

ADVANTECH Co., Ltd.
2024 Annual General Shareholders' Meeting
Meeting Minutes
(Translation)

Meeting Time: 9:00a.m., 30th May, 2024

Meeting Venue: Neihu Headquarters (B1, No.1, Line 20, Lane 26, Rueiguang Road, Neihu District, Taipei City)

Method of Convening the Meeting: Hybrid (in-person and video conference)

E-Meeting Platform: Shareholders meeting e-Voting Platform-Hybrid Shareholders' Meeting by Taiwan Depository & Clearing Corporation website:
(<https://stockservices.tdcc.com.tw>)

The total outstanding ACL shares: 860,447,558 shares

The total shares represented by shareholders present in person or by proxy: 801,174,239 shares (among them, 508,409,938 shares voted via electronic transmission and E-Meeting)

The Percentage of shares held by shareholders present in person or by proxy: 93.11%

Chairman: K.C Liu, the Chairman of the Board of Directors

Attendees: K.C Liu Chairman, Tony Liu (Director), Benson Liu (Independent Director), Ming-hui Chang (Independent Director), Chan-Jane Lin (Independent Director), Eric Chen (President), Yi-Fan Lin (CPA, PricewaterhouseCoopers), Villis Yang (Director), Grace Liao (Corporate Governance Officer)

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman's Address (omitted)

I. Report Items

1. The 2023 Business Report (see appendix I)
2. The Audit Committee's Review Report on the 2023 Financial Statements (see appendix II)
3. Status reports of the Cash dividends for Distribution of 2023 Profits
4. Report of Employees' compensation and Directors' compensation of 2023.
5. The Status of Endorsement and Guarantee in 2023. (see meeting agenda)
6. The report on the Company's acquiring the land parcel case of number 9 in the Huaya section from related party

II. Proposals:

1. Adoption of the 2023 Business Report and Financial Statements
(Proposed by the board of directors)

Explanation:

- (1) The 2023 business report and standalone financial statements (including

consolidated financial statements) were composed by the Board of Directors. The Company's financial statements were audited by independent auditors, Hua-Ling Liang and Yi-Fan Lin, of PricewaterhouseCoopers Taiwan and were reviewed by the supervisor along with the business report with a written audit report issued.

(2) The Business Report, independent auditor's report, and Financial Statements are enclosed as Attachment I and Attachment III.

Voting Results:

801,174,239 shares (including votes casted electronically:508,409,938) were represented at the time of voting; 769,364,747 votes were in favor of the proposal (including votes casted electronically: 476,602,409); 592,380 votes were cast against the proposal (including votes casted electronically: 592,380); 0 votes were invalid; 31,217,112 votes were either invalidly cast or abstained (including votes casted electronically: 31,215,149).

Approved, that the above proposal be and hereby were accepted as submitted.

2. Adoption of the Proposal for Distribution of 2023 Earnings.

(Proposed by the board of directors)

Explanation:

1. Please refer to the 2023 profit distribution table in Attachment IV.
2. The Company's net income after tax of FY2023 was NT\$10,837,529,628 (EPS NT\$12.65) and resulted from adding NT\$8,670,220,044 of undistributed earnings at the beginning of the period, deducting NT\$31,987,586 of retained earnings from investments accounted for using equity method, adding NT\$2,241,658 of re-measured amount of the benefit plan recognized in retained earnings , and adding disposing the investments in equity instruments measured at fair value through other comprehensive income, the NT\$ 121,416,286 cumulative profit and losses directly transferred to retained earnings. After appropriating the legal reserve of NT\$1,092,920,004 and reversing special reserves of NT\$ 0, the available surplus for distribution is NT\$18,506,500,084.
3. The proposed distribution is as follows:
 - (1) The amounts of NT\$8,155,268,901 (cash dividends) out of the 2023 earnings are appropriated for distribution as cash dividends and share dividends to shareholders, respectively. The dividend will be calculated based on the total number of outstanding common shares issued as of December 31, 2023, which is 858,449,358 shares. The proposed cash dividend to be distributed to shareholders is NT\$9.5 per share.
 - (2) The distribution of cash dividend is calculated to the dollar (round up to the dollar). The total amount of the odd shares with a distribution of less than NT\$1 will be booked as the other income or other expense of the company.

- (3) The current distribution of earnings is scheduled before the dividend benchmark date. If there is any change in the yield rate because of any change in the company's outstanding shares, a request is to be made having the Chairman authorized to handle matters related to the changes.

Voting Results:

801,174,239 shares (including votes casted electronically: 508,409,938 shares) were represented at the time of voting; 771,178,093 votes were in favor of the proposal (including votes casted electronically: 478,415,755); 7,860 votes were cast against the proposal (including votes casted electronically: 7,860); 0 votes were invalid; 29,988,286 votes were either invalidly cast or abstained (including votes casted electronically: 29,986,323).

Approved, that the above proposal be and hereby were accepted as submitted.

III. Extemporary Motion: None.

Summary of Messages from Chairman: The company faced a severe decline from the second half of 2023 to the first half of 2024, primarily due to three factors:

1. The shortage issues during the pandemic led to a significant deferred inventory reduction.
2. Poor economic conditions in the manufacturing equipment and industrial control sectors affected customer orders.
3. The aging of the company's previously successful Amoeba operational model.

Response Strategy: In 2023, we initiated a sector-driven strategic transformation. Advantech is focusing on edge AI devices, specifically developing four major sectors:

1. Embedded Sector: Highly customized design-in nature, mainly for applications in medical, telecommunications, and networking.
2. Intelligent Systems (IPC systems for equipment industries): Includes semiconductor equipment, transportation infrastructure, edge AI devices, etc.
3. Industrial Control Equipment (core business, currently about 15%): Mainly for smart factories and energy sectors, primarily serving channel customers.
4. Intelligent Services (approximately 10%): Encompasses smart healthcare, retail and public services, smart logistics, etc.

Advantech's future development structure will consist of three levels:

Consolidating the platform hardware core business, leading strategic development with a sector-driven approach, enhancing value creation through software orchestration in collaboration. These measures aim to create greater value for our shareholders.

Shareholder (No.33785) statement summary: In the face of operational headwinds, it is commendable to engage in self-reflection. We look forward to Advantech achieving new milestones. Three questions to address on:

1. The acquisition of the French company Aures was announced last month. Domestic cases

of acquiring overseas listed brands are relatively rare. What are the benefits of this acquisition for Advantech?

Summary of Explanation by Tony Liu, the Director of Strategic Investments: the synergies of the Aures acquisition are explained as follows: 1. High Business Complementarity: Aures has well-established local business teams in Europe, North America, and Australia, and its product lines combine POS and KIOSK hardware and software capabilities. 2. High Brand Design Value. 3. New Business Model Benefits: Its subsidiary, RTG (Retail Technology Group), is a retail IT system service provider with a service network covering the entire United States. This acquisition not only brings high complementary synergies but also deepens Advantech's global retail industry layout and enhancing customer loyalty.

Summary of Explanation by Chairman: Advantech and Aures are expected to collaborate in many areas, including hardware manufacturing opportunities, operational management, and the integration of R&D capabilities. This aligns with Advantech's sector-driven strategy, strengthening its capabilities in the global intelligent service sector.

2. Recently, both the company's revenue and profit performance have been weak. What measures are in place to maintain profitability?

Summary of Explanation by President Eric Chen: In Q1 2024, revenue declined by 20% and profits declined by 33%. Advantech has initiated measures to both increase revenue and cut costs as follows: Revenue-Increasing Measures (Mid to Long-Term Impact): In past operational off-seasons, Advantech did not lose major key customers, mainly due to more conservative capital expenditures by clients. The company has enhanced marketing activities in key markets and among key customers to increase customer loyalty. New product benefits include the introduction of new product lines in industrial wireless, EdgeAI deployment, and expansion of AI strategic alliances, expected to yield results in the mid to long term.

Cost-Cutting Measures (Immediate Impact): Strict control of personnel and expenses, inventory management (reduced from a peak of 14 billion to 9 billion). Due to improved efficiency, the overall cash flow structure remains healthy, and product gross margins are maintained at a reasonable level.

3. Recently, the semiconductor industry has been thriving, particularly in the Kumamoto region of Japan. Advantech has expanded its presence in Japan. Has this had a positive impact?

Summary of Explanation by President Eric Chen: Advantech's factory in Japan is located in Nogata City, and currently focuses on industrial automation equipment and smart medical applications, with a smaller contribution from semiconductor equipment. In the future, the DMS team will specialize in semiconductor clients, which will aid in the development of the IEM business.

Summary of Explanation by Chairman: The construction of TSMC's Kumamoto plant has indirectly led to a shortage of construction workers in Kitakyushu. The benefits of TSMC's

expansion mainly stem from headquarters procurement (orders placed in Taiwan or globally). Currently, there has been no significant observation of substantial procurement benefits concentrated in Japan.

Shareholder (No.70393) statement summary: Is the company planning a progression of green electricity adoption annually, and by what year will it achieve full adoption of green electricity?

Summary of Explanation by President Eric Chen: Advantech has set clear green electricity goals to achieve RE50 by 2030 and RE100 by 2040.

Kunshan and Taipei account for about 90% of the group's electricity usage. As of today, Kunshan has reached a 25% green electricity ratio, progressing at 5% annually. With sufficient green electricity certificate supply in China, the goal is expected to be met smoothly. In Taiwan, Advantech has established an SPV company with Microelectric, with estimated power generation starting between 2026 and 2027. Green electricity certificates will be used to manage off-peak periods. Globally, Advantech aims to achieve RE100 by 2040, with current progress being positive across various regions. The Netherlands has already reached 100% wind power, and in North America, self-installed solar panels can supply up to 80% of the needed electricity. Advantech will follow its planned green electricity progression and does not rule out the possibility of meeting the targets ahead of schedule.

Shareholder (No.81796) statement summary: What are Advantech's long-term plans for talent development and salary competitiveness?

Summary of Explanation by Chairman: In Taiwan, Advantech has approximately 3,000 employees. In response to the gradually increasing salary levels in Taiwan, the company has implemented a more substantial salary adjustment this year compared to previous years. Advantech regularly references the average salary levels in the electronics manufacturing industry to adjust its salary policies. Additionally, the company uses bonuses and Employee Stock Ownership Plans (ESOP) as retention tools to maximize retention effectiveness. For senior-level compensation, the primary mechanism is the ESOP, which strengthens the link between compensation and performance KPIs, thereby enhancing the incentive effect. The HR organization has undergone reforms, including professional division of labor in human resource management and strengthening HR Centers of Excellence (COE). As the company moves towards international development, talent training is actively pursued through cross-national and cross-departmental job rotation mechanisms, empowering outstanding talent.

Summary of Explanation by President Eric Chen: According to independent director Ji-Ren Lee's viewpoint "Talents need experience, tempering, and training." Advantech just completed a highly successful global talent training camp last week, which received enthusiastic feedback. This year, we have initiated a collaboration with external consulting firms to plan talent training projects, aiming to accelerate internal talent development. Salary

competitiveness is also being analyzed using systematic scientific methods, with the goal of advancing towards the PR75 benchmark in the future.

Shareholder (No.81796) statement summary: AI technology has initiated the next wave of technological revolution. Could you please advise on Advantech's opportunities and challenges in Edge AI, as well as potential alliance strategies?

Summary of Explanation by Chairman: AI technology is becoming a global trend, and Advantech focuses on the Edge AI field, specializing in integrated software and hardware solutions across various customer domains. Investments in Edge AI-related technology development are currently underway, although revenue contribution remains relatively low.

Our alliance strategy encompasses several aspects:

1. Semiconductor manufacturers: Apart from Intel (x86 architecture), we have partnered with leading chipmakers such as Nvidia, Qualcomm (focused on Edge AI), and Israel's Hailo.
2. AI software providers: Deepening cooperation through joint ventures (JVs), alliances, and other forms.
3. Distribution channels: Increasing our presence through specialized industrial control and electronic component e-commerce channels. Traditional distribution channels are targeted through capital and business alliances, focusing on collaborative projects.
4. International consulting firms

Summary of Explanation by President Eric Chen: Our alliance strategy includes Taiwan's Phison (utilizing flash to replace GPU computing, lowering the AI threshold), as well as major semiconductor players like Intel, AMD, Qualcomm, and MediaTek, who are crucial partners. Quoting the perspective from former Google Managing Director, "Taiwan's opportunity lies in Edge AI due to the large number of devices and high penetration of Taiwan's factories in edge devices." However, the development of Edge AI faces four challenges:

1. Most field applications cannot be replicated.
2. The partner ecosystem is not yet ready.
3. On-site fields are not yet digitalized.
4. ROI cannot be quantified.

