%), the operating profit was NT\$6.536 billion (operating profit margin was 15.0%), the consolidated net profit after tax was NT\$6.364 billion (a decrease of 26% YoY), and the basic earnings per share was \$7.39 (in dollars) for the nine-month period ended September 30, 2024.

The Group's consolidated operating revenue reached NT\$14.950 billion for the three-month period

ended September 30, 2024, which remained flat compared with the same period last year. The gross profit was NT\$6.173 billion (gross profit margin was 41.3%), the operating profit was NT\$2.452 billion (operating profit margin was 16.4%), the consolidated net profit after tax was NT\$2.258 billion (a decrease of 13% YoY), and the basic earnings per share was \$2.61 (in dollars) for the three-month period ended September 30, 2024. In the third quarter, revenue and profits compared to the first two quarters, exhibited a gradual improvement in overall operational performance.

Regarding the operating results of the Group for the nine-month period ended September 30, 2024, in US dollar, the Group achieved an overall revenue of US\$1,360 million (a decrease of 15% YoY). In terms of geographic overview, only Taiwan market outperformed with a YoY growth at 18%, mainly driven by shipments of semiconductor equipment, gaming, and industrial automation projects. However, North America, Europe, and North Asia experienced double-digit YoY decline; China and Emerging markets were single-digit decline YoY. In terms of performance across business units, Industrial IoT Group (IIoT) experienced a single-digit YoY decline, while all other business units showed double-digit decrease in performance compared to the same period last year.

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. Edge Server Group (ESG) (Formerly ICVG): Responsible for the Industrial cloud related market, specializing in video streaming, enterprise network, communication and cloud platform application products.
- E. Service-IoT Group (SIoT): Provide services involving digital logistics, digital healthcare and intelligent retail, etc;
- F. Advantech Service Plus and Others (AS+ and Others): Global repair, technical support and warranty services, etc.

(2) Measurement of segment information

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

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

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

For the nine-month period ended September 30, 2024

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 12,840,820	\$ 10,920,606	\$ 6,563,011	\$ 4,420,018	\$ 3,727,342	\$ 5,000,737	\$ 43,472,534
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 12,840,820</u>	<u>\$ 10,920,606</u>	<u>\$ 6,563,011</u>	<u>\$ 4,420,018</u>	<u>\$ 3,727,342</u>	<u>\$ 5,000,737</u>	43,472,534
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	43,472,534
Segment income	<u>\$ 3,835,885</u>	<u>\$ 2,157,262</u>	<u>\$ 1,131,154</u>	<u>\$ 677,759</u>	<u>\$ 307,568</u>	<u>\$ 431,565</u>	8,541,193
Interest and other income							643,157
Other unamortised expenses							(2,005,308)
Other gains and losses							356,572
Finance costs							(64,313)
Share of profit of associates accounted for under equity method							300,788
Profit from continuing operations before tax							<u>\$ 7,772,089</u>

For the nine-month period ended September 30, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Avantech Service Plus and Others (AS+ and Others)	Total
Revenue							
Revenue from external customers	\$ 12,970,816	\$ 13,061,855	\$ 7,330,814	\$ 5,599,827	\$ 4,598,368	\$ 5,868,411	\$ 49,430,091
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	<u>\$ 12,970,816</u>	<u>\$ 13,061,855</u>	<u>\$ 7,330,814</u>	<u>\$ 5,599,827</u>	<u>\$ 4,598,368</u>	<u>\$ 5,868,411</u>	49,430,091
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consolidated revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	49,430,091
Segment income	<u>\$ 4,219,608</u>	<u>\$ 3,236,432</u>	<u>\$ 1,794,190</u>	<u>\$ 966,316</u>	<u>\$ 652,046</u>	<u>\$ 390,566</u>	11,259,158
Interest and other income							550,410
Other unamortised expenses							(1,822,222)
Other gains and losses							280,873
Finance costs							(34,112)
Share of profit of associates accounted for under equity method							303,036
Profit from continuing operations before tax							<u>\$ 10,537,143</u>

