

ADVANTECH CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT THEREON
DECEMBER 31, 2024 AND 2023

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

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, 2024 and 2023, 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, 2024 and 2023, 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 2024 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 matter for ADVANTECH CO., LTD.'s 2024 financial statements are stated as follows:

Recognition of sales revenue from the Industrial-IoT, 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. There was a more significant fluctuation in the revenue of the Industrial-IoT, the Embedded-IoT and the Applied Computing Business Group in 2024. Therefore, we considered the recognition of sales revenue from the Industrial-IoT, the Embedded-IoT and the Applied Computing Business Group, 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 its operating effectiveness.
2. Obtained the details of sales revenue of the Industrial-IoT, the Embedded-IoT and Applied Computing Business Group for the entire year, and selected samples of sales revenue transactions and related documents to confirm the appropriateness of revenue recognition.
3. Inspected significant abnormal sales returns and allowances after the balance sheet date.

4. Performed accounts receivable confirmation procedure to significant customers.

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

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

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

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

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

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

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

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

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

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

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

Liang, Hua-Ling

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2025

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 2,831,224	5	\$ 3,313,907	5
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	5,388,760	8	7,737,029	12
1136	Financial assets at amortised cost - current	6(4)	65,570	-	61,410	-
1150	Notes receivable, net	6(5)	11,237	-	21,366	-
1170	Accounts receivable, net	6(5)	1,383,437	2	1,377,036	2
1180	Accounts receivable - related parties	7	10,651,738	16	8,140,307	13
1200	Other receivables		139,395	-	39,889	-
1210	Other receivables - related parties	7	137,806	-	134,117	-
130X	Inventories	6(6)	4,607,878	7	4,472,431	7
1460	Non-current assets held for sale	6(11)	-	-	238,341	-
1470	Other current assets	7	350,151	1	320,768	1
11XX	Total current assets		<u>25,567,196</u>	<u>39</u>	<u>25,856,601</u>	<u>40</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	638,841	1	367,172	1
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,385,908	4	2,163,316	4
1535	Financial assets at amortised cost - non-current	6(4)	-	-	61,410	-
1550	Investments accounted for under equity method	6(7)	28,132,888	43	26,928,848	42
1600	Property, plant and equipment	6(8) and 7	8,061,793	12	7,680,793	12
1755	Right-of-use assets	6(9)	16,811	-	18,483	-
1780	Intangible assets	6(10)	211,856	-	196,961	-
1840	Deferred income tax assets	6(24)	393,000	1	552,226	1
1915	Prepayments for business facilities		10,886	-	21,045	-
1990	Other non-current assets		122,364	-	18,986	-
15XX	Total non-current assets		<u>39,974,347</u>	<u>61</u>	<u>38,009,240</u>	<u>60</u>
1XXX	Total assets		<u>\$ 65,541,543</u>	<u>100</u>	<u>\$ 63,865,841</u>	<u>100</u>

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2120	Financial liabilities at fair value	6(2)			
	through profit or loss - current		\$ 7,902	-	\$ 635
2130	Contract liabilities - current	6(19)	466,462	1	272,975
2170	Notes and accounts payable		3,090,663	5	3,073,612
2180	Accounts payable - related parties	7	3,727,430	6	3,458,790
2200	Other payables	6(12)	2,760,985	4	2,909,479
2220	Other payables - related parties	7	182,217	-	49,732
2230	Current income tax liabilities		1,501,998	2	3,140,539
2250	Provision for liabilities - current		47,972	-	60,078
2280	Lease liabilities - current	6(9)(26)	8,077	-	5,701
2300	Other current liabilities		82,775	-	88,870
21XX	Total current liabilities		<u>11,876,481</u>	<u>18</u>	<u>13,060,411</u>
Non-current liabilities					
2560	Current income tax liabilities - non-current		-	-	219,989
2570	Deferred income tax liabilities	6(24)	2,012,955	3	1,898,738
2580	Lease liabilities - non-current	6(9)(26)	8,198	-	12,251
2600	Other non-current liabilities	6(13)	215,557	1	213,300
25XX	Total non-current liabilities		<u>2,236,710</u>	<u>4</u>	<u>2,344,278</u>
2XXX	Total liabilities		<u>14,113,191</u>	<u>22</u>	<u>15,404,689</u>
Equity					
	Share capital	6(15)			
3110	Common share		8,634,322	13	8,577,795
3140	Advance receipts for share capital		1,572	-	6,699
	Capital surplus	6(16)			
3200	Capital surplus		11,156,003	17	9,753,806
	Retained earnings	6(17)			
3310	Legal reserve		10,723,047	16	9,630,127
3350	Unappropriated retained earnings		19,402,613	30	19,599,420
	Other equity	6(18)			
3400	Other equity		1,510,795	2	893,305
3XXX	Total equity		<u>51,428,352</u>	<u>78</u>	<u>48,461,152</u>
	Significant contingent liabilities and unrecognized contract commitments	9			
	Significant events after the balance sheet date	11			
3X2X	Total liabilities and equity		<u>\$ 65,541,543</u>	<u>100</u>	<u>\$ 63,865,841</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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 42,609,394	100	\$ 44,603,097	100
5000	Operating costs	6(6)(8)(9)(10)(13)				
		(14)(23) and 7	(28,078,902)	(66)	(29,793,323)	(67)
5900	Gross profit		14,530,492	34	14,809,774	33
5910	Unrealized profit from sales		(1,016,762)	(2)	(904,977)	(2)
5920	Realized profit from sales		904,977	2	1,071,832	3
5950	Gross profit		14,418,707	34	14,976,629	34
	Operating expenses	6(8)(9)(10)(13)(14)				
		(23) and 7				
6100	Selling expenses		(860,945)	(2)	(772,810)	(2)
6200	General and administrative expenses		(1,520,369)	(4)	(1,177,821)	(3)
6300	Research and development expenses		(3,603,870)	(8)	(3,228,072)	(7)
6450	Expected credit impairment loss		(1,765)	-	(695)	-
6000	Total operating expenses		(5,986,949)	(14)	(5,179,398)	(12)
6900	Operating profit		8,431,758	20	9,797,231	22
	Non-operating income and expenses					
7100	Interest income	7	57,986	-	57,441	-
7010	Other income	6(20) and 7	270,238	1	249,791	1
7020	Other gains and losses	6(2)(21)	674,006	1	138,783	-
7050	Finance costs	6(9)(22)	(369)	-	(682)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		1,141,418	3	2,430,495	5
7000	Total non-operating income and expenses		2,143,279	5	2,875,828	6
7900	Profit before income tax		10,575,037	25	12,673,059	28
7950	Income tax expense	6(24)	(1,570,000)	(4)	(1,835,529)	(4)
8200	Profit for the year		\$ 9,005,037	21	\$ 10,837,530	24

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ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	For the years ended December 31,				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Gain (loss) on remeasurements of defined benefit plan	6(13)	\$ 13,986	-	(\$ 814)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(18)	339,737	1	973,975	2
8330	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(18)	(318,959)	(1)	195,778	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(2,797)	-	163	-
8310	Other comprehensive income that will not be reclassified to profit or loss		31,967	-	1,169,102	3
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(18)	801,058	2	(134,482)	-
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(18)	50,786	-	(5,580)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(24)	(170,002)	-	28,012	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		681,842	2	(112,050)	-
8300	Total other comprehensive income for the year		<u>\$ 713,809</u>	<u>2</u>	<u>\$ 1,057,052</u>	<u>3</u>
8500	Total comprehensive income for the year		<u>\$ 9,718,846</u>	<u>23</u>	<u>\$ 11,894,582</u>	<u>27</u>
Basic earnings per share						
9750	Profit for the year	6(25)	<u>\$</u>	<u>10.45</u>	<u>\$</u>	<u>12.65</u>
Diluted earnings per share						
9850	Profit for the year	6(25)	<u>\$</u>	<u>10.38</u>	<u>\$</u>	<u>12.52</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, 2024 AND 2023
(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 compensation	
For the year ended December 31, 2023											
Balance at January 1, 2023		\$ 7,778,434	\$ 1,335	\$ 9,110,280	\$ 8,552,226	\$ 555,794	\$ 17,750,074	(\$ 714,961)	\$ 785,560	(\$ 4,040)	\$ 43,814,702
Profit for the year		-	-	-	-	-	10,837,530	-	-	-	10,837,530
Other comprehensive income for the year	6(18)	-	-	-	-	-	2,242	(112,050)	1,166,860	-	1,057,052
Total comprehensive income 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)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(7,779,770)	-	-	-	(7,779,770)
Stock dividends		777,977	-	-	-	-	(777,977)	-	-	-	-
Execution 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	-	-	-	-	-	-	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		-	-	-	-	-	(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	\$ -	\$ 19,599,420	(\$ 827,011)	\$ 1,720,685	(\$ 369)	\$ 48,461,152
For the year ended December 31, 2024											
Balance at January 1, 2024		\$ 8,577,795	\$ 6,699	\$ 9,753,806	\$ 9,630,127	\$ -	\$ 19,599,420	(\$ 827,011)	\$ 1,720,685	(\$ 369)	\$ 48,461,152
Profit for the year		-	-	-	-	-	9,005,037	-	-	-	9,005,037
Other comprehensive income for the year	6(18)	-	-	-	-	-	9,583	681,842	22,384	-	713,809
Total comprehensive income for the year		-	-	-	-	-	9,014,620	681,842	22,384	-	9,718,846
Appropriations of 2023 earnings	6(17)										
Legal reserve		-	-	-	1,092,920	-	(1,092,920)	-	-	-	-
Cash dividends		-	-	-	-	-	(8,155,269)	-	-	-	(8,155,269)
Execution of employee share options	6(14)(15)	56,527	(5,127)	721,640	-	-	-	-	-	-	773,040
Compensation costs recognized for employee share options	6(14)(23)	-	-	510,318	-	-	-	-	-	-	510,318
Changes in associates and joint ventures accounted for under equity method	6(16)(18)	-	-	157,967	-	-	(24,586)	-	-	369	133,750
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	-	-	-	-	(25,730)	-	-	-	(25,730)
Changes in ownership interests in subsidiaries	6(16)	-	-	12,272	-	-	(27)	-	-	-	12,245
Disposal of financial assets at fair value through other comprehensive income	6(3)(18)	-	-	-	-	-	86,308	-	(86,308)	-	-
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(18)	-	-	-	-	-	797	-	(797)	-	-
Balance at December 31, 2024		\$ 8,634,322	\$ 1,572	\$ 11,156,003	\$ 10,723,047	\$ -	\$ 19,402,613	(\$ 145,169)	\$ 1,655,964	\$ -	\$ 51,428,352

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, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		\$ 10,575,037	\$ 12,673,059
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	282,184	261,654
Amortisation	6(10)(23)	99,352	97,401
Expected credit impairment loss	12(2)	1,765	695
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(18,654)	(33,127)
Finance costs	6(9)(22)	369	682
Interest income		(57,986)	(57,441)
Dividend income	6(20)	(66,191)	(79,854)
Compensation costs of employee share options	6(14)(23)	510,318	255,971
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		(1,141,418)	(2,430,495)
Property, plant and equipment transferred to expenses	6(8)	94	-
Gain on disposal of non-current assets held for sale	6(21)	(353,632)	-
Gain on disposal of investments	6(21)	(9,816)	-
Derecognition of expense arising from prepayments for business facilities		2,510	14,625
Unrealized profit from sales		1,016,762	904,977
Realized profit from sales		(904,977)	(1,071,832)
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		2,575,497	(5,023,893)
Financial assets at amortised cost		(7,890)	-
Notes receivable		10,129	8,026
Accounts receivable		(8,166)	180,188
Accounts receivable - related parties		(2,511,431)	(975,125)
Other receivables		(81,295)	6,483
Other receivables - related parties		(12,504)	(5,691)
Inventories		(135,447)	1,814,345
Other current assets		54,470	(12,825)
Changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss		7,267	(20,999)
Contract liabilities - current		193,487	(182,644)
Notes and accounts payable		17,051	(864,310)
Accounts payable - related parties		268,640	1,313,883
Other payables		(146,816)	(502,057)
Other payables - related parties		(14,510)	(40,932)
Provision for liabilities - current		(12,106)	(12,695)
Other current liabilities		(6,095)	(35,795)
Other non-current liabilities		2,124	(1,717)
Net defined benefit liabilities		(6,242)	(5,016)
Cash inflow generated from operations		10,121,880	6,175,541
Dividends received		66,191	79,854
Interest received		39,775	51,590
Income tax paid		(3,369,619)	(2,506,015)
Net cash flows provided by operating activities		6,858,227	3,800,970

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ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 480,243)	(\$ 263,174)
Proceeds from disposal of financial assets at fair value through other comprehensive income		203,780	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		65,140	614,100
Decrease (increase) in loans to related parties		8,815	(107,170)
Acquisition of investments accounted for under equity method		(353,290)	(236,126)
Dividends received from subsidiaries and associates		701,397	2,524,587
Proceeds from disposal of subsidiaries	6(7)	1,478	-
Cash returned from capital reduction of subsidiaries	6(7)	50,662	13,300
Acquisition of property, plant and equipment	6(8)	(618,711)	(812,953)
Proceeds from disposal of property, plant and equipment		-	18
Acquisition of intangible assets	6(10)	(113,967)	(43,907)
Increase in prepayments for business facilities		(8,449)	(13,125)
Decrease (increase) in refundable deposits		892	(1,361)
Proceeds from disposal of non-current assets held for sale		591,973	-
Decrease (increase) in other non-current assets		605	(922)
Net cash flows provided by investing activities		<u>50,082</u>	<u>1,203,451</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(9)(26)	(8,763)	(8,058)
Payments of cash dividends	6(17)	(8,155,269)	(7,779,770)
Employee share options exercised		773,040	439,577
Net cash flows used in financing activities		(<u>7,390,992</u>)	(<u>7,348,251</u>)
Net decrease in cash and cash equivalents		(482,683)	(2,343,830)
Cash and cash equivalents at beginning of year		<u>3,313,907</u>	<u>5,657,737</u>
Cash and cash equivalents at end of year		<u>\$ 2,831,224</u>	<u>\$ 3,313,907</u>

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

ADVANTECH CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

1. HISTORY AND ORGANIZATION

- (1) Advantech Co., Ltd. (the “Company”) was incorporated in September 1981, and its operational headquarters is located in the Neihu Science Park of Taipei, Taiwan. The Company is primarily engaged in the research and development, design, manufacturing and marketing of embedded computing boards, industrial automation products, applied computers and industrial computers.
- (2) The Company’s shares have been listed and traded on the Taiwan Stock Exchange since December 1999.
- (3) The Company is a global leader in the IoT intelligent system and embedded platform industry, and takes the ‘smart driver of sustainable earth’ as its corporate brand vision. In accordance with the customers’ needs, the Company is divided into three major business groups: the Industrial IoT Group, the Embedded IoT Group and the Service IoT group. To meet the broad trends of the Internet of Things, Big Data, and artificial intelligence, the Company proposes IoT software and hardware solutions plan centered on the industrial IoT cloud platform to assist partners and customers connect the industrial chain.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 27, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’

January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IAS 21, ‘Lack of exchangeability’

January 1, 2025

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment. The quantitative impact will be disclosed when the assessment is complete.

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

The IASB issued the amendments to:

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

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

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

B. IFRS 18, ‘Presentation and disclosure in financial statements’

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets minus present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (“IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in “New Taiwan Dollars (NTD)”, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the subsidiaries, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;

- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified

to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts and notes receivable that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts and notes receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable

value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for using equity method

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been offset. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital

surplus' in proportion to its ownership.

- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- M. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the

construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings

Main buildings	36 ~ 51 years
Electronic equipment	5 years
Engineering systems	5 years
Machinery and equipment	2 ~ 9 years
Office equipment	2 ~ 9 years
Other equipment	2 ~ 24 years

(17) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;

- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

- B. Intangible assets, except for goodwill, are mainly software and technology licencing, and are amortised on a straight-line basis over their estimated useful lives of 1 ~ 8 years.

(19) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(25) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected

to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The

fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

- B. The share-based payment grant date is the date that the Company and employees reached a consensus on the terms and provisions of share-based payment arrangements.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(29) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells embedded computing boards, industrial automation products, applied computers and industrial computers. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. When the material is removed for processing, the control of the ownership of the processed product is not transferred, so the income is not recognized when the material is removed.
- (b) The Company's obligation to provide a repair for faulty products under the standard warranty terms is recognized as a provision.
- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from rendering services

Revenue from rendering services comes from developing products and extended warranty services. Such revenue is recognized when services are provided.

(32) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

(33) Business combinations

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory

consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was \$4,607,878.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

As of December 31, 2024, the Company recognized goodwill, net of impairment loss, amounting to \$111,599.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 105	\$ 135
Checking accounts and demand deposits	2,508,703	3,190,952
Cash equivalents (time deposits with original maturities less than three months)	322,416	122,820
	<u>\$ 2,831,224</u>	<u>\$ 3,313,907</u>

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

B. The Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	\$ 746	\$ 17,160
Non-derivative financial assets		
Corporate bonds	100,281	-
Convertible corporate bonds	109,247	34,965
Beneficiary certificates	5,178,486	7,684,904
	<u>\$ 5,388,760</u>	<u>\$ 7,737,029</u>
<u>Financial assets - non-current</u>		
Mandatorily measured at fair value through profit or loss		
Corporate bonds	\$ 553,491	\$ 257,988
Convertible corporate bonds	85,350	109,184
	<u>\$ 638,841</u>	<u>\$ 367,172</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	\$ <u>7,902</u>	\$ <u>635</u>

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

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	\$ 87,133	\$ 72,787
Derivative instruments	(68,479)	(39,660)
	<u>\$ 18,654</u>	<u>\$ 33,127</u>

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

Derivative financial assets:

<u>December 31, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	CNY/NTD	2025.01	CNY 5,000/NTD 22,475
	EUR/NTD	2025.01	EUR 2,000/NTD 68,802
	JPY/NTD	2025.01~2025.02	JPY 40,000/NTD 8,539
<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	CNY/NTD	2024.01~2024.02	CNY 50,000/NTD 219,452
	EUR/NTD	2024.01~2024.02	EUR 5,500/NTD 188,828
	JPY/NTD	2024.02	JPY 10,000/NTD 2,206
	USD/NTD	2024.01~2024.02	USD 15,500/NTD 488,012

Derivative financial liability:

<u>December 31, 2024</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2025.01~2025.02	EUR 4,000/NTD 135,964
	CNY/NTD	2025.01	CNY 25,000/NTD 111,670
	USD/NTD	2025.01~2025.02	USD 13,500/NTD 435,572
<u>December 31, 2023</u>	<u>Currency</u>	<u>Maturity date</u>	<u>Contract amount (in thousands)</u>
Sell forward foreign exchange	EUR/NTD	2024.02	EUR 1,500/NTD 50,744
	JPY/NTD	2024.01~2024.02	JPY 50,000/NTD 10,646
	USD/NTD	2024.02	USD 1,000/NTD 30,500

- C. The Company entered into forward foreign exchange contracts to manage exposure to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for under hedge accounting.
- D. Details of the Company's financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.
- E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Listed and OTC stocks	\$ 2,385,908	\$ 2,163,316

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

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 339,737	\$ 973,975
Cumulative gains reclassified to retained earnings due to derecognition	\$ 86,308	\$ 112,115
Dividend income recognized in profit or loss		
Held at end of year	\$ 66,191	\$ 69,354
Derecognized during the year	-	10,500
	<u>\$ 66,191</u>	<u>\$ 79,854</u>

- C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$2,385,908 and \$2,163,316, respectively.
- D. The Company had no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits	\$ 65,570	\$ 61,410
Non-current items:		
Time deposits	\$ -	\$ 61,410

- A. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$65,570 and \$122,820, respectively.
- B. The Company had no financial assets at amortised cost pledged to others as collateral.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 11,237	\$ 21,366
Less: Allowance for uncollectible accounts	-	-
	\$ 11,237	\$ 21,366
Accounts receivable	\$ 1,398,903	\$ 1,391,236
Less: Allowance for uncollectible accounts	(15,466)	(14,200)
	\$ 1,383,437	\$ 1,377,036

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

	December 31, 2024	December 31, 2023
Not past due	\$ 1,219,010	\$ 1,191,282
Less than 90 days past due	176,279	200,141
Between 91 to 180 days past due	2,679	8,005
Over 181 days past due	12,172	13,174
	\$ 1,410,140	\$ 1,412,602

The above ageing analysis was based on past due date.

- B. Except for the balance shown above, the balance of notes and accounts receivable from contracts with customers was \$1,602,345 as at January 1, 2023.
- C. The Company does not hold collateral as security for accounts receivable.

D. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represent the Company's notes receivable were \$11,237 and \$21,366, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$1,383,437 and \$1,377,036, respectively.

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

(6) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,223,233	(\$ 322,112)	\$ 1,901,121
Work in progress	864,842	(43,348)	821,494
Finished goods	1,815,493	(61,655)	1,753,838
Inventory in transit	131,425	-	131,425
	<u>\$ 5,034,993</u>	<u>(\$ 427,115)</u>	<u>\$ 4,607,878</u>
	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,473,693	(\$ 335,105)	\$ 2,138,588
Work in progress	750,309	(40,006)	710,303
Finished goods	1,543,157	(92,831)	1,450,326
Inventory in transit	173,214	-	173,214
	<u>\$ 4,940,373</u>	<u>(\$ 467,942)</u>	<u>\$ 4,472,431</u>

The operating cost recognized as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 27,727,369	\$ 29,264,772
(Gain from price recovery) loss on decline in market	(40,827)	8,695
Others	392,360	519,856
	<u>\$ 28,078,902</u>	<u>\$ 29,793,323</u>

The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories which were previously provided with allowance for valuation loss were subsequently sold during the year ended December 31, 2024.

(7) Investments accounted for under equity method

	December 31, 2024		December 31, 2023	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:				
Advantech Automation Corporation Limited (AAC MT) (Formerly Advantech Automation Corporation [AAC (BVI)])	\$ 8,526,762	100.00	\$ 7,552,379	100.00
Advantech Technology Co., Ltd. (ATC)	5,847,516	100.00	5,296,267	100.00
Advantech Corporate Investment (ACI)	3,991,847	100.00	4,231,347	100.00
Advanixs Corporation	249,780	100.00	242,717	100.00
Advantech Europe Holding B.V. (AEUH)	1,119,665	100.00	1,496,793	100.00
LNC Technology Co., Ltd. (LNC)	-	-	205,818	44.60
Advantech KR Co., Ltd. (AKR)	567,279	100.00	587,874	100.00
Advantech Japan Co., Ltd. (AJP)	1,252,468	100.00	1,158,037	100.00
Advantech Automation Corp. (HK) Limited [AAC (HK)]	584,567	100.00	1,173,945	100.00
Advantech Corporate Investment Ltd. (ACI KY)	2,238,664	100.00	2,083,045	100.00
Cermate Technologies Inc. (Cermate Taiwan)	92,723	45.00	94,743	45.00
Advantech Turkey Teknoloji A.S. (ATR)	33,180	100.00	22,704	80.10
AURES TECHNOLOGIES S.A. (Aures)	266,192	36.32	-	-
Others	936,805	-	838,833	-
	<u>25,707,448</u>		<u>24,984,502</u>	

	December 31, 2024		December 31, 2023	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Associates:				
Axiomtek Co., Ltd. (Axiomtek)	\$ 1,281,900	27.37	\$ 1,077,036	27.63
Winmate Inc. (Winmate)	697,986	15.05	663,771	15.32
Nippon RAD Inc. (Nippon RAD)	211,841	16.08	207,835	16.08
AIMobile Co., Ltd. (AIMobile)	-	-	(4,296)	27.00
LNC Technology Co., Ltd. (LNC)	233,713	40.55	-	-
	2,425,440		1,944,346	
	\$ 28,132,888		\$ 26,928,848	

A. Subsidiaries

- (a) Information on the Company's subsidiaries is provided in Note 4(3) of the 2024 consolidated financial statements.
- (b) In the second quarter of 2023, the Company made additional investments in ATR, which resulted to an increase in ownership from 60% to 62.4%. In the fourth quarter of 2023, the Company acquired equity interest in ATR, which resulted to an increase in ownership from 62.4% to 80.1%. In the fourth quarter of 2024, the Company acquired equity interest in ATR from its other shareholders, which resulted to an increase in ownership from 80.1% to 100%.
- (c) In the third quarter of 2023, the Company adjusted its investment structure, and accordingly, the Company held equity interest in AAC (HK).
- (d) In the third quarter of 2023, the Company adjusted its investment structure. And accordingly, the Company held equity interest in ACI KY.
- (e) In the third quarter of 2023, the Company acquired 45% equity interest in Cermate Taiwan. In the fourth quarter of 2024, Cermate Taiwan made a capital reduction and repatriated the capital for \$31,725.
- (f) In the first quarter of 2024, AAC (BVI) relocated to Malta and changed its company name to Advantech Automation Corporation Limited (AAC MT).
- (g) In the first quarter of 2024, the Company sold 2.4% of AMX's equity for \$1,478, which resulted to a decrease in ownership from 99.9% to 97.5%.
- (h) In the second quarter of 2024, the Company lost control over LNC and its subsidiaries, but still has significant influence over them. Accordingly, the investments in LNC and its subsidiaries were reclassified to investments accounted for under equity method from the second quarter of 2024.
- (i) On October 1, 2024, the Company acquired 1,430,381 shares through transactions with Aures' major shareholder, at a price per share of 6.31 Euros, approximately 36.32%. Consequently, the Company became the single largest shareholder and acquired substantial control over

Aures, which became a subsidiary of the Company from the date of acquisition of control. Information on the Company's business combination is provided in Note 6(30) of the 2024 consolidated financial statements.

- (j) In the fourth quarter of 2024, Huan Yan Water Solution Co., Ltd. made a capital reduction to offset the deficit and repaid the capital for \$18,937.

B. Associates

- (a) The summary of financial information of share attributable to the Company on the associates that are not individually material to the Company is as follows:

	For the years ended December 31,	
	2024	2023
Profit for the year	\$ 281,116	\$ 261,824
Other comprehensive income (loss) for the year (net of income tax)	19,268	(6,067)
Total comprehensive income for the year	<u>\$ 300,384</u>	<u>\$ 255,757</u>

- (b) In 2024, employees of Axiomtek executed the transfer of employee stock options, which resulted to a decrease in the Company's equity interest from 27.63% to 27.37%.
- (c) In 2024, employees of Winmate executed the transfer of employee stock options, which resulted to a decrease in the Company's equity interest from 15.32% to 15.05%.
- (d) In the second quarter of 2024, AIMobile made a capital reduction to offset the deficit and a capital increase. As the Company did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27.00% to 9.81%. As the Company lost significant influence over AIMobile, the investment in AIMobile accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.
- (e) In the fourth quarter of 2024, LNC made a cash capital increase. As the Company did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 44.60% to 40.55%.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value of associates	<u>\$ 5,580,575</u>	<u>\$ 4,068,507</u>

- D. The Company is the single largest shareholder of Axiomtek and Winmate, given that other shareholders hold more shares than the Company and the degree of other shareholders involvement in prior shareholders' meeting and record of voting rights for major proposals, which indicates that the Company has no substantial ability to direct the relevant operating and financial activities, the Company has no control, but only has significant influence, over the said companies.**

E. The Company is the single largest shareholder of LNC, given that other shareholders of the company collectively hold more shares than the Company and that the Company has only one of its directors, and the Company has no substantial ability to direct the relevant operating and financial activities, the Company has no control, but only has significant influence over the companies.

(8) Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2024							
Cost	\$ 2,475,080	\$ 5,360,401	\$ 1,139,276	\$ 353,294	\$ 877,223	\$ 204,975	\$ 10,410,249
Accumulated depreciation and impairment	-	(885,499)	(843,500)	(304,283)	(696,174)	-	(2,729,456)
	<u>\$ 2,475,080</u>	<u>\$ 4,474,902</u>	<u>\$ 295,776</u>	<u>\$ 49,011</u>	<u>\$ 181,049</u>	<u>\$ 204,975</u>	<u>\$ 7,680,793</u>
Balance at January 1, 2024	\$ 2,475,080	\$ 4,474,902	\$ 295,776	\$ 49,011	\$ 181,049	\$ 204,975	\$ 7,680,793
Additions	-	125,038	18,446	3,837	65,521	426,229	639,071
Disposals	-	-	(94)	-	-	-	(94)
Depreciation	-	(107,500)	(70,500)	(23,117)	(72,678)	-	(273,795)
Reclassifications	-	-	3,378	-	12,440	-	15,818
Balance at December 31, 2024	<u>\$ 2,475,080</u>	<u>\$ 4,492,440</u>	<u>\$ 247,006</u>	<u>\$ 29,731</u>	<u>\$ 186,332</u>	<u>\$ 631,204</u>	<u>\$ 8,061,793</u>
Balance at December 31, 2024							
Cost	\$ 2,475,080	\$ 5,485,439	\$ 1,113,077	\$ 334,782	\$ 941,290	\$ 631,204	\$ 10,980,872
Accumulated depreciation and impairment	-	(992,999)	(866,071)	(305,051)	(754,958)	-	(2,919,079)
	<u>\$ 2,475,080</u>	<u>\$ 4,492,440</u>	<u>\$ 247,006</u>	<u>\$ 29,731</u>	<u>\$ 186,332</u>	<u>\$ 631,204</u>	<u>\$ 8,061,793</u>

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2023							
Cost	\$ 2,619,900	\$ 4,162,789	\$ 1,121,344	\$ 368,352	\$ 855,198	\$ 958,288	\$ 10,085,871
Accumulated depreciation and impairment	-	(875,543)	(875,498)	(311,897)	(693,386)	-	(2,756,324)
	<u>\$ 2,619,900</u>	<u>\$ 3,287,246</u>	<u>\$ 245,846</u>	<u>\$ 56,455</u>	<u>\$ 161,812</u>	<u>\$ 958,288</u>	<u>\$ 7,329,547</u>
Balance at January 1, 2023	\$ 2,619,900	\$ 3,287,246	\$ 245,846	\$ 56,455	\$ 161,812	\$ 958,288	\$ 7,329,547
Additions	-	416,464	100,075	20,658	75,220	200,536	812,953
Disposals	-	-	-	(18)	-	-	(18)
Depreciation	-	(92,368)	(68,892)	(28,084)	(64,699)	-	(254,043)
Reclassifications	(144,820)	863,560	18,747	-	8,716	(953,849)	(207,646)
Balance at December 31, 2023	<u>\$ 2,475,080</u>	<u>\$ 4,474,902</u>	<u>\$ 295,776</u>	<u>\$ 49,011</u>	<u>\$ 181,049</u>	<u>\$ 204,975</u>	<u>\$ 7,680,793</u>
Balance at December 31, 2023							
Cost	\$ 2,475,080	\$ 5,360,401	\$ 1,139,276	\$ 353,294	\$ 877,223	\$ 204,975	\$ 10,410,249
Accumulated depreciation and impairment	-	(885,499)	(843,500)	(304,283)	(696,174)	-	(2,729,456)
	<u>\$ 2,475,080</u>	<u>\$ 4,474,902</u>	<u>\$ 295,776</u>	<u>\$ 49,011</u>	<u>\$ 181,049</u>	<u>\$ 204,975</u>	<u>\$ 7,680,793</u>

The Company has no property, plant and equipment pledged to others.