These industry challenges are expected to be gradually resolved over time. Advantech has strategically and technologically positioned itself for the long term. With existing solutions in Edge AI SDKs, which lower the AI entry barriers for customers, Advantech's future prospects in Edge AI are promising.

Shareholder (No.77269) statement summary: What is the progress of the succession plan?

Summary of Explanation by Chairman: Advantech has completed the first phase of its succession plan. The three co-presidents have appropriately divided their responsibilities: one general manager focuses on administration and finance, while the other two are in charge of

business operations. In the next phase of succession, Advantech will prioritize the interests of the company and its shareholders in its planning. This includes establishing a succession mechanism and selecting successors. Two members of the founding family currently hold assistant manager positions within the group. In the future, family members are inclined to focus on the board of directors and governance aspects, while the role of CEO is expected to be filled by professional managers. The succession process progresses weekly, and a comprehensive report will be presented to the shareholders once the overall plan has matured.

Closure by the Chairman: I would like to thank the shareholders present, both in person and online, for taking the time to attend today's shareholders' meeting. Despite facing the highest operational headwinds in our history this year, due to the high base effect from the first half of 2022 to mid-2023 and the aging of our operational model, we remain optimistic about the future. We foresee that the market trend in Edge AI will drive significant opportunities for upgrading edge devices, positioning the AIOT industry at an excellent juncture. Advantech will continue to adhere to our sector-driven strategy for transformation, advancing AI technology, and fostering a robust partner ecosystem.

We firmly believe that the industry's development and the company's outlook will achieve a long-term steady growth. We look forward to progressing together with our shareholders.

IV. **Meeting Adjourned:** There was no other business and extemporary motion, the Chairman announced the meeting adjourned.

II. Attachments

<Attachment I>

Business Report

Financial Performance

In 2023, Advantech achieved consolidated revenue of NT\$64.568 billion, a decline of 6% compared to 2022. The gross profits reached NT\$26.162 billion (gross margin of 40.5%), while consolidated net income after tax was NT\$10.838 billion, representing a 0.8% increase compared to the previous year. EPS for the year reached NT\$12.65. In US dollars, Advantech's 2023 revenue amounted to US\$2.074 billion, a decrease of 10% compared to the previous year. In terms of regional performance, the Japanese market performed the best with a 10% increase, while China, Taiwan, and Emerging markets experienced double-digit revenue declines. In terms of business units, only the Embedded-IoT Group (EIoT) and Applied Computing Group (ACG) maintained flat in YoY due to demand slowdown, while the rest of the business units generally experienced declined in YoY.

During the off-peak season, Advantech accelerated its strategic deployment in key technologies and regional markets, including expanding its production capacity to enhance manufacturing resilience in Malaysia; expanding its operational base in India and establishing a local software development center; completing the merger and acquisition of Bitflow, a North American Image Capturing Solution Provider, and improving its AI machine vision technology blueprint. Advantech continues to deepen its presence in the AIoT industry, speeding up the company's future development and growth.

Key Development Strategies

Advantech is committed to cultivating the AIoT + edge computing sector, with a long-term strategic framework that (Figure A) composed of three key components: Platform, Orchestration, and Sector.

Advantech Strategic Framework, Leading AIoT Sector Driven Orchestration

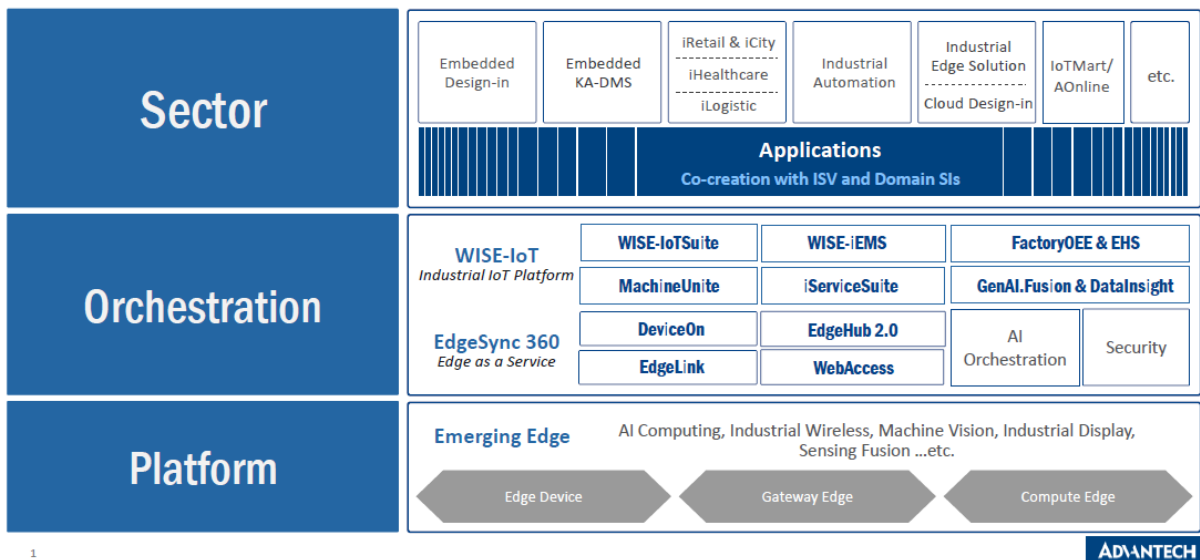


Figure.A : Advantech's Longterm Strategy Structure

Orchestration Business model:

Advantech's vision for the next decade is to integrate its existing AIoT + Edge Computing hardware platform products with the mature WISE-IoT software platform developed over the past eight years. This integration will be further enhanced by incorporating industry-specific AI solutions and domain knowledge, culminating in an "Orchestration business model" that facilitates industry-wide integration and application.

As shown in Figure A, the bottom layer represents the hardware platform, where Advantech has accumulated numerous mature products over decades of entrepreneurship. We will continue to cultivate and develop innovations in the listed areas to become the most comprehensive Edge Computing supplier. The top layer, Sector, represents the application market areas that Advantech will target, focusing on serving equipment manufacturers and integrators in these sectors.

The middle layer, Orchestration, signifies the synergy of Advantech's various sectors using the WISE-IoT and EdgeSync 360 software platforms. This enables customers to efficiently complete projects in the AIoT application development process with minimal development effort.

The next decade is expected to be a golden period of high development for AI/IoT/Edge Computing applications across various industries. We are prepared to embrace the new opportunities in AIoT + Edge Computing with the Sector Driven and Orchestration business concepts, further realizing the long-term corporate vision of Enabling an Intelligent Planet. While this operating model may pose challenges and require time to accumulate results, it is expected to be a sustainable and strongly defensible model, making significant long-term contributions to shareholders and society.

Platform: Industrial Edge Development Strategy

According to estimates from the international research firm Gartner, the AIoT industry's market value projected to reach USD 450 billion by 2025. In 2024, Advantech will focus on development in the AI + IoT + edge computing sector, with a particular emphasis on emerging edge computing platforms.

High-Performance Edge Computing

As 5G technology and infrastructure approach maturity, there's growing demand for high-performance edge computing platforms. This demand arises from 5G's low latency and high-speed transmission advantages, the ability to distribute workload from cloud data centers, and low data transfer risk. Currently, the market for CPU chip architectures is dominated by x86 and Arm/RISC, both of which produce high-performance computing (HPC) chips to meet the rapid computational needs of various industries (e.g., 5G, network communication, health care, transportation, automated equipment, and robots). Advantech co-develops high-performance edge computing platforms with mainstream chip manufacturers, but also launches them simultaneously, helping industries upgrade their systems for HPC applications.

Edge AI Computing

In the rapidly evolving world of AI and edge computing, Advantech's comprehensive edge computing platform holds a significant share of market across various industries. This fully integrated AI software platform features an AI acceleration module (AI On Module), an AI inference system, an AI large language model (LLM) training system, and an edge AI software development kit (SDK) that helps clients evaluate and validate the performance of their AI platforms, thereby accelerating their implementation of AI at the edge.

Advantech's existing hardware platform is compatible with all types of mainstream AI chips, contributing to the successful launch of high-performance edge AI computing solutions. Moreover, international research institutions such as Gartner highlight the rapid deployment of generative AI across multi-modal AI applications, including text, images, and video. Edge AI will thus present massive business opportunities that will not only greatly benefit Advantech but also refine our customization capabilities to meet demand for emerging AI applications.

Industrial Wireless Solutions

Wireless technology is a key component in IoT solutions, with protocols such as Wi-Fi 6, Wi-Fi 7, 5G, 6G, and Bluetooth/BLE commonly used to accelerate iterative development and meet various needs across the IoT domain. In considering our long-term strategy, Advantech has established the Industrial Wireless BU, a department dedicated to providing value-added services such as industrial wireless modules, industrial wireless antenna design planning, firmware optimization, and wireless testing and certification. Currently, we have consolidated our internal RF R&D resources and testing capacity to offer integrated wireless design-in services.

Industrial Display Solutions

Industrial displays are essential peripheral modules for various industrial application scenarios, such as electronic digital signage, industrial automation equipment, retail self-service systems, and medical device displays. Demand for contactless applications surged in the post-pandemic era, with industrial displays and touch screens showing great development potential. Thus, Advantech created the Industrial Display Solution Group, offering integrated supply chain and procurement system efficiency for industrial displays and design services. In Q12024, we plan to build a new industrial display production and testing facility at the Linkou Intelligent Campus, expanding both the capacity and quality of our services.

Sector Driven Approach

AI, IoT, and ESG are set to be the next growth drivers for the industrial IoT sector, with developments focused along two key directions: edge AI and sustainability. Edge AI is expected to push digital transformation across various sectors as the importance of visual and image testing applications grows, especially in medical imaging, industrial quality testing, machine motion control, and safety monitoring. With respect to sustainability, we will promote global energy transition and accelerate the deployment of infrastructures for energy management, renewable energy, energy storage, and electric vehicles. Advantech foresees the global market trend driven by AIoT and ESG emerging applications in the near future. For this reason, we will focus on eight sectors and achieve complete deployment through global strategic organization to cultivate these sectors and engage closely with clients and the market, thereby reinforcing our competitive advantage in the rapidly changing market.

The aforementioned sectors include four main ones, namely embedded design-in, embedded KA-DMS, industrial edge solution, and industrial automation; and four sub-sectors –iHealthcare, Retail & Hospitality, iLogistics, and IoTMart/AOnline. Embedded design-in/KA-DMS takes aim at the needs of major clients, providing deep technology services and customized product designs. Industrial edge solution uses AI, IoT, and edge computing as a stepping stone to providing innovative products for industrial and semiconductor facilities, intelligent transportation, edge cloud, and AI applications. Industrial automation aims to deepen customer relations with a focus on smart factories, energy, and ESG to establish a partner ecosystem for value co-creation. As for the four sub-sectors, we will provide total product solutions. Our IoTMart cross-border e-commerce model built in 2023 will effectively bring clients closer to us and secure long tail customers with transparent information and faster delivery services.