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Loans to others
For the nine-month period ended September 30, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the period (Note D)	Ending Balance (Note D)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
0	ADVANTECH CO., LTD.	AKR	Other receivable - related parties	Yes	\$ 164,175	\$ 158,250	\$ 94,950	3%~4%	Short-term financing	-	Operating need	-	None	-	\$ 4,850,130 (Note B)	\$ 9,700,259 (Note B)
1	LNC (Note F)	LNCMac	Other receivable - related parties	Yes	60,000	60,000	25,000	Note E	Short-term financing	-	Operating need	-	None	-	95,328 (Note C)	95,328 (Note C)

Note A: 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 financing limit for each borrower and for the aggregate financing were both 40% of LNC's net worth based on the latest audited or reviewed report.

Note D: The maximum balance for the period and ending balance are approved by the board of directors of creditors.

Note E: The interest rate is calculated according to the actual bank borrowing rate based on mutual agreement.

Note F: 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
Provision of endorsements and guarantees to others
For the nine-month period ended September 30, 2024

Table 2

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

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of September 30, 2024	Outstanding endorsement/ guarantee amount at September 30, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note B)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship with the endorser/guarantor										
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 4,850,130	\$ 656,700	\$ -	\$ -	\$ -	0.00	\$ 14,550,389	Y	N	Y
					USD 20,000								
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,850,130	656,700	-	-	-	0.00	14,550,389	Y	N	N
					USD 20,000								
0	ADVANTECH CO., LTD.	AJP	Subsidiary	4,850,130	333,000	-	-	-	0.00	14,550,389	Y	N	N
					JPY 1,500,000								
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,850,130	328,350	-	-	-	0.00	14,550,389	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,850,130	328,350	-	-	-	0.00	14,550,389	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	AAC MT	Subsidiary	4,850,130	328,350	-	-	-	0.00	14,550,389	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,850,130	328,350	-	-	-	0.00	14,550,389	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,850,130	197,010	-	-	-	0.00	14,550,389	Y	N	Y
					USD 6,000								
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,850,130	197,010	-	-	-	0.00	14,550,389	Y	N	N
					USD 6,000								
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,850,130	98,505	-	-	-	0.00	14,550,389	Y	N	N
					USD 3,000								
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,850,130	98,505	-	-	-	0.00	14,550,389	Y	N	N
					USD 3,000								
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,850,130	49,253	-	-	-	0.00	14,550,389	Y	N	N
					USD 1,500								
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,850,130	32,835	-	-	-	0.00	14,550,389	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,850,130	32,835	-	-	-	0.00	14,550,389	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,850,130	32,835	-	-	-	0.00	14,550,389	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,850,130	32,835	-	-	-	0.00	14,550,389	Y	N	Y
					USD 1,000								
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,850,130	16,418	-	-	-	0.00	14,550,389	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,850,130	16,418	-	-	-	0.00	14,550,389	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,850,130	16,418	-	-	-	0.00	14,550,389	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,850,130	6,567	-	-	-	0.00	14,550,389	Y	N	N
					USD 200								
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,850,130	3,284	-	-	-	0.00	14,550,389	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,850,130	3,284	-	-	-	0.00	14,550,389	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,850,130	3,284	-	-	-	0.00	14,550,389	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,850,130	1,642	-	-	-	0.00	14,550,389	Y	N	N
					USD 50								
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary	4,850,130	526,680	526,680	37,000	-	1.09	14,550,389	Y	N	N

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

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

Note C: The exchange rates as of September 30, 2024 were USD\$1= NT\$31.65, and JPY\$1=NT\$0.222.