(9) Lease agreements - lessee

A. The Company's lease subjects include building, machinery and equipment and office equipment. Rental contracts are typically made for periods of 1 to 8 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.

B. Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amount		
Buildings and structures	\$ 6,935	\$ 11,886
Machinery and equipment	1,808	1,583
Office equipment	8,068	5,014
	<u>\$ 16,811</u>	<u>\$ 18,483</u>
	For the years ended December 31,	
	2024	2023
Depreciation		
Buildings and structures	\$ 4,995	\$ 4,506
Machinery and equipment	1,015	736
Office equipment	2,379	2,369
	<u>\$ 8,389</u>	<u>\$ 7,611</u>

C. Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount		
Current	\$ 8,077	\$ 5,701
Non-current	8,198	12,251
	<u>\$ 16,275</u>	<u>\$ 17,952</u>

D. The additions to right-of-use assets for the years ended December 31, 2024 and 2023 were \$6,717 and \$21,467, respectively.

E. Other lease information

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 369</u>	<u>\$ 682</u>
Total cash outflow for leases	<u>\$ 8,763</u>	<u>\$ 8,058</u>

(10) Intangible assets

	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2024			
Cost	\$ 111,599	\$ 482,275	\$ 593,874
Accumulated amortisation and impairment	-	(396,913)	(396,913)
	<u>\$ 111,599</u>	<u>\$ 85,362</u>	<u>\$ 196,961</u>
Balance at January 1, 2024	\$ 111,599	\$ 85,362	\$ 196,961
Additions	-	113,967	113,967
Reclassifications	-	280	280
Amortisation	-	(99,352)	(99,352)
Balance at December 31, 2024	<u>\$ 111,599</u>	<u>\$ 100,257</u>	<u>\$ 211,856</u>
Balance at December 31, 2024			
Cost	\$ 111,599	\$ 501,399	\$ 612,998
Accumulated amortisation and impairment	-	(401,142)	(401,142)
	<u>\$ 111,599</u>	<u>\$ 100,257</u>	<u>\$ 211,856</u>

	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2023			
Cost	\$ 111,599	\$ 484,109	\$ 595,708
Accumulated amortisation and impairment	-	(345,253)	(345,253)
	<u>\$ 111,599</u>	<u>\$ 138,856</u>	<u>\$ 250,455</u>
Balance at January 1, 2023	\$ 111,599	\$ 138,856	\$ 250,455
Additions	-	43,907	43,907
Amortisation	-	(97,401)	(97,401)
Balance at December 31, 2023	<u>\$ 111,599</u>	<u>\$ 85,362</u>	<u>\$ 196,961</u>
Balance at December 31, 2023			
Cost	\$ 111,599	\$ 482,275	\$ 593,874
Accumulated amortisation and impairment	-	(396,913)	(396,913)
	<u>\$ 111,599</u>	<u>\$ 85,362</u>	<u>\$ 196,961</u>

A. The details of goodwill are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Industrial-IoT Group	<u>\$ 111,599</u>	<u>\$ 111,599</u>

B. Impairment assessment of goodwill

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

(11) Non-current assets held for sale

The land and buildings of the Donghu Plant have been reclassified as assets held for sale following the approval of the Board of Directors on October 30, 2023 for the disposal of such assets for the purpose of optimizing asset utilization.

Assets of disposal group held for sale:

	<u>December 31, 2023</u>
Property, plant and equipment	
Land	\$ 144,820
Buildings and structures	93,446
Other equipments	<u>75</u>
	<u>\$ 238,341</u>

The Company has sold the above property, plant and equipment in 2024 and recognized gain on disposal of non-current assets held for sale for \$353,632.

(12) Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wages and salaries and bonuses payable	\$ 2,249,600	\$ 2,383,907
Employee benefits payable	74,498	64,417
Others	<u>436,887</u>	<u>461,155</u>
	<u>\$ 2,760,985</u>	<u>\$ 2,909,479</u>

(13) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheets are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 378,715	\$ 377,335
Fair value of plan assets	<u>(242,574)</u>	<u>(220,966)</u>
Net defined benefit liability (recognized as "other non-current liabilities")	<u>\$ 136,141</u>	<u>\$ 156,369</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2024			
Balance at January 1	\$ 377,335	(\$ 220,966)	\$ 156,369
Current service cost	476	-	476
Interest expense (income)	4,717	(2,816)	1,901
	<u>382,528</u>	<u>(223,782)</u>	<u>158,746</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(19,396)	(19,396)
Change in financial assumptions	(320)	-	(320)
Experience adjustments	5,730	-	5,730
	<u>5,410</u>	<u>(19,396)</u>	<u>(13,986)</u>
Pension payment	(9,223)	9,223	-
Pension fund contribution	-	(8,619)	(8,619)
	<u>(9,223)</u>	<u>604</u>	<u>(8,619)</u>
Balance at December 31	<u>\$ 378,715</u>	<u>(\$ 242,574)</u>	<u>\$ 136,141</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	\$ 374,178	(\$ 213,607)	\$ 160,571
Current service cost	1,259	-	1,259
Interest expense (income)	5,613	(3,269)	2,344
	<u>381,050</u>	<u>(216,876)</u>	<u>164,174</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(980)	(980)
Change in financial assumptions	8,880	-	8,880
Experience adjustments	(7,086)	-	(7,086)
	<u>1,794</u>	<u>(980)</u>	<u>814</u>
Pension payment	(5,509)	5,509	-
Pension fund contribution	-	(8,619)	(8,619)
	<u>(5,509)</u>	<u>(3,110)</u>	<u>(8,619)</u>
Balance at December 31	<u>\$ 377,335</u>	<u>(\$ 220,966)</u>	<u>\$ 156,369</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Discount rate	<u>1.50%</u>	<u>1.250%</u>
Future salary increases rate	<u>4.00%</u>	<u>3.750%</u>

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases rate</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2024				
Effect on present value of defined benefit obligation	<u>(\$ 8,314)</u>	<u>\$ 8,588</u>	<u>\$ 8,241</u>	<u>(\$ 8,022)</u>
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 8,880)</u>	<u>\$ 9,187</u>	<u>\$ 8,816</u>	<u>(\$ 8,569)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2025 amount to \$8,619.
 - (g) As of December 31, 2024, the weighted average duration of that retirement plan is 8.9 years.
- B. Defined contribution pension plan
- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
 - (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were \$181,256 and \$171,553, respectively.

(14) Share-based payment

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

B. Information on employee share options is as follows:

	For the years ended December 31,			
	2024		2023	
	No. of shares (thousands)	Weighted- average exercise price (in dollars)	No. of shares (thousands)	Weighted- average exercise price (in dollars)
Options outstanding at the beginning of the year	18,704	\$ 176.71	13,379	\$ 179.19
Options granted	-	-	8,000	200.00
Options exercised	(5,140)	150.40	(2,675)	164.35
Options forfeited	(551)	144.40	-	-
Options outstanding at the end of the year	<u>13,013</u>	186.48	<u>18,704</u>	176.71
Options exercisable at the end of the year	<u>5,013</u>	164.90	<u>9,204</u>	157.68

C. The weighted-average stock price of share options at exercise dates for the years ended December 31, 2024 and 2023 was \$298~432 (in dollars) and \$321.5~430 (in dollars), respectively.

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

	December 31, 2024		December 31, 2023	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2023	\$ 194.80	4.71	\$ 200.00	5.71
Issuance in 2020	164.90	1.58	169.30	2.58
Issuance in 2018	144.40	-	148.20	0.58

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

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

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

F. The Company recognized compensation cost of \$510,318 and \$255,971 for the years ended December 31, 2024 and 2023, respectively.

(15) Share capital

As of December 31, 2024, the Company's authorised capital was \$10,000,000, consisting of 1,000,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee share options and corporate bonds with warrant), and the paid-in capital was \$8,635,894 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The change in the number of the Company's common shares outstanding at the beginning and end of the year are as follows (in thousand shares):

	2024	2023
At January 1	858,449	777,977
Stock dividends	-	77,797
Employee share options exercised	5,140	2,675
At December 31	863,589	858,449

(16) Capital surplus

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Premium on issuance of ordinary shares	\$ 2,692,238	\$ 2,692,238
Premium on conversion of bonds	1,636,499	1,636,499
Premium on exercise of ordinary shares for employee share options	5,226,482	4,172,821
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	31,556
Changes in equity of associates accounted for under equity method	674	674
Employees' share compensation	78,614	78,614
<u>May be used to offset a deficit only</u>		
Changes in ownership interests in subsidiaries	23,938	11,666
Changes in equity of associates accounted for under equity method	229,035	71,068
Employee share options forfeited	96,258	96,258
<u>Not to be used for any purpose</u>		
Employee share options	1,140,709	962,412
	<u>\$ 11,156,003</u>	<u>\$ 9,753,806</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. However, the amount that can be transferred to share capital is limited to a certain percentage of paid-in capital every year.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside or reversed from the legal reserve where such legal reserve amounts has reached the Company's paid-in capital, it may no longer be appropriated. The remainder, if any, shall be distributed as dividends to be proposed by the Board of Directors. The distribution of cash dividends shall be resolved by the Board of Directors while stock dividends shall be resolved by the shareholders during their meeting.
- B. The Company's dividend policy which takes into consideration the Company's future funding requirements and long-term financial planning as well as the interest of shareholders is to distribute at least 30% of the available profits as dividends to shareholders annually. The distribution of cash dividends shall not be less than 20% of the total dividends distributed. The Company operates in an industry related to high technology computers and network servers with significant potential for growth in the enterprise life cycle. Thus, in formulating its dividends policy, the Company takes into account the overall business and industry conditions and trends,

its objective of enhancing the shareholders' long-term interests, and the sustainability of the Company's growth. The policy also requires that share dividends shall be less than 75% of total dividends to retain internally generated cash within the Company to finance future capital expenditures and working capital requirements.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.
- E. The appropriations of earnings for 2023 and 2022 had been approved by the shareholders during their meeting on May 30, 2024 and May 25, 2023, respectively. Details are summarized as follows:

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

- F. The appropriations of 2024 earnings had been proposed by the Board of Directors on February 27, 2025. Details are summarized as follows:

	For the year ended December 31, 2024
Legal reserve	\$ 905,138
Cash dividends	\$ 7,254,151
Cash dividends per share (in dollars)	\$ 8.4

As of February 27, 2025, the appropriations of 2024 earnings stated above have not yet been resolved by the shareholders.

(18) Other equity items

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

	For the years ended December 31,	
	2024	2023
Balance at January 1	(\$ 827,011)	(\$ 714,961)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	641,213	(107,586)
Share of profit (loss) of associates accounted for under equity method	40,629	(4,464)
Other comprehensive income (loss) recognized for the year	681,842	(112,050)
Balance at December 31	(\$ 145,169)	(\$ 827,011)

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

	For the years ended December 31,	
	2024	2023
Balance at January 1	\$ 1,720,685	\$ 785,560
Recognized for the year		
Unrealized gain or loss		
Equity instrument	339,737	973,975
Share of (loss) profit of subsidiaries and associates accounted for under equity method	(317,353)	82,565
	22,384	1,056,540
Transfer of valuation adjustments to retained earnings		
Equity instrument	(86,635)	(62,100)
Subsidiary	327	(50,015)
Share of loss of associates accounted for under equity method	(797)	(9,300)
	(87,105)	(121,415)
Balance at December 31	\$ 1,655,964	\$ 1,720,685

C. Unearned employee benefits compensation

	For the years ended December 31,	
	2024	2023
Balance at January 1	(\$ 369)	(\$ 4,040)
Share of profit of associates accounted for under equity method	369	3,671
Balance at December 31	\$ -	(\$ 369)

(19) Operating revenue

	For the years ended December 31,	
	2024	2023
Revenue from contracts with customers	\$ 42,609,394	\$ 44,603,097

A. Disaggregation of revenue from contracts with customers

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

For the year ended December 31, 2024

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+and Others)	Total
Timing of revenue recognition							
At a point in time	\$ 14,029,904	\$ 10,563,288	\$ 5,770,883	\$ 5,105,865	\$ 4,437,642	\$ 2,701,812	\$ 42,609,394

For the year ended December 31, 2023

	Industrial-IoT Group (IIoT)	Embedded-IoT Group (EIoT)	Applied Computing Group (ACG)	Edge Server Group (ESG; Formerly ICVG)	Service-IoT Group (SIoT)	Advantech Service Plus and Others (AS+and Others)	Total
Timing of revenue recognition							
At a point in time	\$ 12,294,995	\$ 11,803,737	\$ 6,574,931	\$ 6,038,082	\$ 5,115,624	\$ 2,775,728	\$ 44,603,097

B. Contract liabilities

The Company recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$466,462, \$272,975 and \$455,619 as of December 31, 2024, December 31, 2023 and January 1, 2023, respectively.