2024 Sector Driven & Domain Focus Business Structure

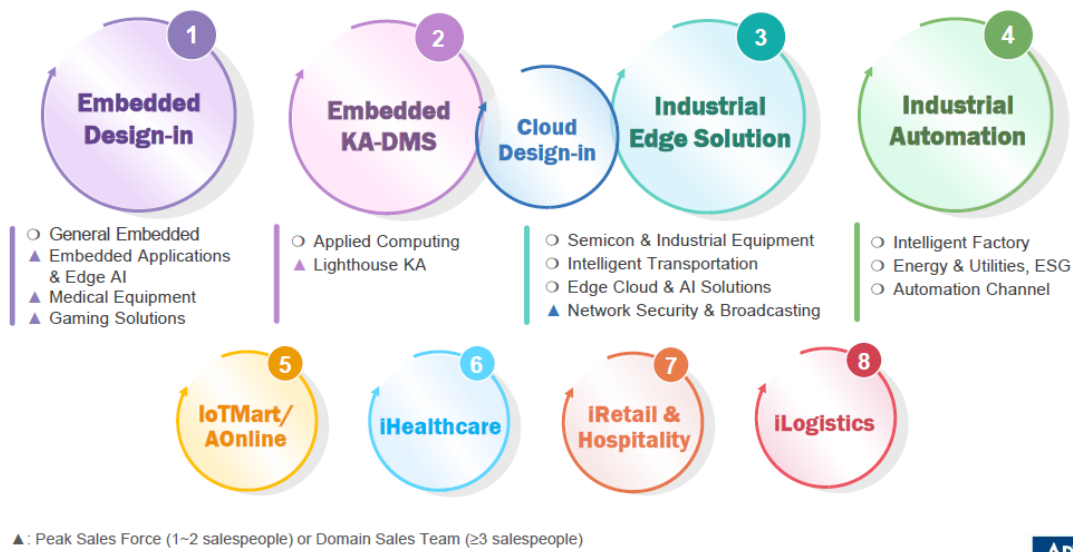


Figure B. Advantech’s sector-driven focus

Plans to Push into Generative AI (Gen AI)

As a way of demonstrating the high level of importance that we attach to the future development of Gen AI, Advantech has established the AI Orchestration Center. The center is responsible for introducing external AI applications, applying use cases to promote AI in various application domains, and ensuring alignment with and fulfillment of the needs of AI technology units and application units. Our 2024 plan is to target Gen AI for rigorous development in three key areas: product development, marketing, and supply chain management. In the area of product marketing, we aim to use Gen AI to produce advertisement texts and materials as well as content translation to facilitate brand development, overcome language barriers, and increase customer reach, thereby enhancing brand impact and market share. In terms of supply chain management, Gen AI applications will be focused on improving supply chain transparency and flexibility to optimize inventory level. AI technology can automatically identify and predict latent problems in the supply chain, help employees make prompt responses, and subsequently improve overall operational efficiency.

Generally speaking, the introduction and internalization of Gen AI represent not only a technological revolution but also a significant change to the way we work. Making good use of this tool will enable us to focus on higher-value tasks and spend less time on repetitive tasks. This will greatly increase team productivity and creativity and sustain competitive advantages for the company.

Sustainability Achievements and Corporate Value

In 2023, Advantech achieved many breakthroughs in ESG, including its first-time inclusion as a constituent stock of the Dow Jones Sustainability World Index (DJSI-World); officially becoming a member of the RE100; moving up to the 12th place in the Excellence in Corporate Social Responsibility; and winning for the first time *Global Views Monthly’s* ESG Award – General Performance and Promotion of Education. These achievements show that Advantech’s persistent commitment to sustainability has translated into a positive impact on society, its employees, and the IoT ecosystem.

In the future, our development in ESG will revolve around three pillars:

(1) Green operations and sustainable development:

Our medium- and long-term targets include achieving an A level rating in the 2025 CDP Climate Change Questionnaire, using 100% renewable energy by 2040, and achieving net zero emissions by 2050. We have comprehensive plans for addressing climate change, quantifying risks in accordance with TCFD recommendations, and achieving SBTs through carbon pricing and low-carbon transformation. Moreover, Advantech is committed to biodiversity risk assessments, AIoT for Biodiversity projects, smart agriculture and species identification, coastal forest restoration, and wetland adoption.

(2) IoT popularization:

By using the WISE-IoT Suite platform, Advantech nurtures innovative talents in the field of IoT and incubates innovative solutions to achieve the sustainability goal of “helping students find their future and connecting businesses with talented individuals.” Our 2025 target is to expand IoT education to 70 universities in 14 countries worldwide by providing Advantech’s industrial IoT technology and resources to assist worldwide colleges and universities in cultivating innovative talents. Regarding higher education curriculum and certification for IoT at AIoT Academy, we have collaborated with the NTUST Center For IOT Innovation, uniting scholars from other universities to co-create basic IoT courses. Our AIoT InnoWorks Program had 224 student teams and over 856 students participating from 34 schools and 7 countries.

(3) Mutual prosperity:

In 2023, Advantech Foundation focused on three main pillars of community development – sustainability education, IoT innovation, humanity, and cultural literacy – to promote intellectual well-being, and established a unique brand for which we pledged an investment of over NT\$74 million. Given the great level of importance we attach to diversity, equity, and inclusion (DEI), Advantech has completed a DEI strategic blueprint and announced its phased targets in 2023. Talents are a source of talent attraction and innovation. In 2023, we refined our talent development mechanisms, including talent recruitment/employment/training/retention, and launched digital transformation programs for talent and information management. These mechanisms and programs are aligned with the company’s long-term strategy to ensure talent sustainability at Advantech.

In 2023, Advantech celebrated not only its 40th anniversary but also the completion of the AIoT Co-Creation Campus, which took a decade to complete. For our 40th anniversary, we organized a series of cycling event in more than 40 cities around the world, bringing over 4,000 employees and partners of Advantech together to celebrate this special occasion. The post-pandemic Worldwide Partner Conference (WPC) was held to promote the formation of an AIoT ecosystem, attracting 3,000 partners and guests of Advantech from around the world. Regarding brand value, Advantech secured 5th place in the 2023 Best Taiwan Global Brand award with a brand value of US\$881 million and an impressive growth of 13%, consistently positioning the company among the top five Taiwan global brands for six consecutive years.

Outlook and Expectations

Looking ahead to 2024, business operators will face economic challenges and regional conflicts, but they will be presented with enormous business opportunities from energy transition and carbon management. Gen AI will also instigate a new wave of industrial revolution. As computing power increases, AI applications will slowly expand in scope, encompassing not only data centers but also the edge environment, including such domains as healthcare, retail, smart storage, production testing, and factory automation. The popularization of edge AI and demand for widespread application will significantly propel the continued and rapid growth of the IoT industry.

Advantech has continuously optimized its SBU, RBU, and operations in response to emerging market trends and changes in industrial sectors. As a business entity, we actively adopt edge AI solutions, targeting high-growth applications such as equipment manufacturers, factory automation, energy management, and smart healthcare. In terms of regional business organizations, Advantech will slowly transform into an industry-focused organization and provide integrated software–hardware solutions that more closely meet industry demands. In terms of production, manufacturing, and logistics units, we implement lean management in key areas such as destocking of high-risk inventory, increased delivery of popular products, and material convergence. Looking ahead to our mid-/long-term development, Advantech’s overall operational growth will rebound as new applications, new projects, and organizational teams slowly take shape. Advantech has been upholding its belief over the past 40 years and will continue to do so to create new value for our customers, employees, shareholders, and society.



K.C. Lu
Chairman

Linda Tsai
President of Industrial
IoT

Eric Chen
President of General
Management

Miller Chang
President of Embedded
IoT

Audit Committee's Review Report

The Company's 2023 Financial Statements have been agreed by Audit Committee members of the Company and approved by the Board of Directors. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2023 Business Report and proposal for allocation of profits. The 2023 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company.

According with Article 14-4 of the securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Advantech Co., Ltd.

Chairman of the Audit Committee : Benson Liu

February 27, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of ADVANTECH CO., LTD. and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgements, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(14) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(6) for the details of inventories. The balances of the Group's inventories and allowance for inventory valuation as at December 31, 2023 are \$10,863,248 thousand and \$1,059,452 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of embedded computer boards, industrial automation products, applied computers and industrial computers. Due to the rapid changes in technology, environment and industrial characteristics, inventories of the Group are available in different sizes and types. Since the valuation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Obtained an understanding of the policy on allowance for inventory valuation loss to affirm the reasonableness of application.
2. Validated the accuracy of the system logic in calculating the ageing of inventories.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Recognition of sales revenue from the Embedded-IoT and the Applied Computing Business Group
Description

Refer to Note 4(33) for the related accounting policies on sales revenue and Note 6(22) for the details of revenues.

The Group operates in a highly competitive industrial computer industry. Moreover, the overall industry was impacted by the global economic environment in 2023, increasing the risk associated with recognizing revenue. Therefore, we considered the recognition of sales revenue from the Embedded-IoT and the Applied Computing Business Group, which showed an increasing trend in sales revenue, as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Obtained an understanding of and assessed the internal controls in relation to sales revenue, and validated its operating effectiveness.
2. Tested the details of sales revenue of the Embedded-IoT and Applied Computing Business Group for the entire year, and selected samples of sales revenue transactions and related documents to confirm the appropriateness of revenue recognition.
3. Inspected significant abnormal sales returns and allowances after the balance sheet date.
4. Performed accounts receivable confirmation procedure to significant customers.

Other matter

We have audited and expressed an unqualified opinion on the parent company only financial statements of ADVANTECH CO., LTD. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary

to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

| | Assets | Notes | December 31, 2023 | | December 31, 2022 | |
|---------------------------|---|------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 11,011,580 | 16 | \$ 12,029,785 | 18 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 8,619,027 | 13 | 3,211,182 | 5 |
| 1136 | Financial assets at amortised cost - current | 6(4) and 8 | 1,569,168 | 2 | 139,910 | - |
| 1150 | Notes receivable | 6(5) | 1,293,317 | 2 | 1,434,823 | 2 |
| 1170 | Accounts receivable | 6(5) | 7,961,226 | 12 | 9,641,564 | 15 |
| 1180 | Accounts receivable - related parties | 7 | 16,734 | - | 32,400 | - |
| 1200 | Other receivables | | 73,265 | - | 80,598 | - |
| 1210 | Other receivables - related parties | 7 | 922 | - | 890 | - |
| 130X | Inventories | 6(6) | 9,803,796 | 14 | 14,007,765 | 21 |
| 1460 | Non-current assets held for sale | 6(11) | 238,341 | - | - | - |
| 1470 | Other current assets | 7 | 798,361 | 1 | 1,168,431 | 2 |
| 11XX | Total current assets | | <u>41,385,737</u> | <u>60</u> | <u>41,747,348</u> | <u>63</u> |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 2,906,420 | 4 | 2,703,431 | 4 |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(3) | 2,951,234 | 4 | 2,199,556 | 3 |
| 1535 | Financial assets at amortised cost - non-current | 6(4) | 61,410 | - | - | - |
| 1550 | Investments accounted for under equity method | 6(7) | 4,704,633 | 7 | 4,383,238 | 7 |
| 1600 | Property, plant and equipment | 6(8) and 8 | 11,326,045 | 17 | 11,039,395 | 17 |
| 1755 | Right-of-use assets | 6(9) | 1,965,522 | 3 | 614,655 | 1 |
| 1780 | Intangible assets | 6(10) | 2,750,414 | 4 | 2,789,279 | 4 |
| 1840 | Deferred income tax assets | 6(27) | 830,790 | 1 | 700,239 | 1 |
| 1915 | Prepayments for business facilities | | 92,705 | - | 127,024 | - |
| 1990 | Other non-current assets | 8 | 81,362 | - | 80,773 | - |
| 15XX | Total non-current assets | | <u>27,670,535</u> | <u>40</u> | <u>24,637,590</u> | <u>37</u> |
| 1XXX | Total assets | | <u>\$ 69,056,272</u> | <u>100</u> | <u>\$ 66,384,938</u> | <u>100</u> |

(Continued)

