ADVANTECH

Enabling an Intelligent Planet

Stock Code:2395

Advantech Co., Ltd.
2022 ANNUAL REPORT

Printing date:March 27, 2023
Website http://mops.twse.com.tw

I. Name, title, and phone of the spokesman:

【**Spokesman**】 Name: Eric Chen
Title: President
Tel.: (02)7732-3399
E-mail: Eric.Chen@advantech.com.tw

II. Headquarters, Branches, and Plant address and phone:

【Headquarters】 Address: No. 1, Alley 20, Lane 26, Rueiguang Road, Neihu District, Taipei City
Tel.: (02)7732-3399

【Factory】 Donghu LCD Computer Factory
Address: 5F, No. 1, Lane 169, Corning Street, Sijhih City
Tel.: (02)2692-6076 (Representative No.)

Donghu Industrial Computer Factory
Address: 6F, No. 1, Lane 169, Corning Street, Sijhih City
Tel.: (02)2692-6076 (Representative No.)

Linkou Industrial Park
Address: No. 27, Wende Road, Guishan District, Taoyuan City
Tel.: (02)2792-7818 (Representative No.)

III. Name, address, and phone of the Stock Agency

Name: KGI Securities Co., Ltd. – Stock Agency Department
Address: 5F, No. 2, Chongqing S. Road, Sec. 1, Taipei City
Website: www.kgi.com.tw
Tel.: (02)2389-2999

IV. Name, Firm, address, and phone of the acting independent auditors:

CPAs: Liang, Hua-Ling and Lin, Yi-Fan
CPA Firm: PricewaterhouseCoopers, Taiwan
Address: 27F, 333 Keelung Rd., Sec. 1, Xinyi District, Taipei City, Taiwan
Website: www.pwc.tw
Tel.: (02)2729-6666

V. Foreign securities exchange corporation listing: None

VI. Website: http：//www.advantech.com.tw

Table of Contents

I.	**Letter to Shareholders**		01
II.	**Company profile**		07
	1.	Date of Incorporation	07
	2.	Company History	07
III.	**Corporate Governance Report**		14
	1.	Organization	14
	2.	Information of the Board of Directors and Management Team	18
	3.	Implementation of Corporate Governance	34
	4.	Information Regarding the Company's Professional Fees	71
	5.	Information Regarding the change of Certified Public Accountant Firm	72
	6.	The Company's Chairman, President, Officers in charge of Financial or Accounting Affairs has served in Its Certified Public Accountant Firm or Its Affiliated Enterprise for the Most Recent Fiscal Year	72
	7.	Change in shares held and pledged by directors, managers, and major shareholders holding over 10% of outstanding shares in the most recent year and up to the publication of the annual report	72
	8.	Relationship among the Top Ten Shareholders	73
	9.	The number of Shares of an Enterprise held by the Company, the Company's Directors and officers and the Enterprises Controlled by the Company Directly or Indirectly, and the Consolidated Shareholding Percentage	74
IV.	**Capital Overview**		76
	1.	Capital and Shares	76
	2.	Corporate Bond	83
	3.	Preferred Stock	83
	4.	Global Depositary Receipts	83
	5.	Employee Stock Options	84
	6.	New Restricted Employess SHres	85
	7.	Status of New Share Issuance in Connection with Mergers and Acquisitions	85
	8.	Financing Plans and Implementation	85
V.	**Operational Highlights**		86
	1.	Business Activities	86
	2.	Market and Sales overview	105
	3.	Status of Employees	110
	4.	Environmental Protection Expenditures	110
	5.	Labor Relations	115

	6.	Information Security managemen	120
	7.	Important Contracts	123
VI.	**Financial Information**		124
	1.	Five-Year Financial Summary	124
	2.	Five-Year Financial Analysis	127
	3.	Audit Committee's Report in the most recent year	131
	4.	Financial Statements in the most recent year	132
	5.	Consolidated financial statements in the most recent year	132
	6.	If the Company or Its Affiliates Have Experienced Financial Difficulties for the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How The Difficulties Affected the Company's Financial Situation	132
VII.	**Review of Financial Conditions, Operating Results, and Risk Management**		133
	1.	Analysis of Financial Status	133
	2.	Analysis of Operating Results	133
	3.	Analysis of Cash Flow	134
	4.	Major Capital Expenditure	134
	5.	Investment Policy in Last Year,Main Causes for Profits or Losses,Imporvement Plans and the Investment Plans for Coming Year	134
	6.	Analysis of Risk Management	134
	7.	Other Major Risks	137
VIII.	**Special Disclosure**		138
	1.	Affiliated Enterprises	138
	2.	Private Placement Securities in the Most Recent Years	147
	3.	The Shares of the Company Held or Disposed of by the Subsidiaries in the Most Recent Years	147
	4.	Other supplementary information or explanations	147
IX.	Significant issues in the most recent year and up to the publication of the annual reportwhich might affect shareholders' equity or price of shares pursuant to Item 2,Paragraph 3, Article 36 of the Securities Exchange Law		147

Letter to Shareholders

Dear Shareholders,

Financial Performance

In terms of financial performance, Advantech's consolidated revenue of 2022 reached NT$68.745 billion, with an increase of 17% over 2021. The gross profit was NT$26.113 billion (gross profit margin 38%), and the consolidated net income after tax was NT$10.757 billion (year-on-year growth of 30%). The earnings per share after tax reached NT$13.85 in 2022. Advantech has achieved its historical highs in both revenue and profit in 2022, demonstrating exceptional overall performance.

