

Stock Code: 2395

**ADVANTECH**

*Enabling an Intelligent Planet*

Advantech Co.,Ltd.

2024 Annual General Shareholders' Meeting

Meeting Handbook

May 30<sup>th</sup>, 2024

# Advantech Co., Ltd.

## Procedure for the 2024 General Shareholders' Meeting

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Acknowledgement Items
5. Other Business and Special Motions
6. Adjournment

# I. Agenda of Annual Meeting

Advantech Co., Ltd.

## Agenda of 2024 General Shareholders' Meeting

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

Time: 9:00 a.m. on May 30 (Thursday), 2024

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

Webcast provided: <https://stockservices.tdcc.com.tw>

**1. Call the Meeting to Order**

**2. Chairperson Remarks**

**3. Report Items**

(1) The 2023 Business Report

(2) The Audit Committee's Review Report on the 2023 Financial Statements

(3) Status Reports of the Cash Dividends for Distribution of 2023 Profits

(4) 2023 Employees' and Directors' Remuneration Proposal

(5) The Status of Endorsement and Guarantee in 2023

(6) The report on the Company's acquiring the land parcel case of number 9 in the Huaya section from related party

**4. Acknowledgement Items**

(1) Adoption of the 2023 Business Report and Financial Statements

(2) Adoption of the Proposal for Distribution of 2023 Profits

**5. Other Business and Special Motions**

**6. Adjournment**

# 1. Report Items

## Report No. 1

Cause of action : The 2023 Business Report

Explanation : The 2023 Business Report is attached as Attachment I.(P10~15)

## Report No. 2

Cause of action : The Audit Committee's Review Report on the 2023 Financial Statements.

Explanation : The 2023 Audit Committee's Review Report is attached as Attachment II. (P16)

## Report No. 3

Cause of action : Status reports of the Cash dividends for Distribution of 2023 Profits.

Explanation : 1. The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision to the shareholders meeting in accordance with Article 20-2 of the Articles of Incorporation.

2. Cash dividends amounting to NT\$8,155,268,901 were distributed to shareholders at NT\$9.5 per share. 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.

## Report No. 4

Cause of action : 2023 Employees' and Directors' Remuneration Proposal.

Explanation : 1. Pursuant to Article 20 of the company's Articles of Incorporation, in consideration of the company's overall business operations and the payment standard of the industry, it is recommended to appropriate an amount of NT\$740,000,000 as bonus to employees and NT\$18,625,000 as remuneration to directors paid in cash from the net income of 2023.

2. There is no difference between the amount approved by the Board of Directors and the amount recognized as an expense in 2023.

3. The proposal has passed in the Remuneration Committee meeting.

## Report No. 5

Cause of action : The Status of Endorsement and Guarantee in 2023.

Explanation : 1. In compliance with the company's "Procedure for Making of Endorsements and Guarantees".

2. The company issued a letter of guarantee to endorse and guarantee the subsidiaries' purchase of materials and short-term bank loan in response to the subsidiary's business operation. The balance of endorsement and guarantee amounted to NT\$4,093,093 thousand as of December 31, 2023.