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

| Liabilities and Equity | Notes | December 31, 2023 | | December 31, 2022 | | |
|--|--|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(12) | \$ 237,730 | - | \$ 531,330 | 1 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) | 635 | - | 21,634 | - |
| 2130 | Contract liabilities - current | 6(22) | 1,088,750 | 2 | 1,313,695 | 2 |
| 2170 | Notes and accounts payable | 7 | 6,088,794 | 9 | 7,126,418 | 11 |
| 2200 | Other payables | 6(13) and 7 | 4,395,090 | 6 | 5,146,661 | 8 |
| 2230 | Current income tax liabilities | | 3,440,853 | 5 | 3,588,177 | 5 |
| 2250 | Provision for liabilities - current | | 212,893 | - | 252,434 | - |
| 2280 | Lease liabilities - current | 6(9) | 106,391 | - | 168,012 | - |
| 2320 | Long-term liabilities, current portion | 6(14) and 8 | 118,500 | - | - | - |
| 2399 | Other current liabilities | | 337,171 | 1 | 332,445 | 1 |
| 21XX | Total current liabilities | | <u>16,026,807</u> | <u>23</u> | <u>18,480,816</u> | <u>28</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(14) and 8 | - | - | 121,500 | - |
| 2560 | Current income tax liabilities - non-current | | 219,989 | - | 659,969 | 1 |
| 2570 | Deferred income tax liabilities | 6(27) | 1,936,142 | 3 | 2,137,306 | 3 |
| 2580 | Lease liabilities - non-current | 6(9) | 1,610,905 | 2 | 175,846 | - |
| 2600 | Other non-current liabilities | | 452,851 | 1 | 525,487 | 1 |
| 25XX | Total non-current liabilities | | <u>4,219,887</u> | <u>6</u> | <u>3,620,108</u> | <u>5</u> |
| 2XXX | Total liabilities | | <u>20,246,694</u> | <u>29</u> | <u>22,100,924</u> | <u>33</u> |
| Equity attributable to shareholders of the parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Common shares | 6(17) | 8,577,795 | 12 | 7,778,434 | 11 |
| 3140 | Advance receipts for share capital | | 6,699 | - | 1,335 | - |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(18) | 9,753,806 | 14 | 9,110,280 | 14 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(19) | 9,630,127 | 14 | 8,552,226 | 13 |
| 3320 | Special reserve | | - | - | 555,794 | 1 |
| 3350 | Unappropriated retained earnings | | 19,599,420 | 28 | 17,750,074 | 27 |
| Other equity | | | | | | |
| 3400 | Other equity | 6(20) | 893,350 | 2 | 66,559 | - |
| 31XX | Equity attributable to shareholders of the parent | | <u>48,461,152</u> | <u>70</u> | <u>43,814,702</u> | <u>66</u> |
| 36XX | Non-controlling interest | 6(21) | 348,426 | 1 | 469,312 | 1 |
| 3XXX | Total equity | | <u>48,809,578</u> | <u>71</u> | <u>44,284,014</u> | <u>67</u> |
| Significant contingent liabilities and unrecognized contract commitments | | | | | | |
| Significant events after the balance sheet date | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 69,056,272</u> | <u>100</u> | <u>\$ 66,384,938</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 YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items | Notes | For the years ended December 31, | | | | |
|-------|--|----------------------------------|----------------------|-----------|----------------------|-----------|
| | | 2023 | | 2022 | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating revenue | 6(22) and 7 | \$ 64,567,697 | 100 | \$ 68,744,701 | 100 |
| 5000 | Operating costs | 6(6)(8)(9)(10)(15) | | | | |
| | | (16)(26) and 7 | (38,405,883) (59) | | (42,631,598) (62) | |
| 5950 | Gross profit | | <u>26,161,814</u> | <u>41</u> | <u>26,113,103</u> | <u>38</u> |
| | Operating expenses | 6(8)(9)(10)(15)(16) | | | | |
| | | (26) and 7 | | | | |
| 6100 | Selling expenses | | (6,007,370) (9) | | (5,766,048) (9) | |
| 6200 | General and administrative expenses | | (3,164,280) (5) | | (2,996,431) (4) | |
| 6300 | Research and development expenses | | (4,829,783) (8) | | (4,767,745) (7) | |
| 6450 | Expected credit impairment loss | | (32,131) - | | (50,702) - | |
| 6000 | Total operating expenses | | (14,033,564) (22) | | (13,580,926) (20) | |
| 6900 | Operating profit | | <u>12,128,250</u> | <u>19</u> | <u>12,532,177</u> | <u>18</u> |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 7 | 275,279 | - | 43,487 | - |
| 7010 | Other income | 6(23) and 7 | 394,731 | 1 | 413,475 | 1 |
| 7020 | Other gains and losses | 6(2)(24) | 125,480 | - | 33,308 | - |
| 7050 | Finance costs | 6(9)(12)(14)(25) | (45,554) | - | (26,991) | - |
| 7060 | Share of profit of associates and joint ventures accounted for under equity method | 6(7) | <u>388,513</u> | <u>1</u> | <u>447,404</u> | <u>1</u> |
| 7000 | Total non-operating income and expenses | | <u>1,138,449</u> | <u>2</u> | <u>910,683</u> | <u>2</u> |
| 7900 | Profit before income tax | | <u>13,266,699</u> | <u>21</u> | <u>13,442,860</u> | <u>20</u> |
| 7950 | Income tax expense | 6(27) | (2,477,366) (4) | | (2,700,301) (4) | |
| 8200 | Profit for the year | | <u>\$ 10,789,333</u> | <u>17</u> | <u>\$ 10,742,559</u> | <u>16</u> |

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items | Notes | For the years ended December 31, | | | | |
|---|---|----------------------------------|----------------------|--------------|----------------------|--------------|
| | | 2023 | | 2022 | | |
| | | AMOUNT | % | AMOUNT | % | |
| Other comprehensive income | | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | |
| 8311 | Gains on remeasurements of defined benefit plans | 6(15) | \$ 3,103 | - | \$ 34,507 | - |
| 8316 | Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(3)(20) | 1,136,167 | 1 | (310,640) | - |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss | 6(7)(20) | 31,184 | - | 83,446 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(27) | (1,352) | - | (7,472) | - |
| 8310 | Other comprehensive income (loss) that will not be reclassified to profit or loss | | <u>1,169,102</u> | <u>1</u> | <u>(200,159)</u> | <u>-</u> |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | |
| 8361 | Financial statements translation differences of foreign operations | 6(20) | (138,186) | - | 1,009,139 | 1 |
| 8370 | Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss | 6(7)(20) | (5,580) | - | 65,703 | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(27) | <u>28,012</u> | <u>-</u> | <u>(215,244)</u> | <u>-</u> |
| 8360 | Other comprehensive income (loss) that will be reclassified to profit or loss | | <u>(115,754)</u> | <u>-</u> | <u>859,598</u> | <u>1</u> |
| 8300 | Total other comprehensive income for the year | | <u>\$ 1,053,348</u> | <u>1</u> | <u>\$ 659,439</u> | <u>1</u> |
| 8500 | Total comprehensive income for the year | | <u>\$ 11,842,681</u> | <u>18</u> | <u>\$ 11,401,998</u> | <u>17</u> |
| Profit (loss) attributable to: | | | | | | |
| 8610 | Shareholders of the parent | | \$ 10,837,530 | 17 | \$ 10,757,077 | 16 |
| 8620 | Non-controlling interest | | (48,197) | - | (14,518) | - |
| | | | <u>\$ 10,789,333</u> | <u>17</u> | <u>\$ 10,742,559</u> | <u>16</u> |
| Total comprehensive income (loss) attributable to: | | | | | | |
| 8710 | Shareholders of the parent | | \$ 11,894,582 | 18 | \$ 11,417,894 | 17 |
| 8720 | Non-controlling interest | | (51,901) | - | (15,896) | - |
| | | | <u>\$ 11,842,681</u> | <u>18</u> | <u>\$ 11,401,998</u> | <u>17</u> |
| Basic earnings per share | | | | | | |
| 9750 | Profit for the year | 6(28) | <u>\$</u> | <u>12.65</u> | <u>\$</u> | <u>12.60</u> |
| 9850 | Diluted earnings per share | | | | | |
| | Profit for the year | 6(28) | <u>\$</u> | <u>12.52</u> | <u>\$</u> | <u>12.46</u> |

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|---|-------------|----------------------------------|----------------------|
| | | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before income tax | | \$ 13,266,699 | \$ 13,442,860 |
| Adjustment items | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(8)(9)(26) | 912,251 | 873,114 |
| Amortisation | 6(10)(26) | 173,962 | 183,966 |
| Expected credit impairment loss | 12(2) | 32,131 | 50,702 |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss | 6(2)(24) | (87,813) | 189,415 |
| Finance costs | 6(25) | 45,554 | 26,991 |
| Interest income | | 275,279) | (43,487) |
| Dividend income | 6(23) | 224,421) | (249,959) |
| Compensation costs of employee share options | 6(16)(26) | 255,971 | 233,443 |
| Share of profit of associates accounted for under equity method | 6(7) | 388,513) | (447,404) |
| Loss on disposal of property, plant and equipment | 6(24) | 6,045 | 987 |
| Loss on disposal of intangible assets | 6(10) | 10 | - |
| Gain on disposal of investment | 6(24) | 22,480) | (8,367) |
| 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 | | (5,372,732) | (1,432,673) |
| Notes receivable | | 141,486 | 604,159 |
| Accounts receivable | | 1,660,905 | (1,477,223) |
| Accounts receivable – related parties | | 15,666 | 5,520 |
| Other receivables (including related parties) | | 15,777 | (26,991) |
| Inventories | | 4,229,364 | (1,490,349) |
| Other current assets | | 320,517 | (328,004) |
| Changes in liabilities relating to operating activities | | | |
| Financial liabilities at fair value through profit or loss | | (20,999) | 18,947 |
| Contract liabilities - current | | (224,945) | 363,003 |
| Notes and accounts payable | | (1,041,159) | (369,329) |
| Other payables | | (755,473) | 559,101 |
| Provision for liabilities - current | | (39,541) | 55,936 |
| Other current liabilities | | 4,716 | 44,819 |
| Other non-current liabilities | | (77,908) | (59,057) |
| Cash inflow generated from operations | | 12,549,791 | 10,720,120 |
| Dividends received | | 224,421 | 249,959 |
| Interest received | | 249,730 | 43,487 |
| Interest paid | | (44,023) | (26,923) |
| Income taxes paid | | (3,315,259) | (1,255,369) |
| Net cash flows provided by operating activities | | <u>9,664,660</u> | <u>9,731,274</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at amortised cost - current | | (3,234,190) | (78,075) |
| Proceeds from disposal of financial assets at amortised cost - current | | 1,807,993 | 62,024 |
| Acquisition of financial assets at amortised cost - non-current | | (61,410) | - |
| Acquisition of financial assets at fair value through profit or loss | | (476,879) | (885,907) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 316,689 | - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 360,552 | - |
| Cash returned from capital reduction of financial assets at fair value through other comprehensive income | | 22,364 | - |
| Acquisition of investments accounted for under equity method | 6(7) | (168,432) | (53,050) |
| Proceeds from disposal of investment accounted for under equity method | 6(7) | 51,201 | 14,232 |
| Net cash flow from acquisition of subsidiaries | 6(30) | (103,233) | - |
| Dividends received from associates | | 198,179 | 184,112 |
| Acquisition of property, plant and equipment | 6(8) | (1,197,587) | (1,320,449) |
| Proceeds from disposal of property, plant and equipment | | 2,245 | 9,494 |
| Decrease (increase) in refundable deposits | | 63 | (12,722) |
| Acquisition of intangible assets | 6(10) | (52,069) | (124,429) |
| Increase in prepayments for business facilities | | (38,082) | (32,587) |
| Increase in other non-current assets | | (150) | (2,245) |
| Net cash flows used in investing activities | | <u>(2,572,746)</u> | <u>(2,239,602)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Decrease) increase in short-term borrowings | 6(31) | (275,840) | 279,530 |
| Increase in long-term borrowings | 6(31) | - | 121,500 |
| Increase (decrease) in guarantee deposits received | | 8,375 | (120) |
| Payments of lease liabilities | 6(9)(31) | (256,284) | (251,492) |
| Payments of cash dividends | 6(19) | (7,779,770) | (6,195,710) |
| Employee share options exercised | | 439,577 | 436,270 |
| Dividends paid to non-controlling interests | 6(21) | (19,989) | (40,607) |
| Change in non-controlling interests | 6(29) | (180,166) | 2,004 |
| Net cash flows used in financing activities | | <u>(8,064,097)</u> | <u>(5,648,625)</u> |
| Effect of exchange rate changes | | (46,022) | 885,586 |
| Net (decrease) increase in cash and cash equivalents | | (1,018,205) | 2,728,633 |
| Cash and cash equivalents at beginning of year | | 12,029,785 | 9,301,152 |
| Cash and cash equivalents at end of year | | <u>\$ 11,011,580</u> | <u>\$ 12,029,785</u> |

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only balance sheets of ADVANTECH CO., LTD. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of ADVANTECH CO., LTD. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of ADVANTECH CO., LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of ADVANTECH CO., LTD.'s 2023 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for ADVANTECH CO., LTD.'s 2023 financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(13) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(6) for the details of inventories. The balances of ADVANTECH CO., LTD.'s inventories and allowance for inventory valuation as at December 31, 2023 are \$4,940,373 thousand and \$467,942 thousand, respectively.

ADVANTECH CO., LTD. is primarily engaged in the manufacture and sales of embedded computer boards, industrial automation products, applied computers and industrial computers. Due to the rapid changes in technological environment and industrial characteristics, inventories of ADVANTECH CO., LTD. are available in different sizes and types. Since the valuation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, we considered the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ADVANTECH CO., LTD. and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follows:

1. Obtained an understanding of the policy on allowance for inventory valuation loss to affirm the reasonableness of application.
2. Validated the accuracy of the system logic in calculating the ageing of inventories.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Recognition of sales revenue from the Embedded-IoT and the Applied Computing Business Group

Description

Refer to Note 4(31) for the related accounting policies on sales revenue and Note 6(19) for the details of revenues.