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)
September 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 September 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	\$ 2,012,622	0.49	\$ 2,012,622	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	157,200	2.35	157,200	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	31,770	-	31,770	Note A
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	100,354	-	100,354	Note A
ADVANTECH CO., LTD.	Bond	AURES TECHNOLOGIES Convertible Bonds	None	Financial assets at fair value through profit or loss - non-current	800,000	113,216	-	113,216	Note A
ADVANTECH CO., LTD.	Bond	NVIDIA Corporation	None	Financial assets at fair value through profit or loss - non-current	-	156,476	-	156,476	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	98,061	-	98,061	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	2,247,946	-	2,247,946	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	59,003,725	960,008	-	960,008	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	302,555	-	302,555	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	106,458	6.94	106,458	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	464,695	35,541	0.65	35,541	Note E
ACI	Stock	TXC CORPORATION	None	Financial assets at fair value through profit or loss - non-current	300,000	32,700	0.09	32,700	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	41,990	0.04	41,990	Note A
ACI	Stock	Apacer Technology Inc.	None	Financial assets at fair value through profit or loss - non-current	6,041,000	237,955	4.69	237,955	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	255,581	3.83	255,581	Note A
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	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	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	DotZero	None	Financial assets at fair value through other comprehensive income or loss - non-current	415,245	-	10.38	-	Note C
ACI	Stock	ITTS	None	Financial assets at fair value through profit or loss - current	3,527,273	153,084	12.91	153,084	Note A
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	41,409,928	583,582	-	583,582	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	70,202	4.38	70,202	Note B
Advanix Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	7,426,015	114,457	-	114,457	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	548,770	8,458	-	8,458	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	22,878	-	22,878	Note B
Expotech Co., Ltd.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	3,097,277	43,649	-	43,649	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	3.25	20,000	Note C
Cermate	Beneficiary certificates	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	10,153,485	132,325	-	132,325	Note B
AIH	Beneficiary certificates	Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	367,047	6,151	-	6,151	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	54,647	770	-	770	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	854,887	-	854,887	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	685,615	-	685,615	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	-	330,008	8.33	330,008	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	-	482,015	-	482,015	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	-	215,172	-	215,172	Note B

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

Note B: Market value was based on the net asset values of the open-ended funds on September 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 September 30, 2024.

Note E: Market value was based on the last transaction price on September 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 nine-month period ended September 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 September 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	\$ 22,387	141,328,727	\$ 2,247,946
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market Fund	Note A	None	None	42,642,722	550,070	250,776,868	3,250,003	293,419,590	3,812,230	3,800,004	12,226 (	69)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	Note A	None	None	142,874,321	2,369,842	-	-	142,874,321	2,388,930	2,356,784	32,146 (	13,058)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	Note A	None	None	46,707,871	752,155	101,577,629	1,650,000	89,281,775	1,450,000	1,441,783	8,217 (	364)	59,003,725	960,008
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	Note A	None	None	177,439,819	2,007,767	-	-	177,439,819	2,024,145	2,000,006	24,139 (	7,761)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	-	-	21,468,749	300,002	-	-	-	-	2,553	21,468,749	302,555
ACI	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	50,071,292	698,119	18,513,354	260,000	27,174,718	380,000	378,944	1,056	4,407	41,409,928	583,582