(20) Other income

	For the years ended December 31,	
	2024	2023
Rental income	\$ 1,754	\$ 1,704
Dividend income	66,191	79,854
Others	202,293	168,233
	\$ 270,238	\$ 249,791

(21) Other gains and losses

	For the years ended December 31,	
	2024	2023
Gains on disposal of non-current assets held for sale	\$ 353,632	\$ -
Gains on disposal of investments	9,816	-
Currency exchange gains	294,353	106,955
Gains on financial assets / liabilities at fair value through profit or loss	18,654	33,127
Other losses	(2,449)	(1,299)
	<u>\$ 674,006</u>	<u>\$ 138,783</u>

(22) Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense on lease liabilities	<u>\$ 369</u>	<u>\$ 682</u>

(23) Expenses by nature

A. Depreciation and amortisation expenses

	For the years ended December 31,	
	2024	2023
Depreciation categorised by function		
Operating costs	\$ 86,895	\$ 86,280
Operating expenses	195,289	175,374
	<u>\$ 282,184</u>	<u>\$ 261,654</u>
Amortisation of intangible assets categorised by function		
Operating costs	\$ 872	\$ 131
Operating expenses	98,480	97,270
	<u>\$ 99,352</u>	<u>\$ 97,401</u>

B. Employee benefit expense

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 4,477,878	\$ 3,944,256
Post-employment benefits		
Defined contribution plan	181,256	171,553
Defined benefit plan	2,377	3,603
	<u>183,633</u>	<u>175,156</u>
Share-based payment		
Equity-settled	510,318	255,971
Other employee benefits	274,480	327,625
Total employee benefit expense	<u>\$ 5,446,309</u>	<u>\$ 4,703,008</u>

	For the years ended December 31,	
	2024	2023
An analysis of employee benefits expense by function		
Operating costs	\$ 1,193,106	\$ 1,141,092
Operating expenses	4,253,203	3,561,916
	<u>\$ 5,446,309</u>	<u>\$ 4,703,008</u>

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

	For the years ended December 31,	
	2024	2023
Employees' compensation	\$ 620,000	\$ 740,000
Directors' remuneration	\$ 22,850	\$ 18,625

- (b) Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors on February 27, 2024 were in agreement with those amounts recognized in the 2023 financial statements.
- (c) Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income taxes

A. Income tax expense

- (a) Components of income tax expense:

	For the years ended December 31,	
	2024	2023
Current income tax:		
Current income tax on profits for the year	\$ 1,508,752	\$ 2,261,742
Additional tax on unappropriated earnings	84,051	84,958
Difference between prior year's income tax estimation and assessed results	(123,448)	(274,755)
Total current tax	1,469,355	2,071,945
Deferred income tax:		
Origination and reversal of temporary differences	100,645	(236,416)
Income tax expense	<u>\$ 1,570,000</u>	<u>\$ 1,835,529</u>

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

	For the years ended December 31,	
	2024	2023
Translation of foreign operations	\$ 170,002	(\$ 28,012)
Remeasurement of defined benefit plan	2,797	(163)
	<u>\$ 172,799</u>	<u>(\$ 28,175)</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2024	2023
Income tax calculated based on profit before tax and statutory tax rate	\$ 2,115,007	\$ 2,534,612
Tax exempt income by tax regulation	(149,240)	(128,841)
Taxable temporary differences associated with investment in foreign subsidiaries not recognized as deferred tax liability	(115,445)	(209,445)
Effect from investment tax credits	(244,000)	(171,000)
Additional tax on unappropriated earnings	84,051	84,958
Difference between prior year's income tax estimation and assessed results	(123,448)	(274,755)
Others	3,075	-
	<u>\$ 1,570,000</u>	<u>\$ 1,835,529</u>

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets:</u>				
Temporary differences:				
Unrealized profit from sales	\$ 180,996	\$ 22,357	\$ -	\$ 203,353
Unrealized decline in value of inventories	93,588	(8,165)	-	85,423
Unrealized provisions for warranty	12,016	(2,422)	-	9,594
Unutilized vacation bonus	33,349	(213)	-	33,136
Bonus payable	821	2,016	-	2,837
Exchange differences on translation of the financial statements of foreign operations	206,753	-	(170,002)	36,751
Remeasurement of defined benefit obligation	24,703	-	(2,797)	21,906
	<u>\$ 552,226</u>	<u>\$ 13,573</u>	<u>(\$ 172,799)</u>	<u>\$ 393,000</u>
<u>Deferred income tax liabilities</u>				
Temporary differences:				
Unappropriated earnings of foreign subsidiaries	\$ 1,874,312	\$ 99,992	\$ -	\$ 1,974,304
Defined benefit pension plan	4,365	1,249	-	5,614
Remeasurement of defined benefit obligation	3,990	-	-	3,990
Financial assets at fair value through profit or loss	9,443	2,043	-	11,486
Unrealized foreign exchange gain	6,628	10,933	-	17,561
	<u>\$ 1,898,738</u>	<u>\$ 114,217</u>	<u>\$ -</u>	<u>\$ 2,012,955</u>

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred income tax assets:</u>				
Temporary differences:				
Unrealized profit from sales	\$ 189,323	(\$ 8,327)	\$ -	\$ 180,996
Unrealized decline in value of inventories	91,849	1,739	-	93,588
Unrealized provisions for warranty	14,555	(2,539)	-	12,016
Unutilized vacation bonus	-	33,349	-	33,349
Bonus payable	-	821	-	821
Exchange differences on translation of the financial statements of foreign operations	178,741	-	28,012	206,753
Remeasurement of defined benefit obligation	24,540	-	163	24,703
	<u>\$ 499,008</u>	<u>\$ 25,043</u>	<u>\$ 28,175</u>	<u>\$ 552,226</u>
<u>Deferred income tax liabilities</u>				
Temporary differences:				
Unappropriated earnings of foreign subsidiaries	\$ 2,101,163	(\$ 226,851)	\$ -	\$ 1,874,312
Defined benefit pension plan	3,362	1,003	-	4,365
Remeasurement of defined benefit obligation	3,990	-	-	3,990
Financial assets at fair value through profit or loss	1,596	7,847	-	9,443
Unrealized foreign exchange gain	-	6,628	-	6,628
	<u>\$ 2,110,111</u>	<u>(\$ 211,373)</u>	<u>\$ -</u>	<u>\$ 1,898,738</u>

- D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2024 and 2023, the amounts of temporary differences unrecognized as deferred tax liabilities were \$4,462,779 and \$3,885,555, respectively.
- E. Refer to Note 6(27) in the consolidated financial statements for the year ended December 31, 2024 with relevant information of exposure to income taxes arising from the Pillar Two legislation for the Company and its subsidiaries.
- F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(25) Earnings per share

Unit: Expressed in dollars per share

	For the years ended December 31,	
	2024	2023
Basic earnings per share	\$ 10.45	\$ 12.65
Diluted earnings per share	\$ 10.38	\$ 12.52

The weighted average number of shares outstanding used for the computation of earnings per share was adjusted retroactively for the issuance of bonus shares or share splits on July 10, 2023.

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	For the years ended December 31,	
	2024	2023
Earnings used in the computation of basic earnings per share	\$ 9,005,037	\$ 10,837,530
Earnings used in the computation of diluted earnings per share	\$ 9,005,037	\$ 10,837,530

Unit: expressed in thousand shares

	For the years ended December 31,	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	861,485	856,843
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	4,273	6,263
Employees' compensation	2,100	2,308
Weighted average number of ordinary shares used in the computation of diluted earnings per share	867,858	865,414

(26) Changes in liabilities from financing activities

	2024	2023
	Lease liabilities	Lease liabilities
At January 1	\$ 17,952	\$ 3,861
Changes in cash flow from financing activities	(8,763)	(8,058)
Increase	6,717	21,467
Other changes in non-cash flow	369	682
At December 31	\$ 16,275	\$ 17,952

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Related Party Category</u>
Advantech Automation Corp. (HK) Limited [AAC (HK)]	Subsidiary
Advantech Australia Pty Ltd. (AAU)	Subsidiary
Advantech Brasil Ltd. (ABR)	Subsidiary
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Subsidiary
Advantech CZech, s.r.o. (ACZ)	Subsidiary
Advantech Technology DMCC (ADB)	Subsidiary
Advantech Europe B.V. (AEU)	Subsidiary
PT. Advantech International (AID)	Subsidiary
ADVANTECH IOT ISRAEL LTD. (AIL)	Subsidiary
Advantech Industrial Computing India Private Limited (AIN)	Subsidiary
Advantech Japan Co., Ltd. (AJP)	Subsidiary
Advantech Technology (China) Company Ltd. (AKMC)	Subsidiary
Advantech KR Co., Ltd. (AKR)	Subsidiary
Advantech Electronics, S.A.P.I. DE C. V. (AMX)	Subsidiary
Advantech Co., Malaysia Sdn. Bhd (AMY)	Subsidiary
Advantech Corp. (ANA)	Subsidiary
Advantech Poland Sp z o.o. (APL)	Subsidiary
Advantech Co., Singapore Pte, Ltd. (ASG)	Subsidiary
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Subsidiary
Advantech Turkey Teknoloji A.S. (ATR)	Subsidiary
Advantech Vietnam Technology Company Limited (AVN)	Subsidiary
Advantech Technology Limited (AIE)	Subsidiary
Advantech Technology Limited Liability Company (ARU)	Subsidiary
Cermate Technologies Inc. (Cermate Taiwan)	Subsidiary
Advantech Corporate Investment (ACI)	Subsidiary
Advantech Raiser India Private Limited (ARI)	Subsidiary
Advantech Intelligent Services Co., Ltd. (AiCS)	Subsidiary
Advanixs Corporation	Subsidiary
Huan Yan Water Solution Co., Ltd.	Subsidiary
BitFlow, Inc. (ABO)	Subsidiary
Retail Technology Group Inc. (Aures RTG)	Subsidiary (Note 6)
AURES TECHNOLOGIES S.A. (Aures)	Subsidiary (Note 6)

Names of related parties	Related Party Category
AURES Technologies Pty Ltd. (Aures AU)	Subsidiary (Note 6)
Expotech Co., Ltd. (Expotech)	Subsidiary (Note 1)
Advantech Automation Corporation Limited (AAC MT)	Subsidiary
LNC Technology Co., Ltd. (LNC)	Associate (Note 2)
Nippon RAD Inc.	Associate
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate (Note 3)
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
AzureWave Technologies, Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate (Note 4)
Mildex Optical Inc.	Associate
DotZero Co., Ltd.	Associate (Note 5)
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate
VSO Electronics Co., Ltd.	Associate
International Integrated Systems, Inc.	Associate
Feng Sang Enterprise Co., Ltd.	Associate
Freedom System Inc.	Associate
K&M Investment Co., Ltd.	Other related party
AIDC Investment Corp.	Other related party
Advantech Foundation	Other related party
Tran-Fei Development Co., Ltd.	Other related party

Note 1: In the second quarter of 2024, the Company's subsidiary-Advantech Corporate Investment acquired 21.51% equity interest and obtained control. Accordingly, the entity was considered a subsidiary of the Company from the date of obtaining control.

Note 2: In the second quarter of 2024, the Company lost control over LNC and its subsidiaries but still has significant influence over them. Accordingly, the entities were reclassified as the Company's associates starting from the second quarter of 2024.

Note 3: In the second quarter of 2024, the Company did not subscribe to the capital increase in proportion to its shareholding percentage, resulting in losing significant influence. Accordingly, the entity was not anymore considered an associate from the date of losing significant influence.

Note 4: In the second quarter of 2024, the Company's subsidiary-Advantech Corporate Investment disposed a portion of its shareholding and lost significant influence. Accordingly, the entity was not anymore considered an associate from the date of losing significant influence.

Note 5: In the third quarter of 2024, the Company's subsidiary-Advantech Corporate Investment no longer remains as DotZero's directors and lost significant influence over DotZero. Accordingly, the entity was not anymore considered an associate from the date of losing significant influence.

Note 6: On October 1, 2024, the Company acquired 1,430,381 shares through transactions with Aures' major shareholder, at a price per share of 6.31 Euros, approximately 36.32%. Consequently, the Company became the single largest shareholder and acquired substantial control over Aures, which became a subsidiary of the Company from the date of acquisition of control.

(3) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2024	2023
Subsidiaries		
ANA	\$ 13,712,277	\$ 13,916,598
ACN	8,498,401	8,688,311
AEU	6,890,960	7,998,103
Others	5,126,881	4,897,008
Associates	63,251	50,952
Other related parties	8,130	3,217
	<u>\$ 34,299,900</u>	<u>\$ 35,554,189</u>

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

B. Purchases and operating costs

	For the years ended December 31,	
	2024	2023
Purchases of goods:		
Subsidiaries		
AKMC	\$ 12,478,473	\$ 13,130,799
Others	297,947	350,089
Associates	116,760	219,177
Purchases of services:		
Subsidiaries		
ANA	3,203	-
AiCS	-	24,820
Others	10	-
Associates	541	1
	<u>\$ 12,896,934</u>	<u>\$ 13,724,886</u>

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable - related parties		
Subsidiaries		
ACN	\$ 4,599,426	\$ 3,588,179
ANA	2,923,639	2,364,350
AEU	1,564,520	928,943
Others	1,556,005	1,247,223
Associates	<u>8,148</u>	<u>11,612</u>
	<u>10,651,738</u>	<u>8,140,307</u>
Other receivables - related parties		
Subsidiaries		
ANA	18,377	7,498
Others	21,074	18,229
Associates	<u>-</u>	<u>922</u>
	<u>39,451</u>	<u>26,649</u>
	<u>\$ 10,691,189</u>	<u>\$ 8,166,956</u>

Receivables due from related parties are unsecured and no allowance for uncollectible accounts was recognized. Other accounts receivable arise from interest receivable, dividends receivable, service revenue provided and payments on behalf of related parties.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes and accounts payable - related parties		
Subsidiaries		
AKMC	\$ 3,670,633	\$ 3,304,361
Others	33,559	118,961
Associates	<u>23,238</u>	<u>35,468</u>
	<u>3,727,430</u>	<u>3,458,790</u>
Other payables - related parties		
Subsidiaries		
AAC MT	144,764	-
AEU	9,355	11,222
AIL	7,583	10,147
ADB	5,543	5,235
ANA	4,048	7,629
AMY	26	7,012
Others	7,126	4,950
Associates	<u>3,772</u>	<u>3,537</u>
	<u>182,217</u>	<u>49,732</u>
	<u>\$ 3,909,647</u>	<u>\$ 3,508,522</u>

The outstanding payables due to related parties pertain to purchase transactions and are unsecured. The other payables to related parties mainly pertain to tax refunds and processing fees for purchases.

E. Prepayments to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other current assets		
Subsidiaries	\$ 1,288	\$ -
Associates	<u>5,689</u>	<u>20,778</u>
	<u>\$ 6,977</u>	<u>\$ 20,778</u>

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

F. Property transactions

	Purchase Price	
	For the years ended December 31,	
	2024	2023
(a) Acquisition of property, plant and equipment		
Subsidiaries	\$ 802	\$ -
Associates	-	134
Other related party		
AIDC Investment Corp. (Note)	-	200,000
(b) Acquisition of intangible assets		
Associates	1,575	525
	<u>\$ 2,377</u>	<u>\$ 200,659</u>

(c) Acquisition of financial assets

	Accounts	Number of units	Objects	For the year ended
				December 31, 2024
				Consideration
Subsidiaries				
Aures	Financial assets at fair value through profit or loss - non- current	625,000	Convertible corporate bonds	<u>\$ 88,625</u>
				For the years ended December 31,
				2024
				2023

Interest income

Subsidiaries

Aures	<u>\$ 1,931</u>	<u>\$ -</u>
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Note: The Board of Directors during its meeting on October 30, 2023 adopted a resolution to purchase the land located at the Hwa Ya Technology Park from AIDC Investment Corp. for the purpose of plant construction. The land purchase agreement was signed on November 27, 2023, with a total price of \$1,873,080. The Company has already paid the first installment of \$200,000 on December 12, 2023, with the remaining payment expected to be made within thirty days after the transfer of ownership of the land to the Company.

G. Loans to /from related parties

Loans to related parties:

(a) Outstanding balance:

	For the years ended December 31,	
	December 31, 2024	December 31, 2023
Subsidiary		
AKR	\$ -	\$ 107,468
Aures RTG	98,355	-
	<u>\$ 98,355</u>	<u>\$ 107,468</u>

(b) Interest income

	For the years ended December 31,	
	2024	2023
Subsidiary		
AKR	\$ 3,300	\$ 2,003
Aures RTG	436	-
	<u>\$ 3,736</u>	<u>\$ 2,003</u>

The loans to subsidiary are repayable over 1 year and carried interest at 3.5%~4% and 3.5% per annum for the years ended December 31, 2024 and 2023, respectively.