The Company operates in a highly competitive industrial computer industry. Moreover, the overall industry was impacted by the global economic environment in 2023, increasing the risk associated with recognizing revenue. Therefore, we considered the recognition of sales revenue from the Embedded-IoT and the Applied Computing Business Group, which showed an increasing trend in sales revenue, as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ADVANTECH CO., LTD. and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follows:

1. Obtained an understanding of and assessed the internal controls in relation to sales revenue, and validated the operating effectiveness of those abovementioned internal controls.
2. Tested the details of sales revenue of the Embedded-IoT and Applied Computing Business Group for the entire year, and selected samples of sales revenue transactions and related documents to confirm the appropriateness of revenue recognition.
3. Inspected significant abnormal sales returns and allowances after the balance sheet date.
4. Performed accounts receivable confirmation procedure to significant customers.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement,

whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of ADVANTECH CO., LTD. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ADVANTECH CO., LTD. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of ADVANTECH CO., LTD.

Independent auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of ADVANTECH CO., LTD.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of ADVANTECH CO., LTD. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ADVANTECH CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within ADVANTECH CO., LTD. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2023 | | December 31, 2022 | |
|---------------------------|---|------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 3,313,907 | 5 | \$ 5,657,737 | 9 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 7,737,029 | 12 | 2,682,957 | 4 |
| 1136 | Financial assets at amortised cost - current | 6(4) | 61,410 | - | - | - |
| 1150 | Notes receivable, net | 6(5) | 21,366 | - | 29,392 | - |
| 1170 | Accounts receivable, net | 6(5) | 1,377,036 | 2 | 1,557,919 | 3 |
| 1180 | Accounts receivable - related parties | 7 | 8,140,307 | 13 | 7,165,182 | 12 |
| 1200 | Other receivables | | 39,889 | - | 59,442 | - |
| 1210 | Other receivables - related parties | 7 | 134,117 | - | 20,334 | - |
| 130X | Inventories | 6(6) | 4,472,431 | 7 | 6,286,776 | 10 |
| 1460 | Non-current assets held for sale | 6(11) | 238,341 | - | - | - |
| 1470 | Other current assets | 7 | 320,768 | 1 | 343,178 | 1 |
| 11XX | Total current assets | | <u>25,856,601</u> | <u>40</u> | <u>23,802,917</u> | <u>39</u> |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2) | 367,172 | 1 | 101,050 | - |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(3) | 2,163,316 | 4 | 1,394,345 | 2 |
| 1535 | Financial assets at amortised cost - non-current | 6(4) | 61,410 | - | - | - |
| 1550 | Investments accounted for under equity method | 6(7) | 26,928,848 | 42 | 26,804,475 | 45 |
| 1600 | Property, plant and equipment | 6(8) and 7 | 7,680,793 | 12 | 7,329,547 | 12 |
| 1755 | Right-of-use assets | 6(9) | 18,483 | - | 4,627 | - |
| 1780 | Intangible assets | 6(10) | 196,961 | - | 250,455 | 1 |
| 1840 | Deferred income tax assets | 6(24) | 552,226 | 1 | 499,008 | 1 |
| 1915 | Prepayments for business facilities | | 21,045 | - | 53,240 | - |
| 1990 | Other non-current assets | | 18,986 | - | 16,703 | - |
| 15XX | Total non-current assets | | <u>38,009,240</u> | <u>60</u> | <u>36,453,450</u> | <u>61</u> |
| 1XXX | Total assets | | <u>\$ 63,865,841</u> | <u>100</u> | <u>\$ 60,256,367</u> | <u>100</u> |

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2023 | | December 31, 2022 | |
|--------------------------------|--|-------------------|----------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | |
| 2120 | Financial liabilities at fair value | 6(2) | | | |
| | through profit or loss - current | | \$ 635 | \$ 21,634 | - |
| 2130 | Contract liabilities - current | 6(19) | 272,975 | 455,619 | 1 |
| 2170 | Notes and accounts payable | | 3,073,612 | 3,937,922 | 6 |
| 2180 | Accounts payable - related parties | 7 | 3,458,790 | 2,144,907 | 4 |
| 2200 | Other payables | 6(12) | 2,909,479 | 3,411,536 | 6 |
| 2220 | Other payables - related parties | 7 | 49,732 | 90,664 | - |
| 2230 | Current income tax liabilities | | 3,140,539 | 3,188,785 | 5 |
| 2250 | Provision for liabilities - current | | 60,078 | 72,773 | - |
| 2280 | Lease liabilities - current | 6(9)(26) | 5,701 | 3,355 | - |
| 2300 | Other current liabilities | | 88,870 | 124,665 | - |
| 21XX | Total current liabilities | | <u>13,060,411</u> | <u>13,451,860</u> | <u>22</u> |
| Non-current liabilities | | | | | |
| 2560 | Current income tax liabilities - non-current | | 219,989 | 659,969 | 1 |
| 2570 | Deferred income tax liabilities | 6(24) | 1,898,738 | 2,110,111 | 4 |
| 2580 | Lease liabilities - non-current | 6(9)(26) | 12,251 | 506 | - |
| 2600 | Other non-current liabilities | 6(13) | 213,300 | 219,219 | - |
| 25XX | Total non-current liabilities | | <u>2,344,278</u> | <u>2,989,805</u> | <u>5</u> |
| 2XXX | Total liabilities | | <u>15,404,689</u> | <u>16,441,665</u> | <u>27</u> |
| Equity | | | | | |
| | Share capital | 6(15) | | | |
| 3110 | Common share | | 8,577,795 | 7,778,434 | 13 |
| 3140 | Advance receipts for share capital | | 6,699 | 1,335 | - |
| | Capital surplus | 6(16) | | | |
| 3200 | Capital surplus | | 9,753,806 | 9,110,280 | 15 |
| | Retained earnings | 6(17) | | | |
| 3310 | Legal reserve | | 9,630,127 | 8,552,226 | 14 |
| 3320 | Special reserve | | - | 555,794 | 1 |
| 3350 | Unappropriated retained earnings | | 19,599,420 | 17,750,074 | 30 |
| | Other equity | 6(18) | | | |
| 3400 | Other equity | | 893,305 | 66,559 | - |
| 3XXX | Total equity | | <u>48,461,152</u> | <u>43,814,702</u> | <u>73</u> |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | |
| | Significant events after the balance sheet date | 11 | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 63,865,841</u> | <u>\$ 60,256,367</u> | <u>100</u> |

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items | Notes | For the years ended December 31, | | | | |
|-------|--|--------------------------------------|---------------|--------|---------------|-------|
| | | 2023 | | 2022 | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating revenue | 6(19) and 7 | \$ 44,603,097 | 100 | \$ 49,346,940 | 100 |
| 5000 | Operating costs | 6(6)(8)(9)(10)(13) (14)(23) and 7 | (29,793,323) | (67) | (34,791,915) | (70) |
| 5900 | Gross profit | | 14,809,774 | 33 | 14,555,025 | 30 |
| 5910 | Unrealized profit from sales | | (904,977) | (2) | (1,071,832) | (2) |
| 5920 | Realized profit from sales | | 1,071,832 | 3 | 691,983 | 1 |
| 5950 | Gross profit | | 14,976,629 | 34 | 14,175,176 | 29 |
| | Operating expenses | 6(8)(9)(10)(13)(14) (23) and 7 | | | | |
| 6100 | Selling expenses | | (772,810) | (2) | (826,677) | (2) |
| 6200 | General and administrative expenses | | (1,177,821) | (3) | (1,204,322) | (2) |
| 6300 | Research and development expenses | | (3,228,072) | (7) | (3,346,921) | (7) |
| 6450 | Expected credit impairment loss | | (695) | - | (5,815) | - |
| 6000 | Total operating expenses | | (5,179,398) | (12) | (5,383,735) | (11) |
| 6900 | Operating profit | | 9,797,231 | 22 | 8,791,441 | 18 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 7 | 57,441 | - | 6,299 | - |
| 7010 | Other income | 6(20) and 7 | 249,791 | 1 | 346,749 | 1 |
| 7020 | Other gains and losses | 6(2)(21) | 138,783 | - | 285,920 | - |
| 7050 | Finance costs | 6(9)(22) | (682) | - | (1,181) | - |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for under equity method | | 2,430,495 | 5 | 3,268,688 | 7 |
| 7000 | Total non-operating income and expenses | | 2,875,828 | 6 | 3,906,475 | 8 |
| 7900 | Profit before income tax | | 12,673,059 | 28 | 12,697,916 | 26 |
| 7950 | Income tax expense | 6(24) | (1,835,529) | (4) | (1,940,839) | (4) |
| 8200 | Profit for the year | | \$ 10,837,530 | 24 | \$ 10,757,077 | 22 |

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items | Notes | For the years ended December 31, | | | | |
|--|---|----------------------------------|----------------------|-----------------|----------------------|-------------|
| | | 2023 | | 2022 | | |
| | | AMOUNT | % | AMOUNT | % | |
| Other comprehensive income | | | | | | |
| Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | | |
| 8311 | (Loss) gain on remeasurements of defined benefit plans | 6(13) | (\$ 814) | - | \$ 30,796 | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 6(3)(18) | 973,975 | 2 | (586,892) | (1) |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss | 6(18) | 195,778 | - | 362,096 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(24) | 163 | - | (6,159) | - |
| 8310 | Other comprehensive income (loss) that will not be reclassified to profit or loss | | <u>1,169,102</u> | <u>3</u> | <u>(200,159)</u> | <u>(1)</u> |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | | |
| 8361 | Financial statements translation differences of foreign operations | 6(18) | (134,482) | - | 1,010,517 | 2 |
| 8380 | Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method that will be reclassified to profit or loss | 6(18) | (5,580) | - | 65,703 | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | 6(24) | 28,012 | - | (215,244) | - |
| 8360 | Other comprehensive (loss) income that will be reclassified to profit or loss | | <u>(112,050)</u> | <u>-</u> | <u>860,976</u> | <u>2</u> |
| 8300 | Total other comprehensive income for the year | | <u>\$ 1,057,052</u> | <u>3</u> | <u>\$ 660,817</u> | <u>1</u> |
| 8500 | Total comprehensive income for the year | | <u>\$ 11,894,582</u> | <u>27</u> | <u>\$ 11,417,894</u> | <u>23</u> |
| Basic earnings per share | | | | | | |
| 9750 | Profit for the year | 6(25) | <u>\$ 12.65</u> | <u>\$ 12.60</u> | | |
| Diluted earnings per share | | | | | | |
| 9850 | Profit for the year | 6(25) | <u>\$ 12.52</u> | <u>\$ 12.46</u> | | |