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
September 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				Amount
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Based on percentage of construction completed; as of September 30, 2024, a total of \$1,406,606 had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	-	Contract price	For the Company's expansion	None
Yan Xu Green Electricity Co., Ltd.	Real estate	2022.12.15	627,000	Based on percentage of construction completed; as of September 30, 2024, a total of \$127,579 had been paid.	RFD Micro Electricity Co., Ltd.	The same chairperson	-	-	-	\$ -	-	Contract price	For the Group's green electricity commitment	None
ADVANTECH CO., LTD.	Real estate	2023.10.30	1,873,080	As of September 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 September 30, 2024, a total of \$200,852 had been paid.	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 September 30, 2024, a total of USD 2,072 had been paid.	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 nine-month period ended September 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	\$ 9,929,457	31.81%	60 days after month-end	Contract price	No significant difference	\$ 2,561,119	23.24%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	6,479,141	20.76%	90 days after month-end	Contract price	No significant difference	4,473,099	40.59%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	4,955,934	15.88%	45 days after month-end	Contract price	No significant difference	1,469,884	13.34%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,330,617	4.26%	90 days after month-end	Contract price	No significant difference	468,150	4.25%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	702,452	2.25%	30 days after month-end	Contract price	No significant difference	142,918	1.30%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	297,339	0.95%	30 days after month-end	Contract price	No significant difference	76,242	0.69%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	270,170	0.87%	45 days after month-end	Contract price	No significant difference	68,331	0.62%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	176,551	0.57%	45 days after month-end	Contract price	No significant difference	45,777	0.42%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	156,802	0.50%	45 days after month-end	Contract price	No significant difference	8,123	0.07%
ADVANTECH CO., LTD.	AMX	Subsidiary	Sales	139,390	0.45%	30 days after month-end	Contract price	No significant difference	10,490	0.10%
ADVANTECH CO., LTD.	AIN	Subsidiary	Sales	110,192	0.35%	45 days after month-end	Contract price	No significant difference	18,353	0.17%
ADVANTECH CO., LTD.	ABR	Subsidiary	Sales	105,004	0.34%	30 days from the invoice date	Contract price	No significant difference	12,451	0.11%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	9,222,365	94.96%	90 days after month-end	Contract price	No significant difference	3,420,220	95.75%
AKMC	ACN	Fellow subsidiary	Sales	389,684	4.01%	60 days after month-end	Contract price	No significant difference	128,661	3.60%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	205,521	1.51%	30 days from the invoice date	Contract price	No significant difference	55,254	2.53%
ACZ	AEU	Fellow subsidiary	Sales	176,959	72.21%	60 days from the invoice date	Contract price	No significant difference	38,016	68.77%
LNC (Note B)	LNC Dong Guan	Sub-subsubsidiary	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
September 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 in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
ADVANTECH CO., LTD.	ACN	Subsidiary	\$ 4,473,099	2.14	\$ 2,281,993	Monthly reconciliation and collection	\$ 456,823	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,566,785	5.36	-	-	-	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,475,416	5.48	95,652	Monthly reconciliation and collection	290,530	-
ADVANTECH CO., LTD.	AKR	Subsidiary	564,543	3.48	138,188	Monthly reconciliation and collection	-	-
ADVANTECH CO., LTD.	AJP	Subsidiary	144,139	4.24	8	Monthly reconciliation and collection	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	608,488	Note	49,942	Monthly reconciliation and collection	-	-
AKMC	ADVANTECH CO., LTD.	Parent company	3,420,220	3.80	166	Monthly reconciliation and collection	1,113,476	-
AKMC	ACN	Fellow subsidiary	128,607	5.62	-	-	-	-

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 nine-month period ended September 30, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			Percentage of consolidated total operating revenues or total assets (Note C)
				General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	\$ 176,551	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ABR	1	Sales revenue	105,004	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	4,473,099	90 days after month-end	7%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	6,479,141	Usual trade terms	15%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,469,884	45 days after month-end	2%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	4,955,934	Usual trade terms	11%
0	ADVANTECH CO., LTD.	AIN	1	Sales revenue	110,192	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	142,918	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	702,452	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	608,488	45 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	468,150	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,330,617	Usual trade terms	3%
0	ADVANTECH CO., LTD.	AMX	1	Sales revenue	139,390	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	156,802	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,561,119	60 days after month-end	4%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	9,929,457	Usual trade terms	23%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	270,170	Usual trade terms	1%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	297,339	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	3,420,220	90 days after month-end	5%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	9,222,365	Usual trade terms	21%
1	AKMC	ACN	3	Receivables from related parties	128,661	60 days after month-end	0%
1	AKMC	ACN	3	Sales revenue	389,684	Usual trade terms	1%
2	ANA	ADVANTECH CO., LTD.	2	Sales revenue	205,521	Usual trade terms	0%
3	ACZ	AEU	3	Sales revenue	176,959	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 September 30, 2024, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the nine-month period ended September 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 nine-month period ended September 30, 2024