H. Other transactions with related parties

(a) Operating expenses

	For the years ended December 31,	
	2024	2023
Selling expense		
Subsidiaries	\$ 61,117	\$ 60,275
Associates	1,124	194
	<u>\$ 62,241</u>	<u>\$ 60,469</u>
General and administration expense		
Subsidiaries	\$ 746	\$ -
Associates	43,688	44,146
	<u>\$ 44,434</u>	<u>\$ 44,146</u>
Research and development expense		
Subsidiaries	\$ 131,492	\$ 124,802
Associates	3,804	7,639
	<u>\$ 135,296</u>	<u>\$ 132,441</u>

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

(b) Interest income

	For the years ended December 31,	
	2024	2023
Interest income		
Associates	\$ -	\$ 2

(c) Other income

	For the years ended December 31,	
	2024	2023
Rental income		
Subsidiaries	\$ 36	\$ 36
Other related parties	1,203	1,431
	<u>\$ 1,239</u>	<u>\$ 1,467</u>
Other income		
Subsidiaries		
AEU	\$ 36,012	\$ 39,526
Cermate Taiwan	36,000	1,200
ANA	33,304	37,910
Others	54,571	57,065
Associates	84	96
Other related parties	10,429	10,426
	<u>\$ 170,400</u>	<u>\$ 146,223</u>

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

(d) Dividend income

	For the years ended December 31,	
	2024	2023
Dividend income (shown as “Investments accounted for using equity method subtraction”)		
Subsidiaries		
ACI	\$ 402,785	\$ 117,538
AAC MT	-	2,009,386
Others	115,947	276,154
	<u>518,732</u>	<u>2,403,078</u>
Associates		
Axiomtek	120,542	63,429
Others	62,123	59,002
	<u>182,665</u>	<u>122,431</u>
	<u>\$ 701,397</u>	<u>\$ 2,525,509</u>

(e) Selling equity to related parties

On February 23, 2024, the Company sold its 2.4% equity interest in AMX to the management of AMX for a cash consideration of \$1,478. There were no transactions involving the sale of equity interest to related parties for the year ended December 31, 2023.

(4) Key management compensation

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 51,313	\$ 47,969
Post-employment benefits	533	564
Share-based payment	31,417	16,388
	<u>\$ 83,263</u>	<u>\$ 64,921</u>

8. PLEDGED ASSETS

The Company’s assets pledged as collateral are as follows:

Pledged asset	Book Value		Purpose
	December 31, 2024	December 31, 2023	
Financial assets at fair value through profit or loss - current	<u>\$ 542,517</u>	<u>\$ -</u>	Public Tender Offer Guarantee (Aures)

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2024, the Company has signed a contract for the construction of Linkou Smart Campus Phase III amounting to \$3,394, for which no payment has been made yet.
- B. As of December 31, 2024, the unpaid amount under the contract for the acquisition of land at the Hwa Ya Technology Park from AIDC Investment Corp. was \$1,673,080. Refer to Note 7(3)6.
- C. As of December 31, 2024, the Company has signed a contract for the construction of Hwa Ya Technology Park Phase II amounting to \$3,153,821, for which no payment has been made yet.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. Refer to Note 6(17). 6.
- B. The Company has obtained the approval of the Autorite des Marches Financiers for its tender offer for all the issued and outstanding ordinary shares of Aures Technologies S.A. (hereinafter referred to as “Aures”) (the “Tender Offer”). The offer price under the Tender Offer is €6.31 for each share of Aures and the total number of shares subject to the Tender Offer is 2,510,622 shares. The offer period commenced on February 13, 2025 and will expire on April 10, 2025. The terms of the Tender Offer are in line with the resolution approved by the Company’s board of directors on April 26, 2024.
- C. On February 27, 2025, the board of directors of the Company adopted a resolution to increase the capital of the subsidiary, ACI KY, by USD \$30,000 thousand.
- D. On February 27, 2025, the board of directors of the Company adopted a resolution to increase the capital of the subsidiary, Advantech Corporate Investment, by \$1,000,000.

12. OTHERS

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the parent only balance sheet) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated balance sheet.

During the year ended December 31, 2024, the Company’s strategy, which was unchanged from 2023, was to maintain the gearing ratio within reasonable range.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 6,027,601	\$ 8,104,201
Financial assets at amortised cost (Note 1)	15,237,578	13,167,505
Financial assets at fair value through other comprehensive income		
Equity instruments	2,385,908	2,163,316
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 7,902	\$ 635
Financial liabilities at amortised cost (Note 2)	9,761,295	9,491,613
Lease liabilities	16,275	17,952

Note 1: The balances included cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties, financial assets at amortised cost (current and non-current) and refundable deposits, etc.

Note 2: The balances included notes and accounts payable, accounts payable - related parties, other payables and other payables - related parties, etc.

B. Financial risk management policies

(a) The Company's major financial instruments included equity investments, accounts receivable, notes and accounts payable and lease liabilities. The Company's Corporate treasury provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

(b) The Company aims to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the Board of Directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(c) The Corporate Treasury reports quarterly to the Board of Directors on the Company's current derivative instrument management.

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

The Company entered into forward foreign exchange contracts to manage its foreign exchange risk.

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

Exchange rate risk

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

For the year ended December 31, 2024			
	Foreign currency amount		Book value (NTD)
	(in thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 188,175	32.785	\$ 6,169,309
CNY:NTD	1,194,232	4.478	5,347,772
EUR:NTD	55,384	34.14	1,890,801
<u>Non-monetary items</u>			
USD:NTD	524,554	32.785	17,197,509
EUR:NTD	40,593	34.14	1,385,857
JPY:NTD	6,972,900	0.21	1,464,309
KRW:NTD	25,553,108	0.0222	567,279
SGD:NTD	12,191	24.13	294,177
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	114,928	32.785	3,767,911
CNY:NTD	454,555	4.478	2,035,498
EUR:NTD	314	34.14	10,732

For the year ended December 31, 2023			
	Foreign currency amount		Book value (NTD)
	(in thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 206,784	30.705	\$ 6,349,289
CNY:NTD	956,471	4.327	4,138,651
EUR:NTD	22,004	33.98	747,699
<u>Non-monetary items</u>			
USD:NTD	524,528	30.705	16,105,636
EUR:NTD	44,049	33.98	1,497,793
JPY:NTD	6,294,341	0.217	1,365,872
KRW:NTD	24,804,852	0.0237	587,874
SGD:NTD	9,476	23.29	220,706
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	112,465	30.705	3,453,225
CNY:NTD	473,990	4.327	2,050,954
EUR:NTD	77	33.98	2,613

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$294,353 and \$106,955, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

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

	For the year ended December 31, 2024		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 61,693	\$ -
CNY:NTD	1%	53,478	-
EUR:NTD	1%	18,908	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	37,680	-
CNY:NTD	1%	20,355	-
EUR:NTD	1%	107	-

For the year ended December 31, 2023

Sensitivity Analysis

	<u>Degree of variation</u>		<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	63,493	\$ -
CNY:NTD	1%		41,387	-
EUR:NTD	1%		7,477	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		34,532	-
CNY:NTD	1%		20,510	-
EUR:NTD	1%		26	-

Interest rate risk

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

	<u>December 31, 2024</u>		<u>December 31, 2023</u>
Fair value interest rate risk			
- Financial assets	\$	387,986	\$ 245,640
- Financial liabilities		16,275	17,952
Cash flow interest rate risk			
- Financial assets		2,508,703	3,190,952

- iii. The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole reporting period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

- iv. If interest rates had been 50 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased by \$12,544 and \$15,955, respectively. Had interest rates been 50 basis points lower, the effects on the Company's pre-tax profit would have been of the same amounts but negative. The source of the negative effects would have been mainly the floating-interest rates on bank deposits.

Other price risk

- i. The Company was exposed to equity price risk through its investments in listed and OTC equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk was mainly concentrated on equity instruments trading in Taiwan.
- ii. If equity prices had been 1% higher, pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased by \$23,859 and \$21,633, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax other comprehensive income would have decreased by the same respective amounts.
- iii. The Company's sensitivity to equity prices increased or decreased because of volatility of stock price.

(b) Credit risk

- i. Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at balance sheet date, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation provided by the Company could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.
- ii. Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas and, thus, no concentration of credit risk was observed. According to the Company's credit policy, each department in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risks limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.
- iii. The average credit period of the sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Company reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

- iv. The Company measures the loss allowance for accounts receivable at an amount that equals to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, expected economic growth rate and industry trends at the same time. Based on the Company's historical experience of credit loss, there is no significant loss difference between customer types, thus the provision matrix was not based on classification of customer types, but was based on the past due date to estimate expected credit losses.
- v. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, the default occurs when counterparties are processing the liquidation or the debt has been past due over 1 year, the Company will provide impairment loss in full. However, the Company will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognized in profit or loss.
- vi. The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of notes and accounts receivable from general credit conditions customers. The provision matrix as of December 31, 2024 and 2023 is as follows:

	Not past due	1-90 days past due	91-180 days past due	181-360 days past due	Over 360 days past due	Total
<u>December 31, 2024</u>						
Expected credit loss rate	-	0%~15%	40%	80%	100%	
Total book value	\$ 1,219,010	\$ 176,279	\$ 2,679	\$ 9	\$ 12,163	\$ 1,410,140
Loss allowance (lifetime expected credit losses)	-	(2,224)	(1,072)	(7)	(12,163)	(15,466)
Amortised cost	<u>\$ 1,219,010</u>	<u>\$ 174,055</u>	<u>\$ 1,607</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,394,674</u>
	Not past due	1-90 days past due	91-180 days past due	181-360 days past due	Over 360 days past due	Total
<u>December 31, 2023</u>						
Expected credit loss rate	-	0~5%	20%	40%	100%	
Total book value	\$ 1,191,282	\$ 200,141	\$ 8,005	\$ 1,084	\$ 12,090	\$ 1,412,602
Loss allowance (lifetime expected credit losses)	-	(76)	(1,601)	(433)	(12,090)	(14,200)
Amortised cost	<u>\$ 1,191,282</u>	<u>\$ 200,065</u>	<u>\$ 6,404</u>	<u>\$ 651</u>	<u>\$ -</u>	<u>\$ 1,398,402</u>

vii. The movements of the loss allowance of notes and accounts receivable are as follows:

	For the years ended December 31,	
	2024	2023
Balance at January 1	\$ 14,200	\$ 15,034
Impairment loss	1,765	695
Amounts written off (Note)	(499)	(1,529)
Balance at December 31	<u>\$ 15,466</u>	<u>\$ 14,200</u>

Note: The Company wrote off accounts receivable and related loss allowance for the years ended December 31, 2024 and 2023 amounting to \$499 and \$1,529, respectively, as the customers' accounts receivable have been outstanding for more than 2 years and the legal attest letters were served but no subsequent collection of such receivables has been received.

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

	December 31, 2024			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 65,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,570</u>
Financial assets at fair value through profit or loss				
- Convertible corporate bonds	\$ 194,597	\$ -	\$ -	\$ 194,597
- Corporate bonds	<u>653,772</u>	<u>-</u>	<u>-</u>	<u>653,772</u>
	<u>\$ 848,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 848,369</u>
	December 31, 2023			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortised cost	<u>\$ 122,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,820</u>
Financial assets at fair value through profit or loss				
- Convertible corporate bonds	\$ 144,149	\$ -	\$ -	\$ 144,149
- Corporate bonds	<u>257,988</u>	<u>-</u>	<u>-</u>	<u>257,988</u>
	<u>\$ 402,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,137</u>

The financial assets at amortised cost held by the Company are all time deposits in banks with original maturity period of more than three months. The financial assets at fair value through profit or loss held by the Company are convertible corporate bonds issued by OTC companies and ordinary corporate bonds issued by public companies. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

- i. The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.
- ii. The Company relies on bank borrowings as one of the significant source of liquidity. As of December 31, 2024 and 2023, the Company's undrawn bank borrowing facilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured borrowing facilities		
- Amount used (Note)	\$ 44,029	\$ 73,470
- Amount unused	6,968,376	6,577,650
	<u>\$ 7,012,405</u>	<u>\$ 6,651,120</u>

Note: The amount used on December 31, 2024 and 2023 is the amount of endorsements and guarantees provided by the Company to subsidiaries.

- iii. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves of bank credit facilities and continuously monitoring projected and actual cash flows.
- iv. Liquidity and interest risk rate tables for non-derivative financial liabilities

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

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the balance sheet date.

December 31, 2024

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 8,732,245	\$ 236,116	\$ 792,934	\$ -
Lease liabilities	742	1,485	6,146	9,247
	<u>\$ 8,732,987</u>	<u>\$ 237,601</u>	<u>\$ 799,080</u>	<u>\$ 9,247</u>

December 31, 2023

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 7,721,063	\$ 498,792	\$ 1,271,758	\$ -
Lease liabilities	671	1,294	4,802	12,479
	<u>\$ 7,721,734</u>	<u>\$ 500,086</u>	<u>\$ 1,276,560</u>	<u>\$ 12,479</u>

v. Liquidity tables for derivative financial liabilities

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

December 31, 2024

	<u>On demand or less than 1 month</u>	<u>1-3 months</u>	<u>Over 3 months to 1 year</u>	<u>Over 1 year</u>
<u>Gross settled</u>				
Forward foreign exchange contracts				
- Inflows	\$ 416,958	\$ 366,064	\$ -	\$ 783,022
- Outflows	(420,600)	(369,578)	-	(790,178)
	<u>(\$ 3,642)</u>	<u>(\$ 3,514)</u>	<u>\$ -</u>	<u>(\$ 7,156)</u>

December 31, 2023

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

vi. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties, financial assets at amortised cost (current and non-current) refundable deposits, notes and accounts payable, accounts payable - related parties, other payables, other payables - related parties, other current liabilities, guarantee deposits received and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information about the nature of the assets and liabilities is as follows:

December 31, 2024

Assets - recurring fair value measurements	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 746	\$ -	\$ 746
Fund beneficiary certificates	5,178,486	-	-	5,178,486
Convertible corporate bonds	-	194,597	-	194,597
Corporate bonds	<u>653,772</u>	<u>-</u>	<u>-</u>	<u>653,772</u>
	<u>5,832,258</u>	<u>195,343</u>	<u>-</u>	<u>6,027,601</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	<u>2,385,908</u>	<u>-</u>	<u>-</u>	<u>2,385,908</u>
	<u>\$ 8,218,166</u>	<u>\$ 195,343</u>	<u>\$ -</u>	<u>\$ 8,413,509</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 7,902</u>	<u>\$ -</u>	<u>\$ 7,902</u>

December 31, 2023

Assets - recurring fair value measurements	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments	\$ -	\$ 17,160	\$ -	\$ 17,160
Fund beneficiary certificates	7,684,904	-	-	7,684,904
Convertible corporate bonds	34,965	109,184	-	144,149
Corporate bonds	<u>257,988</u>	<u>-</u>	<u>-</u>	<u>257,988</u>
	<u>7,977,857</u>	<u>126,344</u>	<u>-</u>	<u>8,104,201</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Listed and OTC stocks	\$ 2,163,316	\$ -	\$ -	\$ 2,163,316
Assets - recurring fair value measurements				
Non-current asseets held for sale (Note)	<u>-</u>	<u>-</u>	<u>495,124</u>	<u>495,124</u>
	<u>\$ 10,141,173</u>	<u>\$ 126,344</u>	<u>\$ 495,124</u>	<u>\$ 10,762,641</u>
Liabilities - recurring fair value measurements				
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 635</u>

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

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.
 - iii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
 - iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- D. There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2024 and 2023.

- E. The change in Level 3 for the year 2024 was due to the disposal of all non-current assets held for sale. The change in Level 3 for the year 2023 was due to the disposal of the land and buildings at the Donghu Plant as resolved by the Board of Directors on October 30, 2023. Therefore, the land and buildings at the Donghu Plant were reclassified as non-current assets held for sale.
- F. Valuation techniques and inputs applied for Level 2 fair value measurement
Derivatives held by the Company were forward foreign exchange contracts, whose fair values were calculated using discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. Convertible bonds are evaluated using a binomial tree model. Parameters utilized in the calculation include: stock price, conversion price, stock price volatility, remaining term, risk-free interest rate, and number of periods to maturity. Discounting is performed based on the time of maturity and risk discount rate.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Non-current assets held for sale	\$ <u>495,124</u>	Comparative approach and income approach	Not applicable	Not applicable	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 6.

- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2) and 12.
- J. Significant inter-company transactions during the reporting periods: Refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 11.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas:

Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Refer to tables 7, 8 and 9.