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Share Capital | | | | Retained Earnings | | | | Other Equity Interest | | | Total equity |
|---|-----------|---------------|------------------------------------|-----------------|---------------|-------------------|----------------------------------|--|---|----------------------------|----------------------|-------------------|--------------|
| | | Common share | Advance receipts for share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Unearned employee benefits | comprehensive income | employee benefits | |
| For the year ended December 31, 2022 | | | | | | | | | | | | | |
| Balance at January 1, 2022 | | \$ 7,738,228 | \$ 6,410 | \$ 8,388,886 | \$ 7,737,236 | \$ 831,850 | \$ 13,705,710 | (\$ 1,575,937) | \$ 1,018,667 | \$ 1,477 | \$ 37,852,527 | | |
| Profit for the year | | - | - | - | - | - | 10,757,077 | - | - | - | 10,757,077 | | |
| Other comprehensive income (loss) for the year | 6(18) | - | - | - | - | - | 31,990 | 860,976 | (232,149) | - | 660,817 | | |
| Total comprehensive income (loss) for the year | | - | - | - | - | - | 10,789,067 | 860,976 | (232,149) | - | 11,417,894 | | |
| Appropriations of 2021 earnings | 6(17) | - | - | - | - | - | - | - | - | - | - | | |
| Legal reserve | | - | - | - | 814,990 | - | (814,990) | - | - | - | - | | |
| Reversal of special reserve | | - | - | - | - | (276,056) | 276,056 | - | - | - | - | | |
| Cash dividends | | - | - | - | - | - | (6,195,710) | - | - | - | (6,195,710) | | |
| Recognition of employee share options | 6(14)(15) | 40,206 | (5,075) | 401,139 | - | - | - | - | - | - | (436,270) | | |
| Compensation costs recognized for employee share options | 6(14)(23) | - | - | - | - | - | - | - | - | - | - | | |
| Changes in associates and joint ventures accounted for under equity method | 6(16)(18) | - | - | 233,442 | - | - | - | - | - | - | 233,442 | | |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(16) | - | - | 78,071 | - | - | (6,403) | - | - | (5,517) | 66,151 | | |
| Changes in ownership interests in subsidiaries | 6(16) | - | - | 8,428 | - | - | (4,614) | - | - | - | 3,814 | | |
| Disposal of financial assets at fair value through other comprehensive income owned by associates | 6(18) | - | - | 314 | - | - | - | - | - | - | 314 | | |
| Balance at December 31, 2022 | | \$ 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 | | |
| For the year ended December 31, 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 | | |
| Profit for the year | | - | - | - | - | - | 10,837,530 | - | - | - | 10,837,530 | | |
| Other comprehensive income (loss) for the year | 6(18) | - | - | - | - | - | 2,242 | (112,050) | 1,166,860 | - | 1,057,052 | | |
| Total comprehensive income (loss) for the year | | - | - | - | - | - | 10,839,772 | (112,050) | 1,166,860 | - | 11,894,582 | | |
| Appropriations of 2022 earnings | 6(17) | - | - | - | - | - | - | - | - | - | - | | |
| Legal reserve | | - | - | - | 1,077,901 | - | (1,077,901) | - | - | - | - | | |
| Reversal of special reserve | | - | - | - | - | (555,794) | 555,794 | - | - | - | - | | |
| Cash dividends | | - | - | - | - | - | (7,779,770) | - | - | - | (7,779,770) | | |
| Stock dividends | | 777,977 | - | - | - | - | (777,977) | - | - | - | - | | |
| Recognition of employee share options | 6(14)(15) | 21,384 | 5,364 | 412,829 | - | - | - | - | - | - | 439,577 | | |
| Compensation costs recognized for employee share options | 6(14)(23) | - | - | - | - | - | - | - | - | - | - | | |
| Changes in associates and joint ventures accounted for under equity method | 6(16)(18) | - | - | 255,971 | - | - | - | - | - | - | 255,971 | | |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 6(16) | - | - | (36,411) | - | - | 110,320 | - | (110,320) | 3,671 | (32,740) | | |
| Changes in ownership interests in subsidiaries | 6(16) | - | - | 11,137 | - | - | (142,307) | - | - | - | (142,307) | | |
| Disposal of financial assets at fair value through other comprehensive income | 6(3)(18) | - | - | - | - | - | 112,115 | - | (112,115) | - | 11,137 | | |
| Disposal of financial assets at fair value through other comprehensive income owned by associates | 6(18) | - | - | - | - | - | 9,300 | - | (9,300) | - | - | | |
| Balance at December 31, 2023 | | \$ 8,577,795 | \$ 6,699 | \$ 9,753,806 | \$ 9,630,127 | \$ 827,011 | \$ 19,599,420 | (\$ 827,011) | \$ 1,720,685 | (\$ 369) | \$ 48,461,152 | | |

The accompanying notes are an integral part of these parent company only financial statements.

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|--|-------------|----------------------------------|----------------------|
| | | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before income tax | | \$ 12,673,059 | \$ 12,697,916 |
| Adjustment items | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(8)(9)(23) | 261,654 | 252,051 |
| Amortisation | 6(10)(23) | 97,401 | 111,609 |
| Expected credit impairment loss | 12(2) | 695 | 5,815 |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss | 6(2)(21) | (33,127) | 32,934 |
| Finance costs | 6(9)(22) | 682 | 1,181 |
| Interest income | | (57,441) | (6,299) |
| Dividend income | 6(20) | (79,854) | 206,257 |
| Compensation costs of employee share options | 6(14)(23) | 255,971 | 233,442 |
| Share of profit of subsidiaries, associates and joint ventures accounted for under equity method | | (2,430,495) | (3,268,688) |
| Loss on disposal of property, plant and equipment | 6(21) | - | 18 |
| Derecognize expense of prepayments for business facilities | | 14,625 | - |
| Unrealized profit from sales | | 904,977 | 1,071,832 |
| Realized profit from sales | | (1,071,832) | (691,983) |
| Changes in assets and liabilities related to operating activities | | | |
| Changes in assets related to operating activities | | | |
| Financial assets at fair value through profit or loss | | (5,023,893) | (1,635,874) |
| Notes receivable | | 8,026 | 35,837 |
| Accounts receivable | | 180,188 | (154,936) |
| Accounts receivable - related parties | | (975,125) | (1,038,006) |
| Other receivables | | 6,483 | (9,718) |
| Other receivables - related parties | | (5,691) | (2,368) |
| Inventories | | 1,814,345 | 209,675 |
| Other current assets | | (12,825) | (69,349) |
| Changes in liabilities related to operating activities | | | |
| Financial liabilities at fair value through profit or loss | | (20,999) | 18,947 |
| Contract liabilities - current | | (182,644) | 346,723 |
| Notes and accounts payable | | (864,310) | (660,408) |
| Accounts payable - related parties | | 1,313,883 | 220,315 |
| Other payables | | (502,057) | 336,050 |
| Other payables - related parties | | (40,932) | (32,372) |
| Provision for liabilities - current | | (12,695) | 1,914 |
| Other current liabilities | | (35,795) | (7,085) |
| Other non-current liabilities | | (1,717) | 1,130 |
| Net defined benefit liabilities | | (5,016) | (93,331) |
| Cash inflow generated from operations | | 6,175,541 | 7,700,715 |
| Dividends received | | 79,854 | 206,257 |
| Interest received | | 51,590 | 6,299 |
| Income tax paid | | (2,506,015) | (549,175) |
| Interest paid | | - | (1,091) |
| Net cash flows provided by operating activities | | <u>3,800,970</u> | <u>7,363,005</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through profit or loss | | (263,174) | (100,000) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 267,104 | - |
| Acquisition of financial assets at amortised cost - current | | (675,510) | - |
| Acquisition of financial assets at amortised cost - non-current | | (61,410) | - |
| Proceeds from disposal of financial assets at amortised cost | | 614,100 | - |
| Increase in loans to related parties | | (107,170) | - |
| Acquisition of investments accounted for under equity method | | (236,126) | (34,740) |
| Dividends received from subsidiaries and associates | | 2,524,587 | 1,328,036 |
| Proceeds from disposal of subsidiaries | | - | 43,875 |
| Cash received from liquidation of subsidiaries | | 13,300 | - |
| Acquisition of property, plant and equipment | 6(8) | (812,953) | (642,067) |
| Proceeds from disposal of property, plant and equipment | | 18 | 121 |
| Acquisition of intangible assets | 6(10) | (43,907) | (114,342) |
| Increase in prepayments for business facilities | | (13,125) | (21,937) |
| Increase in refundable deposits | | (1,361) | (6,852) |
| Increase in other non-current assets | | (922) | - |
| Net cash flows provided by investing activities | | <u>1,203,451</u> | <u>452,094</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of lease liabilities | 6(9)(26) | (8,058) | (6,840) |
| Payments of cash dividends | 6(17) | (7,779,770) | (6,195,710) |
| Employee share options exercised | | 439,577 | 436,270 |
| Net cash flows used in financing activities | | <u>(7,348,251)</u> | <u>(5,766,280)</u> |
| Net (decrease) increase in cash and cash equivalents | | (2,343,830) | 2,048,819 |
| Cash and cash equivalents at beginning of year | | 5,657,737 | 3,608,918 |
| Cash and cash equivalents at end of year | | <u>\$ 3,313,907</u> | <u>\$ 5,657,737</u> |

The accompanying notes are an integral part of these parent company only financial statements.

Advantech Co., Ltd.
2023 Profit Distribution Table

Unit: NT\$

| Item | Total |
|--|-----------------|
| Unappropriated retained earnings - beginning | 8,670,220,044 |
| Using the equity method adjusted in retained earnings | (31,987,586) |
| Remeasurements of the defined benefit recognized in retained earnings | 2,241,658 |
| Cumulative profit or loss of disposals of investments in equity instruments designated as at fair value through other comprehensive income directly transferred to retained earnings | 121,416,286 |
| Adjusted Unappropriated Retained Earnings | 8,761,890,402 |
| Add: Net income | 10,837,529,686 |
| Less: 10% legal reserve appropriated | (1,092,920,004) |
| Add: Reversed special reserve | 0 |
| Current earnings available for distribution | 18,506,500,084 |
| Distributions: | |
| Common stock cash dividend (Dividends Per Share \$9.5) | (8,155,268,901) |
| Unappropriated retained earnings - ending | 10,351,231,183 |
| | |

Chairman: K.C. Liu

President: Eric Chen
Miller Chang
Linda Tsai

Chief Financial officer: Mandy Lin

APPENDICES

III. Appendices

< Appendix I >

Corporate Charter (Articles of Incorporation)

Chapter 1 General Rules

Article 1 : The Company was organized in accordance with the provisions of the Company Law and was known as “Advantech Co., Ltd.”

Article 1.1 : When conducting its business, every company shall comply with the laws and regulations as well as business ethics and may take actions, which will promote public interests to fulfill its social responsibilities.

Article 2 : The Company’s business operation is as follows:

1. CC01060 Wire communications machinery and equipment manufacturing
2. CC01070 Wireless communications machinery and equipment manufacturing
3. CC01080 Electronic Components Manufacturing
4. CC01110 Computer and peripheral equipment manufacturing
5. CE01010 General equipment manufacturing
6. E605010 Computer equipment installation industry
7. EZ05010 Instrument and meters installation engineering
8. I301010 IT software services industry
9. I301020 Data processing services
10. I301030 Electronic information supply services
11. CC01101 RF controlled telecommunications equipment manufacturing
12. F401021 RF controlled telecommunications equipment importing
13. IG03010 Energy and Technical Services
14. CC01030 Electrical appliances and audio-video electronic products manufacturing
15. F113020 Electrical appliances wholesale
16. F213010 Electrical appliances retail
17. CF01011 Medical Devices Manufacturing.
18. ZZ99999 in addition to the licensed businesses, may conduct other businesses that are not prohibited or restricted.

Article 2.1 : The Company for business needs may conduct the making of endorsement and guarantee.

Article 3 : The Company’s headquarters is in Taipei and may setup offshore branches with the resolution of the board of directors.

Article 4 : The Company may have announcements made in accordance with Article 28 of the Company Law.

Chapter 2 Shares

Article 5 : The Company’s total capital amounted to NT10 billion with 1billion shares authorized at NT\$10 par. The board of directors is authorized to have stock shares issue separately. For the total capital referred to above, NT\$500 million is reserved for exercising stock option with warrant or bonds with attached warrants. The Company has stock shares transferred to employees at a price below the average repurchase price; also, the transaction prior to the transfer of shares should be presented in the most recent shareholders’ meeting that is attended by the shareholders with a majority shareholding and approved by the attending shareholders with two thirds of the shareholding.

- Article 5.1 : When the Company issuing employee warrants at a price below the Company's common stock closing price on the issuing date, the transaction of share issuance should be presented in the shareholders' meeting that is attended by the shareholders with a majority shareholding and approved by the attending shareholders with two thirds of the shareholding.
- Article 5.2 : The entitled transferees who receive the shares bought by the Company based on Article 167-1 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.
The entitled transferees who receive share subscription warrants based on Article 167-2 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.
The employees who are entitled to subscribe new shares or restricted stock issued by the Company based on Article 267 of Company Act include the employees of parents or subsidiaries of the company meeting certain specific requirements.
- Article 6 : Deleted
- Article 6.1 : Deleted
- Article 7 : The Company is exempted from having the stock shares printed out after issuance; however, the Company should contact the securities depository and clearing institution for registration.
- Article 8 : The registration for any change made to the Shareholder Registry should be ceased 60 days prior to the general shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the Company's deciding to distribute dividends and bonuses or other benefits.
- Chapter 3 Shareholders' meeting**
- Article 9 : Shareholders' meeting includes general shareholders' meeting and extraordinary shareholders' meeting. General shareholders' meeting is held annually and it is convened by the board of directors lawfully six months after the fiscal year. Extraordinary shareholders' meeting is convened when it is necessary.
The Company may hold a shareholders meeting by means of a visual communication network or other methods promulgated by the central competent authority.
- Article 10 : Shareholders who are unable to attend the shareholders' meeting in person may have a representative appointed to attend the meeting by issuing the proxy that is printed by the Company with the scope of authorization specified and then signed or sealed. The proxy referred to above is regulated in accordance with the "Regulations for the Use of Proxies for Shareholders' Meeting of Public Companies."
- Article 11 : It is one voting right per share for the shareholders of the Company, except for those subject to restrictions or those who have no voting right according to the Company Law.
- Article 12 : The resolution reached in the shareholders' meeting, unless otherwise provided by law, can be enforced after being presented in the shareholders' meeting that is attended by a many of shareholders in person or by proxy and approved by the attending shareholders with a majority shareholding.
- Chapter 4 Directors**
- Article 13 : The company has seven ~ nine directors. Nominated for a term of three years and they are elected from the capable candidates in the shareholders'

meeting; also, they can be re-elected. There must be at least than three independent directors (not less than one fifth of the total number of directors) out of the number of directors referred to above. The independent directors are to be elected from the candidates in the shareholders' meeting. The professional qualifications of the independent directors, shareholdings, limitation of part-time job, the nomination and appointment method, and other matters to be complied with must be processed according to the relevant provisions of the competent authorities.