Table 9

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

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of September 30, 2024			Net profit (loss) of the investee for the nine-month period ended September 30, 2024	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2024 (Note C)	Footnote
				Balance as at September 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	\$ 8,143,240	\$ 408,000	\$ 408,000	Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	33,850,000	100.00	5,776,941	235,206	235,206	Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	234,894	41,484	41,484	Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	3,971,399	224,926	224,926	Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	28,080,142	27.38	1,191,466	538,985	140,136	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	206,895	(29,848)	(8,356)	Note F
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	91,861	93,338	16,250,003	97.50	109,823	20,023	19,919	Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,207,216	(331,460)	(331,460)	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	282,615	50,950	50,817	Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	64,318	12,653	6,376	Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	33,840	6,261	5,965	Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,255,156	83,084	83,075	Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	119,577	13,743	13,674	Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	646,870	47,686	47,411	Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,846	89,846	15,373,031	100.00	121,360	16,621	16,485	Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	85,751	92	92	Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	25,067	4,233	3,868	Subsidiary
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use wireless hand-held mobile systems	-	180,000	-	-	-	(5,128)	(5,128)	Note D
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	15.05	681,063	430,026	63,474	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	58,924	7,703	4,533	Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	221,336	42,808	7,767	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	1,681	(878)	(878)	Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	105,608	105,608	370,335	80.10	24,398	2,888	2,297	Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,768	489	489	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	21,339	(331)	(298)	Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	50	100.00	4,239	322	322	Subsidiary
ADVANTECH CO., LTD.	AID	Indonesia	Marketing and trade of industrial use computers	48	48	30	1.00	48	3,286	-	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	776,205	(293,414)	(294,331)	Subsidiary
ADVANTECH CO., LTD.	ACI KY	Cayman Islands	General investment	2,156,908	2,156,908	100,000,000	100.00	2,133,179	(14,145)	(14,145)	Subsidiary
ADVANTECH CO., LTD.	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	189,000	189,000	4,500,000	45.00	123,361	130,697	58,742	Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	183,613	130,697	-	Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	12,722	(1,151)	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	16,976,999	17.86	297,028	57,319	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	487,899	502,837	28,677,000	18.80	788,136	306,017	-	Investments accounted for under equity method
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,455	42,808	-	Investments accounted for under equity method
ACI	DotZero	Taiwan	Intelligent metal processing integration	-	10,928	-	-	-	-	-	Note H
ACI	Mildex	Taiwan	Electronic component manufacturing	202,366	202,948	11,902,313	15.31	181,008	11,907	-	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	73,270	33,270	1,088,271	40.03	28,105	(15,757)	-	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	7,037	(5,812)	-	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	181,187	104,437	-	Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	17.54	433,048	(13,008)	-	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	6,218	(4)	-	Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	131,655	25,966	-	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	236,524	243,086	13,913,205	19.08	270,627	29,618	-	Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of September 30, 2024			Net profit (loss) of the investee for the nine-month period ended September 30, 2024	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2024 (Note C)	Footnote
				Balance as at September 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	42,349	13,770	-	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	80,826	16	-	Subsidiary
ACI	Expetech	Taiwan	Computer system integration service	80,000	40,000	6,000,000	59.23	70,056 (	17,980)	-	Note G
ACI	EncoreMed	Malaysia	Wise Information Technology of med cloud service	54,274	54,274	66,700	30.03	53,443 (	5,505)	-	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	5,802,230	235,334	-	Subsidiary
AAC MT	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	8,540,858	407,835	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,560,212 (	330,096)	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	63,469 (	686)	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	62,102	12,653	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,749	4,749	2,970	99.00	17,466	3,286	-	Subsidiary
ASG	AMX	Mexico	Marketing and trade of industrial use computers	98	98	16,667	0.10	102	20,023	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	147,408	6,969	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	4,453	1,618	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	322,042	20,135	-	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	75,786 (	22,423)	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	309,159	18,148	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00 (	5,703) (	7,195)	-	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 remains 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.