(4) Major shareholders information

Major shareholders information: Refer to table 12.

14. SEGMENT INFORMATION

Not applicable.

ADVANTECH CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and revolving funds		\$ 105
Checking accounts		1,310
Deposit account	NTD	1,108,994
	FCY (Note 1)	1,398,399
Demand deposits	FCY (Note 2)	322,416
		<u>\$ 2,831,224</u>

Note 1: USD 31,437 thousand @32.785 ; EUR 6,406 thousand @34.14 ; JPY 399,588 thousand @0.21 ; CNY 3,220 thousand @4.478 ; GBP 41 thousand @41.19 ; SGD 1,168 thousand @24.13 ; AUD 1,021 thousand @20.39.

Note 2: CNY 72,000 thousand @4.478.

ADVANTECH CO., LTD.
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 2

Investee	Abstract	Number of units	Acquisition cost	Fair value		Collateral or pledge
				Unit price (in dollars)	Total amount	
FSITC Taiwan Money Market	Open-end Funds	141,328,727	\$ 2,220,496	\$ 15.9668	\$ 2,256,567	None
CTBC Hua Win Money Market Fund	Open-end Funds	43,593,499	500,000	11.4753	500,248	None
Fubon Chi-Hsiang Money Market Fund	Open-end Funds	95,849,709	1,558,220	16.3317	1,565,389	None
Taishin 1699 Money Market Fund	Open-end Funds	22,178,094	310,002	14.1475	313,765	None
BNP PAR. MOIS	Open-end Funds	7,471	269,948	EUR 1,063.1939	271,175	Public Tender Offer Guarantee (Aures)
BNPP MONEY	Open-end Funds	322	269,948	EUR 24,660.8546	271,342	Public Tender Offer Guarantee (Aures)
Taiwan Power Company 7th Unsecured Corporate Bond in 2022-Tranche A	Corporate bonds	1,000,000	100,000	100.2808	100,281	None
Aures CB	Convertible corporate bonds	800,000	109,184	EUR 4.0000	109,247	None
Forward foreign exchange contract	-	-	-	-	746	None
			<u>\$ 5,337,798</u>		<u>\$ 5,388,760</u>	

ADVANTECH CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 3

Client Name	Amount	Note
Client A	\$ 186,321	
Client B	128,851	
Others	1,083,731	The balance of individual customers is under 5% of this account's balance.
	<u>1,398,903</u>	
Less: Allowance for uncollectible accounts	(15,466)	
	<u>\$ 1,383,437</u>	

ADVANTECH CO., LTD.
DETAILS OF INVENTORIES
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Amount	
	Net Amount	Market Price (Note)
Raw materials	\$ 1,901,121	\$ 2,223,687
Work in progress	821,494	1,304,877
Finished goods	1,753,838	2,666,180
Inventory in transit	131,425	131,425
Total	<u>\$ 4,607,878</u>	<u>\$ 6,326,169</u>

Note: Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost to complete the sale.

ADVANTECH CO., LTD.
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 5

Investee	Abstract	Number of units	Acquisition cost	Unit price (in dollars)	Total amount	Collateral or pledge
CRP NVDA 3.2 091626	Corporate bonds	-	\$ 153,989	USD 0.9806	\$ 160,751	None
TSMC 1st Unsecured Corporate Bond in 2024- Tranche B	Corporate bonds	1,000,000	100,000	98.1645	98,165	None
Johnson & Johnson 4.9% S/A 06/01/31	Corporate bonds	-	100,185	USD 1.0076	99,100	None
Meta Platforms Inc -Class A 4.8% S/A 05/15/30	Corporate bonds	-	100,031	USD 1.0080	99,137	None
TSMC Global Ltd. 4.625% S/A 07/22/32	Corporate bonds	-	97,257	USD 0.9795	96,338	None
Aures CB	Convertible corporate bonds	625,000	88,625	EUR 4.0000	85,350	None
			<u>\$ 640,087</u>		<u>\$ 638,841</u>	

ADVANTECH CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 6

Name	Beginning Balance			Addition		Decrease		Investment			Ending Balance			Market Value or Net Assets Value		Guarantee or collateral	Note
	Shares	Ownership	Amount	Shares	Amount	Shares	Amount	(loss)	gain	Others (Note 1)	Shares	Ownership	Amount	Unit Price (dollar)	Total Amount		
Axiomtek	28,080,142	27.63%	\$ 1,077,036	-	\$ -	-	\$ -	\$ 210,999	(\$ 6,135)	-	28,080,142	27.37%	\$ 1,281,900	\$ 108.50	\$ 3,046,695	None	
Winmate	12,000,000	15.32%	663,771	-	-	-	-	83,056	(48,841)	-	12,000,000	15.05%	697,986	160.50	1,926,000	None	
Nippon RAD	850,000	16.08%	207,835	-	-	-	-	10,101	(6,095)	-	850,000	16.08%	211,841	149.10	126,735	None	
Aures	-	-	-	1,430,381	320,775	-	-	-	(35,652)	(18,931)	1,430,381	36.32%	266,192	213.72	305,696	None	Note 5
Advantech Intelligent Services Co., Ltd.	1,000,000	100.00%	85,659	-	-	-	-	-	162	-	1,000,000	100.00%	85,821	-	9,130	None	
Advanixs Corporation	10,000,000	100.00%	242,717	-	-	-	-	56,370	(49,307)	-	10,000,000	100.00%	249,780	-	186,848	None	
ACI	330,000,000	100.00%	4,231,347	-	-	-	-	217,488	(456,988)	-	330,000,000	100.00%	3,991,847	-	3,992,053	None	
LNC	13,380,000	44.60%	205,818	-	-	-	-	(17,912)	45,807	-	13,380,000	40.55%	233,713	35.96	481,145	None	
Huan Yan Water Solution Co., Ltd.	2,700,000	90.00%	21,637	-	(2,430,000)	(18,937)	(462)	-	-	-	270,000	90.00%	2,238	-	2,487	None	
AKR	600,000	100.00%	587,874	-	-	-	-	14,845	(35,440)	-	600,000	100.00%	567,279	-	626,293	None	
AMY	2,000,000	100.00%	90,026	-	-	-	-	25,888	15,086	-	2,000,000	100.00%	131,000	-	126,872	None	
AJP	1,200	100.00%	1,158,037	-	-	-	-	153,819	(59,388)	-	1,200	100.00%	1,252,468	-	1,230,924	None	
AAU	500,204	100.00%	47,667	-	-	-	-	7,531	(18,735)	-	500,204	100.00%	36,463	-	40,009	None	
ABR	15,373,031	100.00%	114,713	-	-	-	-	23,434	(24,285)	-	15,373,031	100.00%	113,862	-	119,684	None	
AIN	4,999,999	99.99%	15,183	-	-	-	-	6,832	7,575	-	4,999,999	99.99%	29,590	-	33,438	None	
AMX	16,650,003	99.90%	106,699	-	(400,000)	(1,478)	(16,311)	(17,265)	-	-	16,250,003	97.50%	104,267	-	110,634	None	
AAC MT	11,126,887	100.00%	7,552,379	-	-	-	-	567,340	407,043	-	11,126,887	100.00%	8,526,762	-	9,003,281	None	
ATC	40,850,000	100.00%	5,296,267	-	-	-	-	369,173	182,076	-	40,850,000	100.00%	5,847,516	-	5,889,153	None	
ASG	1,450,000	100.00%	220,706	-	-	-	-	66,551	6,920	-	1,450,000	100.00%	294,177	-	313,567	None	
AEUH	25,961,250	100.00%	1,496,793	-	-	-	(413,944)	36,816	-	-	25,961,250	100.00%	1,119,665	-	1,535,585	None	
AIMobile	2,970,000	27.00%	(4,296)	-	(1,404,000)	(5,128)	(9,424)	-	-	-	-	-	-	-	-	None	Note 3
ATH	51,000	51.00%	55,232	-	-	-	-	7,415	960	-	51,000	51.00%	63,607	-	125,553	None	
AVN	81,000	60.00%	64,718	-	-	-	-	5,718	(10,740)	-	81,000	60.00%	59,696	-	27,241	None	
ADB	50	100.00%	3,793	-	-	-	-	473	271	-	50	100.00%	4,537	-	4,537	None	
ARU	1	100.00%	2,556	-	(1)	(1,477)	(1,025)	(54)	-	-	-	-	-	-	-	None	Note 4
ATR	370,335	80.10%	22,704	92,200	32,515	-	-	2,741	(24,780)	-	462,535	100.00%	33,180	-	40,114	None	
AIL	100	100.00%	10,244	-	-	-	-	712	591	-	100	100.00%	11,547	-	11,547	None	
AAC (HK)	15,230,001	100.00%	1,173,945	-	-	-	(306,439)	(282,939)	-	-	15,230,001	100.00%	584,567	-	580,085	None	
ACI (KY)	100,000,000	100.00%	2,083,045	-	-	-	-	14,213	141,406	-	100,000,000	100.00%	2,238,664	-	2,238,664	None	
Cermate Taiwan	4,500,000	45.00%	94,743	-	(3,172,500)	(31,725)	(60,808)	(31,103)	-	-	1,327,500	45.00%	92,723	-	206,037	None	
			\$ 26,928,848		\$ 353,290		(\$ 53,617)	\$ 1,141,418	(\$ 237,051)				\$ 28,132,888				

Note 1: Accumulated exchange adjustments of \$852,303, unrealized sales gains and losses of (\$111,785), changes in capital reserves of \$170,239, unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses of (\$404,458), changes in retained earnings of \$36,762, cash dividends of (\$701,397) and other adjustments of (\$78,715).

Note 2: The net equity value is based on the net equity value of each unlisted counter company audited by independent auditors.

Note 3: In the second quarter of 2024, AIMobile made a capital reduction to offset the deficit and a capital increase. As the Company did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27% to 9.81%, as the Company lost significant influence over AIMobile, the investment in AIMobile accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income or loss - non-current.

Note 4: In the fourth quarter of 2024, ARU was dissolved and liquidated.

Note 5: In the fourth quarter of 2024, the Company invested in Aures and acquired 36.32% of the shares, becoming the single largest shareholder and acquired substantial control over Aures. Accordingly, Aures became a subsidiary of the Company from the date of acquisition of control.

ADVANTECH CO., LTD.
DETAILS OF NOTES AND ACCOUNTS PAYABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 7

Supplier Name	Amount	Note
Manufacturer C	\$ 523,044	
Manufacturer D	225,588	
Others	2,342,031	The balance of individual supplier is under 5% of this account's balance.
Total	<u>\$ 3,090,663</u>	

ADVANTECH CO., LTD.
SUMMARY OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 8

Item	Quantities (thousand pieces)	Amount	Note
Net sales			
Embedded computer boards and systems	2,731	\$ 19,628,363	
Industrial computers and automation products	2,304	20,250,456	
After-sales service and others	33	<u>1,983,035</u>	
		41,861,854	
Other operating income		<u>747,540</u>	
		<u>\$ 42,609,394</u>	

ADVANTECH CO., LTD.
SUMMARY OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Amount
Beginning raw materials (Total cost \$2,498,266, Allowance for valuation loss \$335,105)	\$ 2,498,266
Add: Raw materials purchased	7,361,283
Inventory surplus	2,863
Less: Ending raw materials	(2,228,908)
Transfers to operating expenses	(85,421)
Sale of materials	(299,183)
Losses on write-off	(40,975)
Direct materials used	7,207,925
Direct labor	528,405
Manufacturing expense	1,043,007
Manufacturing cost	8,779,337
Add: Beginning work in progress (Total cost \$761,407, Allowance for valuation loss \$40,006)	761,407
Work in progress put in storage	1,923,115
Less: Ending work in progress	(892,836)
Transfers to operating expenses	(65,044)
Work in progress out of storage	(505,195)
Inventory shorts	(2)
Losses on write-off	(21,750)
Cost of finished goods	9,979,032
Add: Beginning finished goods (Total cost \$1,680,700, Allowance for valuation loss \$92,831)	1,680,700
Acquisition of finished goods	17,423,454
Transfers to manufacturing expense	18,410
Inventory surplus	29
Less: Ending finished goods	(1,913,249)
Transfers to operating expenses	(232,026)
Losses on write-off of inventories	(25,906)
Finished goods inventories cost	26,930,444
Raw materials and work in progress inventories cost	796,925
Cost of services and maintenance	306,619
Gain on reversal of decline in market value	(40,827)
Losses on write-off of inventories	88,631
Inventory surplus	(2,890)
Total operating costs	<u>\$ 28,078,902</u>

ADVANTECH CO., LTD.
SUMMARY OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 10

Items	Selling expense	General and administration expense	Research and development expense	Total
Employee benefit expense	\$ 699,844	\$ 919,582	\$ 2,633,777	\$ 4,253,203
Research expense	4,712	7,361	580,989	593,062
Depreciation and amortisation expenses	4,277	200,583	88,909	293,769
Professional service fee	12,234	118,359	11,872	142,465
Marketing expenses	59,319	42,824	25,062	127,205
Freight expenses	42,861	773	14,851	58,485
Others (Note)	37,698	230,887	248,410	516,995
	<u>\$ 860,945</u>	<u>\$ 1,520,369</u>	<u>\$ 3,603,870</u>	<u>\$ 5,985,184</u>

Note: Balance of individual accounts is under 5% of this account's balance.

ADVANTECH CO., LTD.
SUMMARY OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSE INCURRED THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Statement 11

Function Nature	Year ended December 31, 2024			Year ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Salary expense	\$ 981,440	\$ 3,626,285	\$ 4,607,725	\$ 892,687	\$ 2,934,672	\$ 3,827,359
Labour and health insurance fees	99,651	257,970	357,621	105,137	249,106	354,243
Pension expense	37,489	146,144	183,633	38,506	136,650	175,156
Directors' remuneration	-	22,850	22,850	-	18,625	18,625
Other employee benefit expense	74,526	199,954	274,480	104,762	222,863	327,625
Depreciation Expense	86,895	195,289	282,184	86,280	175,374	261,654
Amortization Expense	872	98,480	99,352	131	97,270	97,401
	1,280,873	4,546,972	5,827,845	1,227,503	3,834,560	5,062,063

Note:

1. The number of employees for this year and the previous year was 3,538 and 3,506, respectively, among which the number of directors who were not concurrently employees was 6 and 6, respectively.
2. A company whose stock is listed on a stock exchange or traded on an OTC securities trading center shall additionally disclose the following information:
 - (1) The average employee benefit expense for the year was \$1,533. The average employee benefit expense for the prior year was \$1,338.
 - (2) The average employee salary cost for the year was \$1,302. The average employee salary cost for the previous year was \$1,094.
 - (3) The average employee salary adjustment changed by 19.01%.
3. The Company has set up the audit committee to replace the supervisor system.
4. The Company's directors, managers and employees' remuneration policies are as follows:
 - (1) Directors: According to the Company's profit status, each director's participation in and contribution to the company's affairs, the chairman of the board of directors proposes a salary proposal, which is reviewed by the compensation committee and approved by the board of directors.
 - (2) Managers: Based on salary survey and analysis results, peer adjustment, the Company's manager salary structure and standards, the Company's profit status and manager performance, the remuneration will be reviewed by the compensation committee and approved by the board of directors.
 - (3) Employees: According to the salary survey and analysis results, the Company's operating conditions and the achievement of individual performance, the remuneration will be proposed by the top supervisor of the unit and approved by the general manager.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the period (Note D)	Ending Balance (Note D)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note G)	Ceiling on total loans granted
													Item	Value		
0	ADVANTECH CO., LTD.	AKR	Other receivable - related parties	Yes	\$ 164,175	\$ 163,925	\$ -	3%~4%	Short-term financing	\$ -	Operating need	\$ -	None	\$ -	\$ 5,142,835 (Note B)	\$ 10,285,670 (Note B)
0	ADVANTECH CO., LTD.	Aures RTG	Other receivable - related parties	Yes	98,355	98,355	98,355	3%~4%	Short-term financing	-	Operating need	-	None	-	5,142,835 (Note B)	10,285,670 (Note B)
1	LNC (Note F)	LNCMac	Other receivable - related parties	Yes	60,000	60,000	25,000	Note E	Short-term financing	-	Operating need	-	None	-	95,328 (Note C)	95,328 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	49,178	49,178	49,067	7.00%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	86,623	86,623	86,623	2.07%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	9,836	9,836	9,836	3.35%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	9,836	9,836	9,836	4.03%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	3,279	3,279	3,279	4.03%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	6,557	6,557	6,557	4.19%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	4,918	4,918	4,918	4.46%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	13,114	13,114	13,114	4.52%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
2	Aures AGH	Aures RTG	Other receivable - related parties	Yes	11,475	11,475	11,475	4.10%	Short-term financing	-	Operating need	-	None	-	29,189 (Note C)	29,189 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	147,533	147,533	147,533	7.00%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	47,538	47,538	47,538	1.86%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	86,623	86,623	86,623	2.07%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	4,590	4,590	4,590	1.46%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	13,114	13,114	13,114	1.92%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	4,847	4,847	4,847	4.34%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	9,836	9,836	9,836	3.35%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	9,836	9,836	9,836	4.03%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	3,279	3,279	3,279	4.03%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	6,557	6,557	6,557	4.19%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	4,918	4,918	4,918	4.46%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)
3	Aures	Aures AGH	Other receivable - related parties	Yes	13,114	13,114	13,114	4.52%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the period (Note D)	Ending Balance (Note D)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note G)	Ceiling on total loans granted
													Item	Value		
3	Aures	Aures AGH	Other receivable - related parties	Yes	11,475	11,475	11,475	4.10%	Short-term financing	-	Operating need	-	None	-	275,674 (Note C)	275,674 (Note C)

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

(1) The Company is '0'.