3. Please review the statement of endorsement and guaranteed amount enclosed.

<b>Guarantor (Company)</b>	<b>Subsidiary of the guaranteed company</b>	<b>Category</b>	<b>Amount (original currency ___K)</b>	<b>NTD (NTD___K)</b>	<b>Remarks</b>
Advantech (ACL)	Shanghai Advantech Intelligent Services Co.,Ltd (AiSC)	short-term bank loan	USD20,000	\$614,100	Under the limit (Note2)
Advantech (ACL)	Advantech Corporate Investment Co.,Ltd.	short-term bank loan	USD20,000	\$614,100	Under the limit (Note2)
Advantech (ACL)	Advantech Japan Co., LTD. (AJP)	short-term bank loan	JPY1,500,000	\$325,500	Under the limit (Note2)
Advantech (ACL)	Advantech Europe B.V. (AEU)	short-term bank loan	USD10,000	\$307,050	Under the limit (Note2)
Advantech (ACL)	Advantech Corporation. (ANA)	short-term bank loan	USD10,000	\$307,050	Under the limit (Note2)
Advantech (ACL)	Advantech Automation Corporation (AAC BVI)	short-term bank loan	USD10,000	\$307,050	Under the limit (Note2)
Advantech (ACL)	Advantech Corporate Investment (ACI)	short-term bank loan	USD10,000	\$307,050	Under the limit (Note2)
Advantech (ACL)	Advantech Technology (China) Company Ltd. (AKMC)	short-term bank loan	USD6,000	\$184,230	Under the limit (Note2)
Advantech (ACL)	Advantech KR Co., Ltd. (AKR)	short-term bank loan	USD6,000	\$184,230	Under the limit (Note2)
Advantech (ACL)	Advantech Intelligent Services Co.,Ltd. (AiCS)	short-term bank loan	USD3,000	\$92,115	Under the limit (Note2)
Advantech (ACL)	Advantech Intelligent Health Co.,Ltd. (AIH)	short-term bank loan	USD3,000	\$92,115	Under the limit (Note2)
Advantech (ACL)	Advantech Brasil Ltda. (ABR)	short-term bank loan	USD1,500	\$46,058	Under the limit (Note2)
Advantech (ACL)	Advantech Vietnam Technology company Limited.(AVN)	short-term bank loan	USD1,000	\$30,705	Under the limit (Note2)
Advantech (ACL)	Advantech Technology Limited Liability Company	short-term bank loan	USD1,000	\$30,705	Under the limit (Note2)
Advantech (ACL)	Cermate Technologies Inc.	short-term bank loan	USD1,000	\$30,705	Under the limit (Note2)
Advantech (ACL)	Cermate Technologies (Shenzhen) Inc.	short-term bank loan	USD1,000	\$30,705	Under the limit (Note2)
Advantech (ACL)	Advantech Turkey Teknoloji AnoniM Sirketi (ATR)	short-term bank loan	USD500	\$15,353	Under the limit (Note2)
Advantech (ACL)	Advantech Czech s.r.o.	short-term bank loan	USD500	\$15,353	Under the limit (Note2)
Advantech (ACL)	Advanix Corporation	short-term bank loan	USD500	\$15,353	Under the limit (Note2)
Advantech (ACL)	Advantech Australia Pty Limited.(AAU)	short-term bank loan	USD200	\$6,141	Under the limit (Note2)
Advantech (ACL)	Advantech Co.Malaysia SDN BHD	short-term bank loan	USD100	\$3,071	Under the limit (Note2)
Advantech (ACL)	Advantech Co.Singapore Pte.Ltd.	short-term bank loan	USD100	\$3,071	Under the limit (Note2)

Guarantor (Company)	Subsidiary of the guaranteed company	Category	Amount (original currency ___K)	NTD (NTD___K)	Remarks
Advantech (ACL)	Advantech Corporation(Thailand) Co.Ltd.	short-term bank loan	USD100	\$3,071	Under the limit (Note2)
Advantech (ACL)	PT Advantech International	short-term bank loan	USD50	\$1,535	Under the limit (Note2)
Advantech (ACL)	Yan Xu Green Electricity Co.,Ltd.	short-term bank loan	NTD526,680	\$526,680	Under the limit (Note2)
Total				\$4,093,093	Under the limit (Note1)

Note: The amount of limit is calculated in accordance with the company's Rules for Making of Endorsements and Guarantees:

- (1) Maximum endorsement and guarantee amounted to NT\$14,538,346 thousand.
- (2) Maximum endorsement and guarantee for one single enterprise amounted to NT\$4,846,115 thousand.
- (3) The amount of limit referred to above is calculated in accordance with the net value NT\$48,461,152 thousand stated in the 2023 audited financial statements.