Note H: In the third quarter of 2024, as the Group no longer remains as DotZero's directors and lost significant influence over DotZero, the investment in DotZero accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income or loss - non-current.

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

Table 10

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

Investee in Mainland China	Main business activities	Paid-in capital		Investment method	Accumulated Outflow of Investment from Taiwan		Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net profit (loss) of the investee for the nine-month period ended September 30, 2024	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 30,					
					as of January 1, 2024	Outflow	Inflow												
Advantech Technology (China) Company Ltd. (AKMC) (Note D)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$	1,384,688	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$	1,180,545	\$	-	\$	1,180,545	\$	235,334	100.00	\$	235,150	\$	5,802,230	\$	-
		USD	43,750		USD	37,300			USD	37,300									
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	USD	133,880	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD	168,758	-	-	USD	168,758	(	325,694)	100.00	(	326,573)	(	379,869)	USD	3,264,698
			4,230		USD	5,332			USD	5,332									103,150
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	CNY	301,313	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD	253,200	-	-	USD	253,200		31,571	100.00		31,533		2,031,128		-
			66,618		USD	8,000			USD	8,000									
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	USD	31,650	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note C		-	-	Note C			340	100.00		340		31,110		-
			1,000		Note C				Note C										
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	CNY	9,046	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD	9,748	-	-	USD	9,748		15,296	90.00		13,766		128,031	CNY	83,409
			2,000		USD	308			USD	308									
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	USD	16,458	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	USD	18,104	-	-	Note N		-		Note N	(	51)		-	CNY	52,756
			520		USD	572			Note N										
Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	CNY	67,845	Other	Note E		-	-	Note E			1,363	100.00		1,363		55,713		-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	CNY	9,951	Other	Note F · I		-	-	Note F · I	(	352)		Note I	(	352)		-		-
			2,200																
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	CNY	36,184	Other	Note F		-	-	Note F	(	7,099)		21.88	(	1,553)		13,723		-
			8,000																
Suzhou AIIST Intelligent Technology Co., Ltd (AAY)	Smart operating room total solution	CNY	44,727	Other	Note F		-	-	Note F	(	30,271)		28.09	(	8,503)		101,033		-
			9,889																
Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	CNY	18,544	Other	Note L		-	-	Note L	(	45,246)		54.42	(	24,435)		15,832		-
			4,100																
Adveco Management Consulting Co., Ltd. (Adveco Management)	Enterprise management consulting, information consulting, planning, service	CNY	9,946	Other	Note L		-	-	Note L	(	3)		60.00	(	2)		5,426		-
			2,000																
Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Enterprise management consulting, information consulting, planning, service	CNY	4,523	Other	Note M		-	-	Note M	(	1)		59.94	(	1)		2,708		-
			1,000																
Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2)	Enterprise management consulting, information consulting, planning, service	CNY	4,523	Other	Note M		-	-	Note M	(	1)		59.94	(	1)		2,708		-
			1,000																
Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA			Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA															
\$ 1,655,137 (USD 52,295 thousand) (Note H)	\$ 2,404,229 (USD 75,963 thousand)			\$ 29,100,778 (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 rates as of September 30, 2024 were USD\$1= NT\$31.65, and CNY\$1=NT\$4.523.

Note L: Remittance by ACI CN.

Note M: Remittance by Adveco Management.

Note N: In the third quarter of 2024, Cermate Shanghai has been dissolved and liquidated.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2024

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	113,483,106	13.14%
K&M Investment Co., Ltd.	100,494,794	11.63%
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.