- Article 13.1 : The exercise of power by the board of directors is as follows:
1. The elaboration of the Corporate Charter
 2. The elaboration of the Company's business plan
 3. The elaboration of the Company's profit distribution
 4. The elaboration of the Company's capital increase and decrease
 5. The review and approval of the Company's budget and the preparation of the Company's final account
 6. The elaboration of the acquisition and disposal of fixed assets by the Company and the investment in other businesses
 7. The powers endowed in accordance with the law and regulations and in the shareholders' meeting
- Article 13.2 : The Company has established an Audit Committee based on Article 14-4 of Securities and Exchange Act.
- Article 13.3 : The total shares of the Company held by all directors to be processed in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" published by the competent authorities.
- Article 13.4 : The company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.
- Article 13.5 : The board of directors is authorized to deliberate and determine the remuneration of all directors according to their participation in and contribution to the Company's business operation and by referring to the remuneration standard of the domestic industry.
- Article 13.6 : The Audit Committee of the Company fully consists of independent directors. The exercise of powers and related matters by the Committee and its members shall be performed in accordance with the laws and regulations stipulated by the competent authority.
- Article 14 : The Board of Directors is formed by the directors. The Chairman is elected by a many of the attending directors at the board meeting that is attended by two thirds of the directors.
- Article 14.1 : Meetings of the board of directors shall be convened by the chairman of the board of directors.
The majority or more of the directors may, by filing a written proposal setting forth therein the subjects for discussions and the reasons, request the chairman of the board of directors to convene a meeting of the board of directors.
If the chairman of the board of directors fails to convene a meeting of board of directors within 15 days after the filing of the request under the preceding paragraph, the proposing directors may convene a meeting of
- Article 14.2 : board of directors on their own.

- The Company may at any time in case of emergency convene a board meeting and with the directors informed in writing or by E-mail or fax.
- Article 15 : When the Chairman is unable to exercise powers due to a leave or for other reasons, the matter regarding the deputy of the Chairman should be handled in accordance with Article 208 of the Company Law.
- Article 15.1 : The resolutions of the board of directors, unless otherwise provided by the Company Law and the Corporate Charter, shall be exercised with the consent of a majority of the attending directors at the board meeting that is attended by a majority of the directors. Directors should attend board meetings in person. The director who is unable to attend board meetings in person may authorize another director in writing to attend the board meetings; however, the above-mentioned proxy should be issued each time with the scope of authorization detailed to have one and only deputy delegated.
- Article 16 : Deleted
- Chapter 5 Managers**
- Article 17 : The Company may have several managers appointed; also, the appointment, dismissal, and remuneration should be processed in accordance with Article 29 of the Company Law.
- Chapter 6 Accountant**
- Article 18 : The Company's board of directors shall at the end of each fiscal year have the following composed (1) Business Report (2) Financial Reports (3) Profit Distribution Proposals for acknowledgement in the shareholders' meeting.
- Article 19 : Deleted
- Article 19.1 : The Company engages in high-tech computer and Internet-related industries and is in the growth stage of the business life cycle. In response to the overall business environment and industry growth characteristics and the pursuit of the Company's sustainable development, the long-term interests of shareholders, the stable operating performance goal, and the stable growth of earnings per share in accordance with the Company's future capital expenditure budget and fund needs, the Company's stock dividend distribution is limited to 75% of the total dividend planned for distribution.
- Article 20 : The Company may, by a resolution adopted by a majority vote at the meeting of the Board of Directors attended by two-thirds of total members, have the profit value not less than 5% of the total Company's surplus (if any) distributable as employees' compensation distributed in the form of shares or in cash. The entitled transferees who receive the compensation include the employees of parents or subsidiaries of the company meeting certain specific requirements. The remuneration for Directors with the maximum value as 1% of the above-mentioned Company's surplus may be distributable by a resolution adopted by the Board of Directors. The proposed bonus to employees and remuneration to directors should be presented in the shareholders' meeting for a resolution. If the company is with accumulated losses, an amount for making up the losses should be reserved advance before appropriating bonus to employees and remuneration to directors according to the ratio referred to above.
- Article 20.1 : The Company's reinvestment may exceed 40% of the paid-in capital and with the board of directors authorized to execute it.
- Article 20.2 : The Company shall, after its losses have been covered and all taxes and dues

have been paid and at the time of allocating surplus profits, first set aside 10% of such profits as a legal reserve. However, when the legal reserve amount has reached the one of the paid-in capital of the Company, this shall not apply. The balance shall be accounted or reversed to special reserve based on legal regulations, and accumulated to undistributed earnings (if any further balance exists after the accounting or reversal). The Board of Directors shall draft the proposal for surplus distribution. Such surplus is distributable by a resolution adopted by the shareholders' meeting if adopt distribution approach in the form of shares, and a resolution adopted by the Board of Director if adopting the approach in cash.

The company's dividend policy is formed under the consideration of its future funding demands and long-term financial planning as well as the interests of shareholders to distribute at least 30% of available profits for revenue allocation as dividends to shareholders annually; and among them, the distribution of cash dividends shall not be less than 20% of the total dividend distribution amount of that particular year.

Chapter 7

Annexes

- Article 21** : The matters that are not addressed in the Corporate Charter should be processed in accordance with the Company Law and the related regulations.
- Article 22** : The Corporate Charter (Article of Incorporation) was established on September 25, 1981 (the first time ~ Twentieth are omitted).
The 21st amendment of the Corporate Charter (Article of Incorporation) was made on May 2, 2003.
The 22nd amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2003.
The 23rd amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2005.
The 24th amendment of the Corporate Charter (Article of Incorporation) was made on November 18, 2005.
The 25th amendment of the Corporate Charter (Article of Incorporation) was made on June 16, 2006.
The 26th amendment of the Corporate Charter (Article of Incorporation) was made on June 15, 2007.
The 27th amendment of the Corporate Charter (Article of Incorporation) was made on June 12, 2008.
The 28th amendment of the Corporate Charter (Article of Incorporation) was made on May 15, 2009.
The 29th amendment of the Corporate Charter (Article of Incorporation) was made on May 18, 2010.
The 30th amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2011.
The 31st amendment of the Corporate Charter (Article of Incorporation) was made on June 13, 2012
The 32nd amendment of the Corporate Charter (Article of Incorporation) was made on June 18, 2014.
The 33rd amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2015.
The 34th amendment of the Corporate Charter (Article of Incorporation)

was made on May 25, 2016.

The 35th amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2017.

The 36th amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2018.

The 37th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2019.

The 38th amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2020.

The 39th amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2021.

The 40th amendment of the Corporate Charter (Article of Incorporation) was made on May 26, 2022.

Advantech Co., Ltd.

Rules and Procedure for Shareholders' Meetings

Article 1 : The process of the Company shareholders' meeting is subject to the "Rules of Procedure for Shareholders' Meetings."

Article 2 : Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the Board of Directors.

Changes to the means of convening a shareholders' meeting shall be subject to a resolution of the Board of Directors, and shall be made no later than the delivery of the shareholders' meeting notice. The Company shall specify in its shareholders meeting notices the time during which shareholder, solicitor, and proxy agent (shareholder) attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which for attendance registrations shall be clearly marked and shall have number of suitable personnel assigned to handle the registrations. Where a shareholders meeting is held by means of visual communication network, shareholders shall register on the visual networking platform at least thirty minutes prior to the time the meeting commences. Shareholders who have completed the registration shall be deemed to have attended the shareholders meeting in person. The shareholders or the shareholders' commissioned representatives while attending the meeting should sign on the attendance registry or submit the attendance card instead; also, the number of attending shares is calculated in accordance with the number of shares documented on the attendance card. Where a shareholders meeting is held by means of visual communication network, shareholders who intend to attend the meeting by means of visual communication network shall register with the Company two days prior to the shareholders meeting.

Where a shareholders meeting is held by means of visual communication network, the Company shall upload the meeting handbook, annual report, and other information to the visual networking platform at least thirty minutes before the start of the shareholders meeting and shall maintain their availability until the end of the meeting.

When the Company announces the commencement of a shareholders' meeting by means of a visual communication network, it shall disclose the total number of shares held by attending shareholders on the visual networking platform. The same shall apply if the total number of shares and voting rights of the shareholders attending the meeting are counted during the meeting.

Article 2.1 : The attendance and resolution in the shareholders' meeting shall be based on the shares.

The number of shares in attendance shall be calculated according to the

shares indicated by the attendance book and sign-in cards handed in and the number of shares registered on the visual networking platform plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and the number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a most of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If a shareholders meeting is held by means of visual communication network, the Company shall also announce the adjournment of the shareholders meeting on the visual networking platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. If a shareholders meeting is held by means of visual communication network, shareholders who intend to attend the meeting by means of visual communication network shall re-register with the Company in accordance with Article 2 herein.

Article 2.2 : The Company may assign the commissioned lawyer, accountant, or the relevant personnel to attend the shareholders' meeting.

Article 2.3 : Shareholders' meeting will be held at the Company's premise or a suitable location for the convenience of the shareholders. The starting time of the shareholders' meeting should not be before 9:00am or after 3:00pm. When the Company convenes a shareholders meeting by means of visual communication network, it is not subject to the restrictions on the venue for a shareholders meeting mentioned in the preceding paragraph.

Article 2.4 : The Company should have the proceeding of the shareholders' meeting from the shareholder's reporting to meeting, meeting in session, to votes counting recorded in audio or video uninterruptedly.

The audio-visual materials referred to above shall be kept for at least one year; however, they should be reserved until the end of the legal proceeding that is filed by the shareholders in accordance with Article 189 of the Company Law.

When a shareholders meeting is held by means of visual communication network, the Company shall record and retain the shareholders' registration, sign-in, attendance registration, questions, voting, and vote counting results and make uninterrupted audio and video recording of the shareholders meeting.

The information and the audio and video recording mentioned in the preceding paragraph shall be properly retained by the Company throughout

Article 2.5

the life of the Company, and the audio and video recording shall be sent to an institution that is entrusted to handle video conferencing affairs for retention.

When a shareholders meeting is held by means of visual communication network, the Company shall make an audio and video recording of the backend user interface of the visual networking platform.

When the Company holds a shareholders meeting by means of visual communication network, it shall specify the following matters in the shareholders meeting notice:

- (1) Methods for shareholders to attend and exercise their rights in a shareholders meeting held by means of visual communication network.
- (2) Methods for handling obstacles to the visual networking platform or attendance at a shareholders meeting by means of visual communication network due to natural disasters, incidents, or other force majeure circumstances, including but not limited to:
 - a. Where the aforesaid obstacles cannot be removed, the Company shall set a time limit for the postponement or reconvention of the shareholders meeting, as well as the date for the postponed or reconvened shareholders meeting if applicable.
 - b. Shareholders who have not registered to attend the original shareholders meeting by means of visual communication network shall not attend the postponed or reconvened shareholders meeting.
 - c. When the Company holds a video-assisted shareholders meeting and fails to proceed with the meeting by means of visual communication network, the shareholders meeting shall continue if the number of shares held by the attending shareholders, after deducting the number of shares held by shareholders attending the meeting by means of visual communication network, reaches the quorum. For shareholders attending the meeting by means of visual communication network, the number of shares held by them shall be included in the total number of shares held by the attending shareholders, but they shall be deemed to have waived their rights with respect to all proposals in the shareholders meeting.
 - d. Methods for handling the situation where all proposals have been resolved without extraordinary motions.
- (3) When convening a shareholders meeting by means of visual communication network, the Company shall specify appropriate alternatives for shareholders who may have difficulty attending the meeting by means of visual communication network.