## Report No. 6

Cause of action : The report on the Company's acquiring the land parcel case of number 9 in the Huaya section from related party

Explanation : 1. Reasons and necessity of transaction:

Advantech considers the industrial characteristics and the production capacity strategies while facing global geopolitical risks, and concludes that it is necessary to have the production base in Taiwan expanded appropriately in a long run. Also, Advantech has the aspects of operating synergy, industrial clustering, land use efficiency, price cost, and other relevant aspects assessed comprehensively. In general, Land Parcel case of No. 9 in Huaya Section is the best choice for the company in terms of comprehensive land development conditions and logistic support; therefore, this transaction is essential to the company.

2. Transaction Amount, Review Procedures, and Compliance:

The related party transaction case was approved by the Audit Committee and the Board of Directors of Advantech on October 30, 2023. Advantech acquired the land located at No. 9, Huaya Section, Guishan District, Taoyuan City, totaling 3,121.8 pings (10,320 square meters), from its related party, AIDC Investment Corp. at a total transaction amount of NTD 1.88 billion. The decision-making process referred to real estate appraisal reports issued by two professional valuation agencies, as well as a reasonable opinion letter from the accountant. After approval by the Board of Directors, the case was publicly disclosed through significant information announcements and a press conference, and the overall process complied with legal and regulatory requirements.

3. Other explanations:

Land Parcel case of No. 9, Huaya Section, Guishan District, Taoyuan City is a "5th industrial zone" with the construction coverage rate of 70% and the floor area ratio of 420% granted, and the ownership cannot be

transferred currently until obtaining the usage license in 2026 or 2027 according to the industrial zoning regulations. An amount of NT\$200 million was paid in 2023 for having the land contract signed and then an amount of NT\$1.68 billion will be paid after the land is transferred. The relevant land taxes are to be paid for by the current holder (AIDC Investment Corp.) before the land is transferred. The rights and obligations related to land transfer and settlement are clearly stipulated in a contract signed separately, which has been reviewed by the internal lawyers of Advantech and external lawyers of Lee and Li Attorneys at Law and approved by the Board of Directors, also signed by Independent Director Benson Liu on behalf of Advantech with the rights and interests of Advantech properly protected.

## 2. Acknowledgement Items

### Acknowledgement 1:

(Proposed by the Board of Directors)

Cause of action : Adoption of the 2023 Business Report and Financial Statements.

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, Liang, Hua-Ling and Lin, Yi-Fan, 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.(P10~40)

Resolution :

### Acknowledgement 2:

(Proposed by the Board of Directors)

Cause of action : Adoption of the Proposal for Distribution of 2023 Earnings.

Explanation : 1. Please refer to the 2023 profit distribution table in Attachment IV.(P41)

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. 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.

Resolution :