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

Note B: The financing limit for each borrower and for the aggregate financing were 10% and 20%, respectively of ADVANTECH CO., LTD.'s net worth based on the latest audited or reviewed report.

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

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

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

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

Note G: The total amount of loans lent by Aures to Aures AGH and by Aures AGH to Aures RTG exceeded their respective limits on loans granted to a single party.

The conversion of the related loan amounts into equity in the borrowing entities had been approved by the board of directors on February 27, 2025.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2024

Table 2

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

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of December 31, 2024	Outstanding endorsement/ guarantee amount at December 31, 2024	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note B)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship with the endorser/guarantor										
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	\$ 5,142,835	\$ 656,700	\$ -	\$ -	\$ -	0.00	\$ 15,428,506	Y	N	Y
					USD 20,000								
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	5,142,835	656,700	-	-	-	0.00	15,428,506	Y	N	N
					USD 20,000								
0	ADVANTECH CO., LTD.	AJP	Subsidiary	5,142,835	333,000	-	-	-	0.00	15,428,506	Y	N	N
					JPY 1,500,000								
0	ADVANTECH CO., LTD.	AEU	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	ANA	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	AAC MT	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	ACI	Subsidiary	5,142,835	328,350	-	-	-	0.00	15,428,506	Y	N	N
					USD 10,000								
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	5,142,835	197,010	-	-	-	0.00	15,428,506	Y	N	Y
					USD 6,000								
0	ADVANTECH CO., LTD.	AKR	Subsidiary	5,142,835	197,010	-	-	-	0.00	15,428,506	Y	N	N
					USD 6,000								
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	5,142,835	98,505	-	-	-	0.00	15,428,506	Y	N	N
					USD 3,000								
0	ADVANTECH CO., LTD.	AIH	Subsidiary	5,142,835	98,505	-	-	-	0.00	15,428,506	Y	N	N
					USD 3,000								
0	ADVANTECH CO., LTD.	ABR	Subsidiary	5,142,835	49,253	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,500								
0	ADVANTECH CO., LTD.	AVN	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	ARU	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	N
					USD 1,000								
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	5,142,835	32,835	-	-	-	0.00	15,428,506	Y	N	Y
					USD 1,000								
0	ADVANTECH CO., LTD.	ATR	Subsidiary	5,142,835	16,418	-	-	-	0.00	15,428,506	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	5,142,835	16,418	-	-	-	0.00	15,428,506	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	5,142,835	16,418	-	-	-	0.00	15,428,506	Y	N	N
					USD 500								
0	ADVANTECH CO., LTD.	AAU	Subsidiary	5,142,835	6,567	-	-	-	0.00	15,428,506	Y	N	N
					USD 200								
0	ADVANTECH CO., LTD.	AMY	Subsidiary	5,142,835	3,284	-	-	-	0.00	15,428,506	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	ASG	Subsidiary	5,142,835	3,284	-	-	-	0.00	15,428,506	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	ATH	Subsidiary	5,142,835	3,284	-	-	-	0.00	15,428,506	Y	N	N
					USD 100								
0	ADVANTECH CO., LTD.	AID	Subsidiary	5,142,835	1,642	-	-	-	0.00	15,428,506	Y	N	N
					USD 50								
0	ADVANTECH CO., LTD.	Yan Xu Green Electricity Co., Ltd.	Subsidiary	5,142,835	526,680	526,680	37,000	-	1.02	15,428,506	Y	N	N

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

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

Note C: The exchange rates as of December 31, 2024 were USD\$1= NT\$32.785, and JPY\$1=NT\$0.21.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Holding Company Name	Marketable Securities		Relationship with the securities issuer	General ledger account	As of December 31, 2024				
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	Footnote
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	3,639,461	\$ 2,241,908	0.49	\$ 2,241,908	Note A
ADVANTECH CO., LTD.	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,200,000	144,000	2.35	144,000	Note A
ADVANTECH CO., LTD.	Stock	AIMobile	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,566,000	-	9.81	-	Note C
ADVANTECH CO., LTD.	Bond	Taiwan Power Company 7th Unsecured Corporate Bond in 2022 - Tranche A	None	Financial assets at fair value through profit or loss - current	1,000,000	100,281	-	100,281	Note A
ADVANTECH CO., LTD.	Bond	CRP NVDA 3.2 091626	None	Financial assets at fair value through profit or loss - non-current	-	160,751	-	160,751	Note A
ADVANTECH CO., LTD.	Bond	TSMC 1st Unsecured Corporate Bond in 2024 - Tranche B	None	Financial assets at fair value through profit or loss - non-current	1,000,000	98,165	-	98,165	Note A
ADVANTECH CO., LTD.	Bond	Johnson & Johnson 4.9% S/A 06/01/31	None	Financial assets at fair value through profit or loss - non-current	-	99,100	-	99,100	Note A
ADVANTECH CO., LTD.	Bond	Meta Platforms Inc - Class A 4.8% S/A 05/15/30	None	Financial assets at fair value through profit or loss - non-current	-	99,137	-	99,137	Note A
ADVANTECH CO., LTD.	Bond	TSMC Global Ltd. 4.625% S/A 07/22/32	None	Financial assets at fair value through profit or loss - non-current	-	96,338	-	96,338	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	141,328,727	2,256,567	-	2,256,567	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	95,849,709	1,565,389	-	1,565,389	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	None	Financial assets at fair value through profit or loss - current	43,593,499	500,248	-	500,248	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	22,178,094	313,765	-	313,765	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	BNP PAR. MOIS	None	Financial assets at fair value through profit or loss - current	7,471	271,175	-	271,175	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	BNPP MONEY	None	Financial assets at fair value through profit or loss - current	322	271,342	-	271,342	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	81,802	6.94	81,802	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	464,695	23,607	0.65	23,607	Note A
ACI	Stock	TXC CORPORATION	None	Financial assets at fair value through profit or loss - non-current	588,000	59,094	0.17	59,094	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	45,390	0.04	45,390	Note A
ACI	Stock	Apacer Technology Inc.	None	Financial assets at fair value through profit or loss - non-current	6,041,000	207,810	4.69	207,810	Note D
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	1,951,000	234,120	3.83	234,120	Note A
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	Note C
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,758	6.82	3,758	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,509	10.33	8,509	Note C
ACI	Stock	DotZero	None	Financial assets at fair value through other comprehensive income or loss - non-current	415,245	-	7.55	-	Note C
ACI	Stock	ITTS	None	Financial assets at fair value through profit or loss - current	3,527,273	158,727	12.91	158,727	Note A
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	15,843,498	224,146	-	224,146	Note B
ACI	Beneficiary certificates	GB-IX JAPAN FUND	None	Financial assets at fair value through profit or loss - non-current	-	13,292	5.54	13,292	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	73,573	6.07	73,573	Note B
Advanix Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	10,597,433	163,949	-	163,949	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	548,770	8,489	-	8,489	Note B
Huan Yan Water Solution Co., Ltd.	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	112,468	1,739	-	1,739	Note B
Expotech Co., Ltd.	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	1,893,043	26,782	-	26,782	Note B
Expotech Co., Ltd.	Stock	JiaTech International Investment Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,000,000	20,000	3.25	20,000	Note C
Cermate (Taiwan)	Beneficiary certificates	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss - current	3,649,783	47,741	-	47,741	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	879,577	-	879,577	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	590,241	-	590,241	Note B
ACI CN	Stock	Shanghai Shangchuang Xinwei Investment Management Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	-	134,976	8.33	134,976	Note C
ACI CN	Beneficiary certificates	Tianying Heyan (Hengqin) Investment Management Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	477,287	-	477,287	Note B
ACI CN	Beneficiary certificates	Tianying Hehua (Ningbo) Venture Investment Partnership (Limited Partnership)	None	Financial assets at fair value through profit or loss - non-current	-	204,407	-	204,407	Note B

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

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

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

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

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

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Marketable Securities			General ledger account	Counterparty	Relationship	Balance as at January 1, 2024		Acquisition		Disposal			Balance as at December 31, 2024			
Company Name	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation (Note B)	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	127,399,045	\$ 2,005,070	18,990,347	\$ 300,000	5,060,665	\$ 80,000	\$ 79,511	\$ 489	\$ 31,008	141,328,727	\$ 2,256,567
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market Fund	Note A	None	None	42,642,722	550,070	250,776,868	3,250,003	293,419,590	3,812,230	3,800,004	12,226 (	69)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Capital Money Market Fund	Note A	None	None	142,874,321	2,369,842	-	-	142,874,321	2,388,930	2,356,784	32,146 (	13,058)	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Fubon Chi-Hsiang Money Market Fund	Note A	None	None	46,707,871	752,155	138,423,613	2,250,000	89,281,775	1,450,000	1,441,783	8,217	5,017	95,849,709	1,565,389
ADVANTECH CO., LTD.	Beneficiary certificates	CTBC Hua Win Money Market Fund	Note A	None	None	177,439,819	2,007,767	43,593,499	500,000	177,439,819	2,024,145	2,000,006	24,139 (	7,513)	43,593,499	500,248
ADVANTECH CO., LTD.	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	-	-	22,178,094	310,002	-	-	-	-	3,763	22,178,094	313,765
ACI	Beneficiary certificates	Taishin 1699 Money Market	Note A	None	None	50,071,292	698,119	20,461,946	287,500	54,689,740	769,000	763,935	5,065	2,462	15,843,498	224,146

Note A: It is recorded as financial assets at fair value through profit or loss - current.

Note B: Includes gain (loss) on valuation and effect of exchange rate changes.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
December 31, 2024

Table 5

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

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship	Information on prior transaction if the counterparty is a related party				Pricing Reference	Purpose of Acquisition	Other commitments
							Property Terms Owner	Relationship	Transfer date	Amount			
ADVANTECH CO., LTD.	Real estate	2020.10.30	\$ 1,410,000	Based on percentage of construction completed; as of December 31, 2024, a total of \$1,406,606 had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	Contract price	For the Company's expansion	None
Yan Xu Green Electricity Co., Ltd.	Real estate	2022.12.15	627,000	Based on percentage of construction completed; as of December 31, 2024, a total of \$128,301 had been paid.	RFD Micro Electricity Co., Ltd.	The same chairperson	-	-	-	\$ -	Contract price	For the Group's green electricity commitment	None
ADVANTECH CO., LTD.	Real estate	2023.10.30	1,873,080	As of December 31, 2024, a total of \$200,000 had been paid.	AIDC Investment Corp.	Other related party	-	-	-	\$ -	Market conditions and valuation reports	For operational use	None
ADVANTECH CO., LTD.	Real estate	2024.04.08	3,560,000	Based on percentage of construction completed; as of December 31, 2024, a total of \$406,179 had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	\$ -	Contract price	For the Company's expansion	None
ANA	Real estate	2024.06.07	USD 71,200	Based on percentage of construction completed; as of December 31, 2024, a total of USD 4,409 had been paid.	Uprite Construction Corporation	None	-	-	-	\$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
December 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate disposed	Date of the event	Date of acquisition	Book value	Transaction amount	Status of payment	Gain on disposal	Counterparty	Relationship	Reason for disposal	Basis or reference used in setting the price	Other commitments
ADVANTECH CO., LTD.	Real estate	2024.08.01	1999.10.11~2000.03.16	\$ 182,034	\$ 450,000	Paid in installments based on the contract	\$ 267,966	EVERBIZ INDUSTRIAL CO., LTD.	Non-related party	For asset optimization	Reference to the appraisal amount provided by professional valuers and the market price	None

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

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Transaction Details			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total sales/(purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	\$ 13,712,277	32.18%	60 days after month-end	Contract price	No significant difference	\$ 2,923,639	24.29%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	8,498,401	19.94%	120 days after month-end	Contract price	No significant difference	4,599,426	38.22%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	6,890,960	16.17%	45 days after month-end	Contract price	No significant difference	1,564,520	13.00%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,802,316	4.23%	60 days after month-end	Contract price	No significant difference	322,436	2.68%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	1,193,316	2.80%	30 days after month-end	Contract price	No significant difference	314,915	2.62%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	386,842	0.91%	30 days after month-end	Contract price	No significant difference	52,756	0.44%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	351,447	0.82%	45 days after month-end	Contract price	No significant difference	53,295	0.44%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	247,039	0.58%	45 days after month-end	Contract price	No significant difference	58,558	0.49%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	209,038	0.49%	45 days after month-end	Contract price	No significant difference	12,556	0.10%
ADVANTECH CO., LTD.	AMX	Subsidiary	Sales	184,006	0.43%	30 days after month-end	Contract price	No significant difference	19,713	0.16%
ADVANTECH CO., LTD.	AIN	Subsidiary	Sales	147,090	0.35%	45 days after month-end	Contract price	No significant difference	22,564	0.19%
ADVANTECH CO., LTD.	ABR	Subsidiary	Sales	164,831	0.39%	30 days from the invoice date	Contract price	No significant difference	44,068	0.37%
ADVANTECH CO., LTD.	ATH	Subsidiary	Sales	107,765	0.25%	45 days after month-end	Contract price	No significant difference	16,122	0.13%
ADVANTECH CO., LTD.	AVN	Subsidiary	Sales	126,530	0.30%	45 days after month-end	Contract price	No significant difference	22,664	0.19%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	12,458,285	93.65%	90 days after month-end	Contract price	No significant difference	3,331,094	94.41%
AKMC	ACN	Fellow subsidiary	Sales	720,731	5.42%	60 days after month-end	Contract price	No significant difference	185,677	5.26%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	250,331	1.36%	30 days from the invoice date	Contract price	No significant difference	31,817	1.26%
ACZ	AEU	Fellow subsidiary	Sales	242,621	73.82%	60 days from the invoice date	Contract price	No significant difference	38,851	75.54%
LNC (Note B)	LNC Dong Guan	Sub-subsiary	Sales	102,365	83.10%	150 days after month-end	Contract price	No significant difference	-	0.00%