Article 3 : The Chairman may officially hold the meeting when shareholders holding over half of the total number of issued shares are present, and announce the relevant information such as the number of shares with non-voting rights and the number of shares of attendees. If the attending shareholders are without the statutory shareholding but with one thirds of the total number of shares issued after two postpones (30 minutes per postpone), it can be processed in accordance with Article 175 of the Company Law and a pseudo resolution can be reached with the consent of a majority votes. For the proceeding referred to above, if the attending shareholders qualify the statutory shareholding, the Chairman may announce the

meeting in session at any time and has the pseudo resolution submitted in the shareholders' meeting for ratification.

- Article 4 : The shareholders' meeting should be conducted in accordance with the procedures prescribed in the agenda and no change can be made without a resolution reached in the shareholders' meeting. The agenda is drafted up in accordance with the following provisions:
- (1) General shareholders' meeting: The agenda is to be drafted up by the Board of Directors.
 - (2) Extraordinary shareholders' meeting: The agenda is to be drafted up by the authorized convening department.

The Chairman may not announce to have the meeting adjourned before the proposals (including motions) in the two agenda referred to above resolved.

Once the meeting is adjourned, shareholders may not elect another Chairman to continue the meeting at the current meeting place or another location.

- Article 5 : The Chairman may announce to have a recess during the meeting in session.

- Article 6 : The attending shareholders who wish to speak at the meeting must first fill out the speech note with the gist, shareholders account number, and name detailed to the Chairman in advance and the Chairman shall prioritize the speaking order.

Attending shareholders who have submitted a speech note but failed to give a speech at the meeting is deemed as a non-speaker. If the speech made by the shareholder differs from the contents of the speech note submitted, the speech shall prevail.

The attending shareholders may not interrupt the speaking shareholder without the consent of the Chairman and the speaking shareholder. The Chairman must have the interfering shareholder restrained from interrupting the speaking shareholder's speech.

If a shareholders meeting is held by means of visual communication network, shareholders attending the meeting by means of visual communication network may ask questions in text form on the visual networking platform after the chair declares the commencement of the meeting and before the chair declares the adjournment of the meeting. Up to two questions may be asked per proposal, with each question limited to 200 words. The provisions of Paragraphs 1 to 3 do not apply.

If the questions mentioned in the preceding paragraph do not violate the regulations or go beyond the scope of the proposal, the Company shall make the questions public on the visual networking platform.

- Article 7 : The motions should be discussed in accordance with the prioritized agenda. For any violation against the planned procedures or agenda, the Chairman may immediately stop the speaking shareholder and announce ending the discussion in due course or ceasing the discussion when it is necessary.

- Article 8 : The shareholder is to have the proposal explained in five minutes and the Chairman or the personnel designated by the Chairman are to answer the questions of the shareholders. The inquiry or reply of the shareholder is limited to three minutes unless it is otherwise permitted by the Chairman.

- Article 9 : Deleted

- Article 10 : Each shareholder may not speak more than twice on the same proposal

and five minutes each time. For any violation against the planned procedures or agenda referred to above, the Chairman may immediately stop the speaking shareholder.

Article 10.1 : The legal person attending the shareholders' meeting by proxy may have only one representative designated to attend the meeting.

For the two or more representatives designated by the legal person shareholder to attend the meeting, only one of them may speak on the same proposal.

Article 11 : The proposal that is announced by the Chairman ceased for discussion should be put to vote for a resolution. The voting right of each shareholder is calculated in accordance with the Corporate Charter.

Article 12 : The vote on the motion, unless otherwise provided by the Company Law, is approved by the attending shareholders with a majority shareholding.

All relevant proposals of the shareholders' meeting (including ad hoc motions and amendments to the original proposals) shall be voted on a case-by-case basis, and an adequate voting period shall be arranged.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered the MOPS.

Article 12.1 : The Chairman is to have the amendment or substitute of a motion consolidated and prioritized its voting order. When one of the motions is passed, the other motions shall be deemed as vetoed without the need of further voting.

Article 12.2 : The Chairman is to have ballot inspectors and tellers designated for the vote on motions. Ballot inspectors must be a shareholder of the Company. The results of the vote should be announced in the meeting and recorded.

Article 12.3 : When the Company convenes a shareholders meeting by means of visual communication network, shareholders attending the meeting by means of visual communication network shall vote on the proposals and the election on the visual networking platform after the chair announces the commencement of the meeting and before the chair announces the close of voting. Shareholders failing to vote before the said time limit will be deemed to have abstained.

If a shareholders meeting is held by means of visual communication network, votes shall be counted at a time after the chair announces the close of voting, followed by the announcement of voting and election results.

When the Company holds a video-assisted shareholders meeting, shareholders who have registered to attend the meeting by means of visual communication network in accordance with Article 2 and intend to attend the meeting in person shall cancel the registration in the same manner as registration two days before the shareholders meeting; shareholders who fail to cancel the registration within the said time limit may only attend the shareholders meeting by means of visual communication network.

Shareholders who exercise their voting rights by correspondence or electronically without revoking their intentions and attend the shareholders meeting by means of visual communication network shall not exercise their

voting rights with respect to the original proposals, propose amendments to the original proposals, or exercise their voting rights with respect to the amendments to the original proposals, except for extraordinary motions.

Article 13 : For the shareholders attending the shareholders' meeting by proxy, except for the agencies for trust businesses or stock services approved by the securities authorities, when one person delegated by more than two shareholders at the same time, the voting rights by proxy shall not exceed 3% of the total number of voting rights issued; also, the number of voting right exceeding the threshold will not be accounted for.

Article 14 : The shareholders who may have a conflict of interest regarding a motion to be resolved in the shareholders' meeting may not vote on the said motion and may not exercise voting right on behalf of other shareholders

Article 14.1 : by proxy.

When the election of directors is planned to be held at the shareholders' meeting, it shall be implemented in accordance with the relevant election regulations specified by the Company and shall announce the results of the election on-site, including the lists of elected directors and unelected directors and supervisors as well as their respective obtained votes.

The ballots casted in the election referred to above shall be sealed and signed by the ballot inspectors for safekeeping for at least one year; however, they should be reserved until the end of the legal proceeding that is filed by the shareholders in accordance with Article 189 of the Company Law.

Article 15 : The meeting in session should be suspended in case of air raid drill and the meeting should be resumed in one hour after the evacuation alert is lifted.

Article 15.1 : The Chairman may direct pickets (or security guards) to assist maintaining the order at the meeting place. The pickets (or security guards) who are at the meeting place to assist maintaining order should wear the "picket" armband.

Article 16 : The resolutions reached in the shareholders' meeting should be documented in the minutes of meeting for the signature or seal of the Chairman also the minutes of meeting should be distributed to all shareholders within twenty days after the meeting. The Company's minutes of meeting can be distributed to shareholders by an announcement after the public offering of the Company's shares.

The preparation and distribution of the minutes of meeting referred to above can be completed in an electronic form.

If a shareholders meeting is held by means of visual communication network, the minutes at the shareholders meeting shall record the start and end time of the meeting, the method of convening the meeting, and the names of the chairman and the minute taker, as well as the methods and results of handling obstacles to the visual networking platform or attendance by means of visual communication network due to natural disasters, incidents, or other force majeure circumstances, in addition to matters mentioned in the preceding paragraph.

When the Company convenes a shareholders meeting by means of visual communication network, it shall specify in the meeting minutes the alternatives provided for shareholders who have difficulty attending the

meeting by means of visual communication network while complying with the provisions of the preceding paragraph.

Article 17 : If a shareholders meeting is held by means of visual communication network, the Company shall immediately disclose the voting results of the proposals and the election results on the visual networking platform in accordance with the regulations and shall maintain their availability for at least fifteen minutes after the chair announces the adjournment of the meeting.

Article 18 : When the Company holds a shareholders meeting by means of visual communication network, the chair and the minute taker shall be at the same place domestically, and the chair shall announce the address of the place at the time of the meeting.

Article 19 : If a shareholders meeting is held by means of visual communication network, the chair shall, when announcing the commencement of the meeting, also announce that, should the meeting be adjourned due to obstacles to the visual networking platform or attendance by means of visual communication network that are caused by natural disasters, incidents, or other force majeure circumstances and last for more than thirty minutes, the meeting shall be postponed or reconvened within five days, as well as the date for the postponed or reconvened meeting, except for the circumstances where there is no need to postpone or reconvene the shareholders meeting as stipulated in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies. Article 182 of the Company Act does not apply.

Where a shareholders meeting is postponed or reconvened as mentioned in the preceding paragraph, shareholders who have not registered to attend the original shareholders meeting by means of visual communication network shall not attend the postponed or reconvened meeting.

If shareholders who have registered to attend the original shareholders meeting by means of visual communication network and completed the attendance registration fail to attend the shareholders meeting that is adjourned or reconvened in accordance with Paragraph 1, the number of shares held by them and their voting rights and election rights exercised at the original shareholders meeting shall be included in the total number of shares and voting rights and election rights held by the attending shareholders in the adjourned or reconvened meeting.

When a shareholders meeting is postponed or reconvened in accordance with Paragraph 1, there is no need to discuss and resolve again on the proposals whose voting results have been announced after voting and counting of votes or from which a list of elected directors have been announced.

When the Company holds a video-assisted shareholders meeting and fails to proceed with the meeting by means of visual communication network, the shareholders meeting shall continue if the number of shares held by the attending shareholders, after deducting the number of shares held by shareholders attending the meeting by means of visual communication network, reaches the quorum. There is no need to postpone or reconvene the shareholders meeting in accordance with Paragraph 1.

If a shareholders meeting shall continue in accordance with the preceding paragraph, the number of shares held by shareholders attending the meeting by means of visual communication network shall be included in the total number of shares held by the attending shareholders; however, shareholders who attend the shareholders meeting by means of visual communication network shall be deemed to have waived their rights with respect to all proposals in the meeting.

When the Company postpones or reconvenes a shareholders meeting in accordance with Paragraph 1, it shall make preparation for the meeting based on the date of the original shareholders meeting and in accordance with Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

The Company shall base the periods prescribed in the latter part of Article 12 and Paragraph 3, Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and in Paragraph 2, Article 44-5, Article 44-15, and Paragraph 1, Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies on the date for the shareholders meeting postponed or reconvened in accordance with Paragraph 1.

Article 20 : When the Company convenes a shareholders meeting by means of visual communication network, it shall provide appropriate alternatives for shareholders who have difficulty in attending the shareholders meeting by means of visual communication network.

Article 21 : The matters that are not addressed in the “Rules of Procedure for Shareholders’ Meetings” should be processed in accordance with the Company Law and the related regulations.

Article 22 : The “Rules of Procedure for Shareholders’ Meetings” is in effect after it is passed in the shareholders’ meeting, same for the amendments made.

Article 23 : These Procedures were established on May 3, 1997.
The 1st amendment was made on April 24, 1999.
The 2nd amendment was made on May 30, 2002.
The 3rd amendment was made on June 16, 2006.
The 4th amendment was made on May 18, 2010.
The 5th amendment was made on June 13, 2011.
The 6th amendment was made on June 13, 2012.
The 7th amendment was made on May 26, 2017.
The 8th amendment was made on August 19, 2021.
The 9th amendment was made on May 26, 2022.

Current Shareholding of Directors

1. The paid-in capital of the Company is NTD 8,604,475,580, with a total of 860,447,558 Outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 27,534,321 shares.
3. As of the date for suspending the share transfer for this shareholders meeting, the shareholding of each individual and entire directors stipulated in the shareholders roster is as follows:

April 1, 2024

| Title | Name | Representative | Shareholding on the shareholder's registry | |
|----------------------|------------------------------|----------------|--|-------------|
| | | | Shares | % Ratio (%) |
| Chairman | K.C. Liu | | 27,993,951 | 3.25% |
| Director | Advantech Foundation. | Chaney Ho | 24,543,548 | 2.85% |
| Director | K and M Investment Co., Ltd. | Wesley.Liu | 100,494,794 | 11.68% |
| Director | AIDC Investment Corp. | Tony Liu | 99,314,136 | 11.54% |
| Director | Jeff Chen | | 0 | 0 |
| Director | Ji-Ren Lee | | 0 | 0 |
| Independent Director | Ming-Hui Chang | | 0 | 0 |
| Independent Director | Benson Liu | | 0 | 0 |
| Independent Director | Chan-Jane Lin | | 0 | 0 |
| Total | | | 252,346,429 | 29.32% |