**3. Other Business and Special Motions**

**4. Adjournment**

## **ATTACHMENTS**

## 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

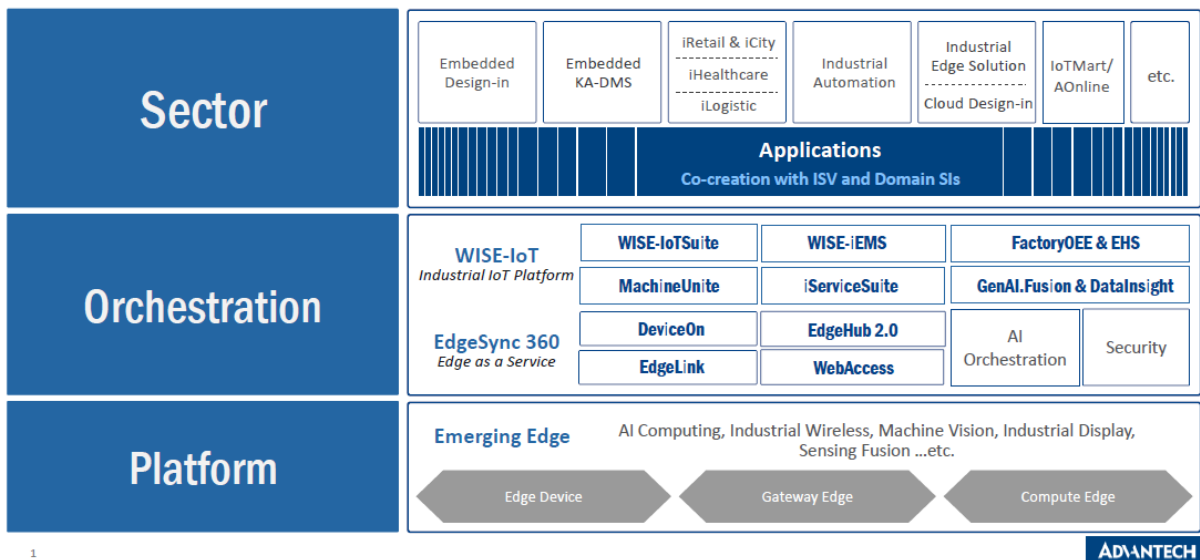


Figure.A : Advantech's Longterm Strategy Structure

### **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

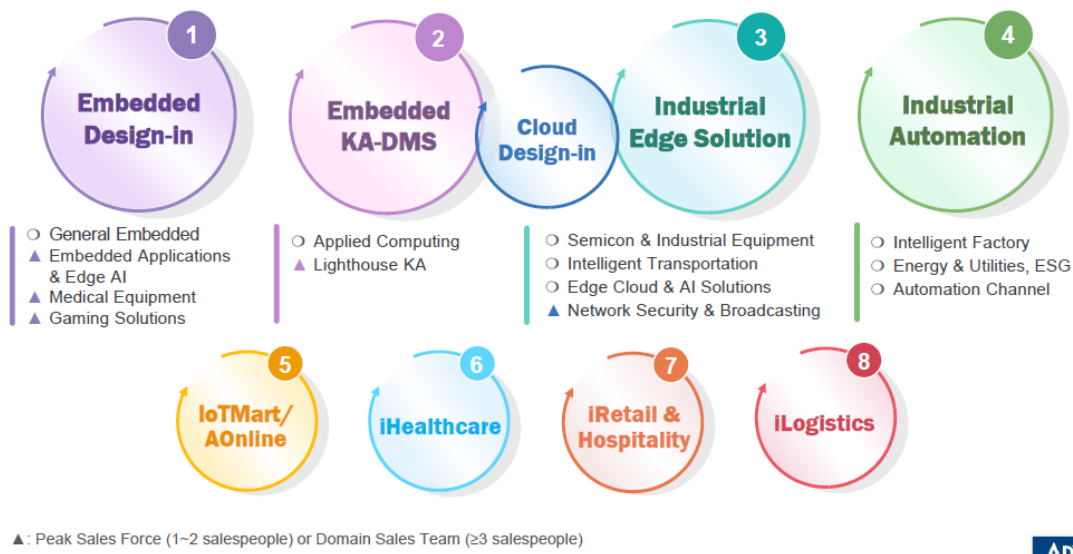


Figure B. Advantech’s sector-driven focus

### 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 12<sup>th</sup> 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 40<sup>th</sup> anniversary but also the completion of the AIoT Co-Creation Campus, which took a decade to complete. For our 40<sup>th</sup> 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 5<sup>th</sup> 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.