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Counterparty	Relationship	Ending balance	Turnover rate	Overdue receivables		Amounts received in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
ADVANTECH CO., LTD.	ACN	Subsidiary	\$ 4,599,426	2.08	\$ 1,869,434	Monthly reconciliation and collection	\$ 917,990	\$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,942,015	5.16	46,422	Monthly reconciliation and collection	1,245,273	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,570,836	5.50	235,498	Monthly reconciliation and collection	1,344,817	-
ADVANTECH CO., LTD.	AKR	Subsidiary	324,115	4.63	23,264	Monthly reconciliation and collection	1,040	-
ADVANTECH CO., LTD.	AJP	Subsidiary	316,340	3.89	117,905	Monthly reconciliation and collection	-	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	570,766	Note	87	Monthly reconciliation and collection	354,422	-
AKMC	ADVANTECH CO., LTD.	Parent company	3,331,094	3.90	-	-	1,544,076	-
AKMC	ACN	Fellow subsidiary	185,844	5.96	-	-	292,329	-
Aures	Aures US	Sub-subsidiary	153,236	0.42	12,819	Monthly reconciliation and collection	25,052	-

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

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

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			Percentage of consolidated total operating revenues or total assets (Note C)
				General ledger account	Amount	Transaction terms	
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	\$ 247,039	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ABR	1	Sales revenue	164,831	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	4,599,426	120 days after month-end	6%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	8,498,401	Usual trade terms	14%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,564,520	45 days after month-end	2%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	6,890,960	Usual trade terms	12%
0	ADVANTECH CO., LTD.	AIN	1	Sales revenue	147,090	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	314,915	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	1,193,316	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	570,766	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	322,436	60 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,802,316	Usual trade terms	3%
0	ADVANTECH CO., LTD.	AMX	1	Sales revenue	184,006	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	209,038	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	2,923,639	60 days after month-end	4%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	13,712,277	Usual trade terms	23%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	351,447	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ATH	1	Sales revenue	107,765	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AVN	1	Sales revenue	126,530	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	386,842	Usual trade terms	1%
1	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	3,331,094	90 days after month-end	5%
1	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	12,458,285	Usual trade terms	21%
1	AKMC	ACN	3	Receivables from related parties	185,677	60 days after month-end	0%
1	AKMC	ACN	3	Sales revenue	720,731	Usual trade terms	1%
2	ANA	ADVANTECH CO., LTD.	2	Sales revenue	250,331	Usual trade terms	0%
3	ACZ	AEU	3	Sales revenue	242,621	Usual trade terms	0%
4	LNC (Note E)	LNC Dong Guan	3	Sales revenue	102,365	Usual trade terms	0%
5	Aures	Aures US	1	Receivables from related parties	153,236	60 days after month-end	0%

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the year ended December 31, 2024

Table 10

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

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended		Footnote
				Balance as at December 31, 2024	Balance as at January 1, 2024	Number of shares	Ownership (%)	Carrying value		December 31, 2024 (Note C)	December 31, 2024 (Note C)	
ADVANTECH CO., LTD.	AAC MT	Malta	Overseas investment in manufacturing and services industries	\$ 247,275	\$ 247,275	11,126,887	100.00	\$ 8,526,762	\$ 577,504	\$ 567,340	Subsidiary	
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	5,847,516	377,287	369,173	Subsidiary	
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	249,780	56,370	56,370	Subsidiary	
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	3,991,847	217,463	217,488	Subsidiary	
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	28,080,142	27.37	1,281,900	769,442	210,999	Investments accounted for under equity method	
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	188,826	188,826	13,380,000	40.55	233,713 (	39,706) (	17,912)	Note F
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	91,861	93,338	16,250,003	97.50	104,267	17,147	16,311	Subsidiary	
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,119,665 (	409,697) (	413,944)	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	294,177	67,992	66,551	Subsidiary	
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	63,607	15,954	7,415	Subsidiary	
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	36,463	7,921	7,531	Subsidiary	
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	651,685	1,200	100.00	1,252,468	162,473	153,819	Subsidiary	
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	131,000	25,951	25,888	Subsidiary	
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	567,279	16,504	14,845	Subsidiary	
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	89,846	89,846	15,373,031	100.00	113,862	23,594	23,434	Subsidiary	
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	85,821	162	162	Subsidiary	
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	29,590	7,351	6,832	Subsidiary	
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use wireless hand-held mobile systems	-	180,000	-	-	-	- (	5,128)	Note D
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	15.05	697,986	559,134	83,056	Investments accounted for under equity method	
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	81,000	60.00	59,696	9,691	5,718	Subsidiary	
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	211,841	53,166	10,101	Investments accounted for under equity method	
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	-	72,416	-	0.00	- (	1,017) (	1,025)	Note I
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	138,123	105,608	462,535	100.00	33,180	3,290	2,741	Subsidiary	
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	11,547	712	712	Subsidiary	
ADVANTECH CO., LTD.	Huan Yan Water Solution Co., Ltd.	Taiwan	Service plan for combination of related technologies of water treatment and Applications of Internet of Things	8,063	27,000	270,000	90.00	2,238 (	513) (	462)	Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	3,312	50	100.00	4,537	473	473	Subsidiary	
ADVANTECH CO., LTD.	AID	Indonesia	Marketing and trade of industrial use computers	48	48	30	1.00	-	2,986	-	Subsidiary	
ADVANTECH CO., LTD.	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,471,031	1,471,031	15,230,001	100.00	584,567 (	305,938) (	306,439)	Subsidiary
ADVANTECH CO., LTD.	ACI KY	Cayman Islands	General investment	2,156,908	2,156,908	100,000,000	100.00	2,238,664	14,213	14,213	Subsidiary	
ADVANTECH CO., LTD.	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	157,275	189,000	1,327,500	45.00	92,723	135,114	60,808	Subsidiary	
ADVANTECH CO., LTD.	Aures	France	Retail electronic and computer products marketing and sales	320,775	-	1,430,381	36.32	266,192 (	106,252) (	35,652)	Note K
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	32,725	71,500	1,622,500	55.00	146,071	135,114	-	Subsidiary	
ACI	Deneng	Taiwan	Installation and sale of electronic components and software	18,095	18,095	658,000	39.69	12,860 (	799)	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	23,663,143	17.86	245,537 (	31,032)	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	481,179	502,837	28,282,000	18.54	813,355	417,524	-	Investments accounted for under equity method	
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,455	53,166	-	Investments accounted for under equity method	
ACI	DotZero	Taiwan	Intelligent metal processing integration	-	10,928	-	-	-	-	-	Note H	
ACI	Mildex	Taiwan	Electronic component manufacturing	176,168	202,948	9,874,313	12.70	153,543	21,778	-	Investments accounted for under equity method	
ACI	ITTS	Taiwan	Electronic Information Service	-	123,867	-	-	-	-	-	Note E	
ACI	Smasoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	73,270	33,270	1,088,271	40.03	25,860 (	21,366)	-	Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	16.67	7,021 (	5,910)	-	Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	116,400	4,694,800	11.25	219,688	179,213	-	Investments accounted for under equity method	
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	17.42	442,563	16,368	-	Investments accounted for under equity method	
ACI	AIH	Taiwan	Servicing of information software and data processing	-	15,369	-	-	- (	10)	-	Note J
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	126,970	25,639	-	Investments accounted for under equity method	
ACI	iSAP	Taiwan	Information software service	10,000	10,000	696,667	34.83	-	-	-	Investments accounted for under equity method	

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024 (Note C)	Footnote
				Balance as at December 31, 2024	Balance as at January 1, 2024	Number of shares	Ownership (%)	Carrying value			
ACI	IISI	Taiwan	Computer system integration service	\$ 236,524	\$ 243,086	13,913,205	19.08	\$ 267,450	\$ 42,582	\$ -	Investments accounted for under equity method
ACI	Freedom Systems	Taiwan	Electronic information service	37,500	37,500	1,769,999	20.00	42,744	15,750	-	Investments accounted for under equity method
ACI	Yan Xu Green Electricity Co., Ltd.	Taiwan	Green energy power plant development	83,325	83,325	8,332,500	82.50	80,800	(15)	-	Subsidiary
ACI	Expotech	Taiwan	Computer system integration service	80,000	40,000	6,000,000	59.23	69,087	(19,510)	-	Note G
ACI	EncoreMed	Malaysia	Wise Information Technology of med cloud service	54,274	54,274	66,700	30.00	52,128	(8,105)	-	Investments accounted for under equity method
ATC	ATC(HK)	Hong Kong	Overseas investment in manufacturing and services industries	1,212,730	1,212,730	57,890,679	100.00	5,887,799	377,416	-	Subsidiary
AAC MT	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	8,996,255	577,224	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,435,108	(400,881)	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	53,739	(8,064)	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	62,201	15,954	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,749	4,749	2,970	99.00	16,830	2,986	-	Subsidiary
ASG	AMX	Mexico	Marketing and trade of industrial use computers	98	98	16,667	0.10	100	17,147	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	148,861	6,633	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	229	-	100.00	3,315	559	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	327,585	37,044	-	Subsidiary
ANA	ABO	USA	High-end image acquisition and AI machine vision technology, and core technologies in high speed image acquisition	108,360	108,360	210,000	100.00	72,530	(26,101)	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	309,382	34,602	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	(579)	(5,670)	-	Subsidiary
Aures	Aures UK	UK	Retail electronic and computer products marketing and sales	9,965	9,965	5,000	100.00	115,110	(9,051)	-	Subsidiary
Aures	Aures DE	Germany	Retail electronic and computer products marketing and sales	768	768	25,000	90.00	72,517	(26,865)	-	Subsidiary
Aures	Aures AGH	USA	Holding Company	84,306	84,306	1,000	100.00	72,973	(8,237)	-	Subsidiary
Aures	Aures J2SYSTEMS	UK	Holding Company	259,704	259,704	42,229	100.00	3,273	-	-	Subsidiary
Aures AGH	Aures RTG	USA	Maintenance, installation and technical support for Retail services	291,783	291,783	500	100.00	(137,791)	(95,971)	-	Subsidiary
Aures J2SYSTEMS	Aures US	USA	Retail electronic and computer products marketing and sales	328	328	10,000	100.00	(59,941)	(2,493)	-	Subsidiary
Aures J3SYSTEMS	Aures AU	Australia	Retail electronic and computer products marketing and sales	-	-	10	100.00	100	12,340	-	Subsidiary

Note A: All intercompany gains and losses from investments have been eliminated during consolidation.

Note B: Refer to Table 10 for investments in Mainland China.

Note C: The investment gains and losses recognized in the current period only disclose the part recognized by Advantech Co., Ltd., and the rest are exempted according to regulations.

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

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

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

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

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

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

Note I: In the fourth quarter of 2024, ARU was dissolved and liquidated.

Note J: In the fourth quarter of 2024, AIH was dissolved and liquidated.

Note K: In the fourth quarter of 2024, the Group invested \$320,775 in cash in Aures and acquired 36.32% of the shares. Since the Group acquired control over Aures, it was listed as a subsidiary.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2024

Table 11

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

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2024		Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024		Net profit (loss) of the investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31,
				Outflow	Inflow	Outflow	Inflow							
Advantech Technology (China) Company Ltd. (AKMC) (Note D)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	\$ 1,434,344 USD 43,750	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	\$ 1,222,881 USD 37,300	\$ -	\$ -	\$ 1,222,881 USD 37,300	\$ -	\$ 377,416	100.00	\$ 369,302	\$ 5,879,685	\$ -	
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	138,681 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	174,810 USD 5,332	-	-	174,810 USD 5,332	(441,385)	100.00	(441,870)	(491,289)	3,381,773 USD 103,150		
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	298,315 CNY 66,618	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	262,280 USD 8,000	-	-	262,280 USD 8,000	135,871	100.00	135,843	1,927,369	-		
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	32,785 USD 1,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note C	-	-	Note C	502	100.00	502	30,966	-		
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,596 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	10,098 USD 308	-	-	10,098 USD 308	15,878	90.00	14,321	127,299	82,579 CNY 18,441		
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	17,048 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	18,753 USD 572	-	-	Note N	-	Note N	-	-	52,231 CNY 11,664		
Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	67,170 CNY 15,000	Other	Note E	-	-	Note E	1,504	100.00	1,504	55,304	-		
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,852 CNY 2,200	Other	Note F · I	-	-	Note F · I	(353)	Note I	(353)	-	-		
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	35,824 CNY 8,000	Other	Note F	-	-	Note F	(17,097)	21.88	(3,741)	11,393	-		
Suzhou AIIST Intelligent Technology Co., Ltd (AAY)	Smart operating room total solution	44,282 CNY 9,889	Other	Note F	-	-	Note F	(19,654)	28.09	(6,216)	102,362	-		
Adveco Technology Co., Ltd. (Adveco)	Technology development, consulting, services, product design, production and project implementation in the field of smart buildings	18,360 CNY 4,100	Other	Note L	-	-	Note L	(74,985)	53.98	(40,523)	44,344	-		
Adveco Management Consulting Co., Ltd. (Adveco Management)	Enterprise management consulting, information consulting, planning, service	8,956 CNY 2,000	Other	Note L	-	-	Note L	(3)	60.00	(2)	5,327	-		
Adveco Management Consulting No.1 (Limited partnership) (Adveco Management No.1)	Enterprise management consulting, information consulting, planning, service	4,478 CNY 1,000	Other	Note M	-	-	Note M	(1)	59.94	(1)	2,684	-		
Adveco Management Consulting No.2 (Limited partnership) (Adveco Management No.2)	Enterprise management consulting, information consulting, planning, service	4,478 CNY 1,000	Other	Note M	-	-	Note M	(1)	59.94	(1)	2,684	-		
Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA												
\$ 1,714,492 (USD 52,295 thousand) (Note H)	\$ 2,490,447 (USD 75,963 thousand)	\$ 30,857,011 (Note J)												

Note A: All intercompany gains and losses from investment have been eliminated during consolidation.

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between the Company and its investees in Mainland China are described in Table 8.

Note C: Remittance by ACN.

Note D: For AKMC, there was a capital increase of US\$6,450 thousand out of earnings.

Note E: Remittance by AAC MT and ACI CN.

Note F: Remittance by ACI CN.

Note G: In the first quarter of 2022, ACN acquired 18% equity interest in ACI CN for a cash consideration of CNY\$50,000 thousand.

Note H: Included is the outflow of US\$200 thousand on the investment in Yan Hua (Guang Zhou Bao Shui Qu) Co., Ltd. located in a free trade zone in Guang Zhou. When this investee was liquidated in September 2005, the outward investment remittance ceased upon the approval of the Ministry of Economic Affairs (MOEA). For each future capital return, the Company will apply to the MOEA for the approval of the return as well as reduce the accumulated investment amount by the return amount.

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

Note J: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company.

Note K: The exchange rates as of December 31, 2024 were USD\$1=NT\$32.785, and CNY\$1=NT\$4.478.

Note L: Remittance by ACI CN.

Note M: Remittance by Adveco Management.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2024

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	113,483,106	13.14%
K&M Investment Co., Ltd.	100,494,794	11.63%
AIDC Investment Corp.	99,314,136	11.50%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by the Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.