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Liang, Hua-Ling

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Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the 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	%
<b>Current assets</b>						
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	<b>Total current assets</b>		<u>41,385,737</u>	<u>60</u>	<u>41,747,348</u>	<u>63</u>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<u>27,670,535</u>	<u>40</u>	<u>24,637,590</u>	<u>37</u>
1XXX	<b>Total assets</b>		<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	%	
<b>Current liabilities</b>						
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	<b>Total current liabilities</b>		<u>16,026,807</u>	<u>23</u>	<u>18,480,816</u>	<u>28</u>
<b>Non-current liabilities</b>						
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	<b>Total non-current liabilities</b>		<u>4,219,887</u>	<u>6</u>	<u>3,620,108</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>20,246,694</u>	<u>29</u>	<u>22,100,924</u>	<u>33</u>
<b>Equity attributable to shareholders of the parent</b>						
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	<b>Equity attributable to shareholders of the parent</b>		<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	<b>Total equity</b>		<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	<b>Total liabilities and equity</b>		<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	<b>Profit before income tax</b>		<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	<b>Profit for the year</b>		<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	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
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		1,169,102	1	(200,159)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
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)	28,012	-	(215,244)	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		(115,754)	-	859,598	1
8300	<b>Total other comprehensive income for the year</b>		<u>\$ 1,053,348</u>	<u>1</u>	<u>\$ 659,439</u>	<u>1</u>
8500	<b>Total comprehensive income for the year</b>		<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>
Diluted earnings per share						
9850	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 CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2022**  
 (Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent											
	Share Capital		Retained Earnings				Other Equity Interest					
	Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total	Non-controlling interest	Total equity
<b>For the year ended December 31, 2022</b>												
Balance at January 1, 2022	\$ 7,738,228	\$ 6,410	\$ 8,388,886	\$ 7,737,236	\$ 831,850	\$ 13,705,710	\$ 1,575,937	\$ 1,018,667	\$ 1,477	\$ 37,852,527	\$ 510,264	\$ 38,362,791
Consolidated profit for the year	-	-	-	-	-	10,757,077	-	-	-	10,757,077	(14,518)	10,742,559
Other comprehensive income (loss) for the year	-	-	-	-	-	31,990	860,976	(232,149)	-	660,817	(1,378)	659,439
Total comprehensive income (loss) for the year	-	-	-	-	-	10,789,067	860,976	(232,149)	-	11,417,894	(15,896)	11,401,998
Appropriations of 2021 earnings												
Legal reserve	-	-	-	814,990	-	(814,990)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(276,056)	276,056	-	-	-	(6,195,710)	-	(6,195,710)
Cash dividends	-	-	-	-	-	(6,195,710)	-	-	-	-	(40,607)	(40,607)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of employee share options	40,206	(5,075)	401,139	-	-	-	-	-	-	486,270	-	486,270
Compensation costs recognized for employee share options	-	-	233,442	-	-	-	-	-	-	233,442	-	233,442
Changes in associates and joint ventures accounted for under equity method	-	-	78,071	-	-	(6,403)	-	-	(5,517)	66,151	-	66,151
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	8,428	-	-	(4,614)	-	-	-	3,814	-	3,814
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	17,675	17,675
Changes in ownership interests in subsidiaries	-	-	314	-	-	-	-	-	-	314	(2,124)	(1,810)
Disposal of financial assets at fair value through other comprehensive income owned by associates	-	-	-	-	-	958	-	(958)	-	-	-	-
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	\$ 469,312	\$ 44,284,014
<b>For the year ended December 31, 2023</b>												
Balance at January 1, 2023	\$ 7,778,434	\$ 1,335	\$ 9,110,280	\$ 8,552,226	\$ 555,794	\$ 17,750,074	\$ 714,961	\$ 785,560	\$ (4,040)	\$ 43,814,702	\$ 469,312	\$ 44,284,014
Consolidated profit for the year	-	-	-	-	-	10,839,772	-	-	-	10,839,772	(48,197)	10,791,575
Other comprehensive income (loss) for the year	-	-	-	-	-	2,242	(112,050)	1,166,860	-	1,057,052	(3,704)	1,053,348
Total comprehensive income (loss) for the year	-	-	-	-	-	10,839,772	(112,050)	1,166,860	-	11,894,582	(51,901)	11,842,681
Appropriations of 2022 earnings												
Legal reserve	-	-	-	1,077,901	-	(1,077,901)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(555,794)	555,794	-	-	-	(7,779,770)	-	(7,779,770)
Cash dividends	-	-	-	-	-	(7,779,770)	-	-	-	-	-	-
Stock dividends	777,977	-	-	-	-	(777,977)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(19,989)	(19,989)
Recognition of employee share options	21,384	5,364	412,829	-	-	-	-	-	-	439,577	-	439,577
Compensation costs recognized for employee share options	-	-	255,971	-	-	-	-	-	-	255,971	-	255,971
Changes in associates and joint ventures accounted for under equity method	-	-	(36,411)	-	-	110,320	-	(110,320)	3,671	(32,740)	-	(32,740)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	(142,307)	-	-	-	(142,307)	(93,819)	(236,126)
Changes in ownership interests in subsidiaries	-	-	11,137	-	-	-	-	-	-	11,137	44,823	55,960
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	112,115	-	(112,115)	-	-	-	-
Disposal of financial assets at fair value through other comprehensive income owned by associates	-	-	-	-	-	9,300	-	(9,300)	-	-	-	-
Balance at December 31, 2023	\$ 8,577,795	\$ 6,699	\$ 9,753,806	\$ 9,630,127	\$ 19,599,420	\$ 19,599,420	\$ 827,011	\$ 1,720,685	\$ 369	\$ 48,461,152	\$ 348,426	\$ 48,809,578

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(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.

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Liang, Hua-Ling

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Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024

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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	%
<b>Current assets</b>						
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	<b>Total current assets</b>		<u>25,856,601</u>	<u>40</u>	<u>23,802,917</u>	<u>39</u>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<u>38,009,240</u>	<u>60</u>	<u>36,453,450</u>	<u>61</u>
1XXX	<b>Total assets</b>		<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	%
<b>Current liabilities</b>					
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	<b>Total current liabilities</b>		<u>13,060,411</u>	<u>13,451,860</u>	<u>22</u>
<b>Non-current liabilities</b>					
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	<b>Total non-current liabilities</b>		<u>2,344,278</u>	<u>2,989,805</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>15,404,689</u>	<u>16,441,665</u>	<u>27</u>
<b>Equity</b>					
	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	<b>Total equity</b>		<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	<b>Total liabilities and equity</b>		<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	<b>Profit before income tax</b>		12,673,059	28	12,697,916	26
7950	Income tax expense	6(24)	( 1,835,529)	( 4)	( 1,940,839)	( 4)
8200	<b>Profit for the year</b>		\$ 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	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
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>
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations	6(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	<b>Total other comprehensive income for the year</b>		<u>\$ 1,057,052</u>	<u>3</u>	<u>\$ 660,817</u>	<u>1</u>
8500	<b>Total comprehensive income for the year</b>		<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	
<b>For the year ended December 31, 2022</b>													
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)	-	-	-	-	-	-	-	-	-	233,442		
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		
<b>For the year ended December 31, 2023</b>													
Balance at January 1, 2023		\$ 7,778,434	\$ 1,335	\$ 9,110,280	\$ 8,552,226	\$ 555,794	\$ 17,750,074	(\$ 714,961)	\$ 785,560	(\$ 4,040)	\$ 43,814,702		
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)	-	-	-	-	-	-	-	-	-	255,971		
Changes in associates and joint ventures accounted for under equity method	6(16)(18)	-	-	(36,411)	-	-	110,320	-	(110,320)	3,671	(32,740)		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(16)	-	-	-	-	-	(142,307)	-	-	-	(142,307)		
Changes in ownership interests in subsidiaries	6(16)	-	-	11,137	-	-	-	-	-	-	11,137		
Disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	-	112,115	-	(112,115)	-	-		
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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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 21<sup>st</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 2, 2003.  
The 22<sup>nd</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 27, 2003.  
The 23<sup>rd</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 24, 2005.  
The 24<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on November 18, 2005.  
The 25<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on June 16, 2006.  
The 26<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on June 15, 2007.  
The 27<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on June 12, 2008.  
The 28<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 15, 2009.  
The 29<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 18, 2010.  
The 30<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 25, 2011.  
The 31<sup>st</sup> amendment of the Corporate Charter (Article of Incorporation) was made on June 13, 2012  
The 32<sup>nd</sup> amendment of the Corporate Charter (Article of Incorporation) was made on June 18, 2014.  
The 33<sup>rd</sup> amendment of the Corporate Charter (Article of Incorporation) was made on May 28, 2015.  
The 34<sup>th</sup> amendment of the Corporate Charter (Article of Incorporation)



was made on May 25, 2016.

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

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

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

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

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

The 40<sup>th</sup> 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%