In terms of U.S. dollars, Advantech's revenue in 2022 reached US$2,313 million, representing a 11% annual growth as compared to 2021. From the regional perspective of 2022's performance, North America, Europe, and Emerging markets are the strongest performers, with year-on-year growth of 23%, 20%, and 14%, respectively. However, the China market showed a single-digit year-on-year decline. In terms of performance by strategic business unit (SBU), except for the Industrial-IoT Group (IIoT) and Advantech Service Plus (AS+) that had a slightly decrease in year-on-year, all other business units reached double-digit increase year-on-year. Among them, the Applied Computing Group (ACG) and the Service-IoT Group (SIoT) enjoyed the strongest growth, with an increase of 45% and 19% as compared to 2021, respectively.

Market Trends and Business Strategy

The global IoT market in various industries is expected to enter an accelerated growth period. According to the estimation by Gartner, an international research institution, the end users spending on commercial IoT is expected to reach US$220 billion by 2025, with a five-year CAGR (compound annual growth rate) of 12%. Advantech has a comprehensive product offering in the field of Industrial-IoT, and will continue to cultivate core vertical applications such as industrial automation, smart healthcare, networking, transportation, retail, gaming, etc. Advantech also pays close attention to the development trends of emerging industries. Consolidating the advantages of product business capability and overseas regional go-to-market teams to strategically position itself in emerging industries, which include:

5G Infrastructure

The innovation of 5G technology (the fifth generation of mobile networks) involve with three major technical features, which are high transmission capacity, massive connectivity, ultra-low latency and ultra-high reliability, to initiate the era of AIoT (Artificial Intelligence of Things). The size of global 5G infrastructure market is estimated to be US$5.82 billion in 2021 and is expected to reach roughly US$98.57 billion by 2030, with a projected CAGR of 32% from 2022 to 2030. Advantech provides wireless modules, terminal devices, network equipment, industrial high-end servers, and DMS (design & manufacturing services) to actively link with 5G-related industry chain.

Robotics & Autonomous Mobile Robots

With the rapid development of artificial intelligence and edge computing technology, while facing the shortage of manpower and new types of work in the post-COVID era, the corporate demand for industrial robots has significantly increased. The market estimates that the global robotics market value will grow by 270% in reaching US$110.7 billion by 2026. The application industries include manufacturing (29.7%), defense (16.5%), logistics (5.5%), and medicals (14.3%), etc. On the other hand, Mobile robots will become the new norm for automation applications. Advantech has grasped the trend of automation technology by providing various embedded boards and software integration modules (Solution Ready Package, SRP), while equipped with the Robot Operating System (ROS2) kit and combined with end customer application programs to optimize production efficiency, to improve safety, reliability and process intelligence, thus shortening the project implementation schedule.

Green Energy & EV Charging Infrastructure

The International Energy Agency (IEA) report stated that countries around the globe are actively developing clean energy in response to energy security concerns, climate commitments, and industrial policies, which leads the world into "the Era of Eenergy Transformation" and exepected to growth with double-digit in the next three to five years. Therefore, green energy, EV batteries, charging stations, energy storage equipment, and services are key focuses in Advantech's strategic layout. From data perception, transmission, and control to edge computing platforms, Advantech provides comprehensive IoT solutions to accelerate system integration and application deployment.

WISE-PaaS Industrial-IoT platform.

Predicting that the next stage of growth in the IoT will move towards AI and 5G mainstream trends, Advantech has successfully integrated Edge Computing Platform and AI chips on existing hardware platforms to develop high-performance AI solutions. In addition, Gartner and many international research organizations have pointed out that IoT combined with big data and machine learning has becomes a trend and will be widely used in fields such as industrial automation, site monitoring, equipment predictive maintenance, warehouse management, and smart healthcare etc. Advantech has deeply invested in the WISE-IoT technology field, targeting the fields of industrial automation, energy management, IoT edge connections, IoTMart and e-commerce, and smart

Healthcare. With its self-developed WISE-PaaS industrial IoT platform, the company provides software-hardware integrated smart solutions (Solution Ready Package, SRP) to reach customers' needs while also establishing a strong technology core to further strengthen its leading position in the industry.

Response to the supply chain and regional markets

After facing the severe challenges of the supply chain imbalance in 2021-2022, Advantech has completed multiple reactions to build a resilient supply chain. The concrete measures include strengthening high-level strategic management of global suppliers, accelerating the introduction of diversified strategic suppliers, segregating the supply chain system for branded products and DMS project customers, introducing TSU co-design in the R&D system to strengthen part material selection and risk management, and enhancing the flexibility of alternative material verification and design changes. In the future, Advantech will response to industry risks and supply chain challenges with a more robust and flexible mechanism.

In terms of regional markets, Advantech faced material shortages in 2022; however, benefited from customers pre-booking behavior and strong demand in European and North American markets, Advantech’s overall operations continue to grow in double-digit. The China market, on the other hand, was weakened by the "zero-COVID" policy and economic uncertainty. According to predictions by major financial institutions, the China market is expected to experience a moderate recovery in 2023, with the lifting of policy restrictions aiding a rebound in consumer retail demand and overall cautious optimism in the China economy. Advantech will continue to closely connect with China customers, dynamically adjust the inventory of materials and products, and pre-deploy for China's forthcoming recovery and growth.

Sustainability and ESG

Since its inception, Advantech has been focused on managing its own brand. In 2022, with a brand value of US$776 million, Advantech was ranked fifth in the 2022 Best Taiwan Global Brands, which has maintained its position in the top five for five consecutive years. Its brand value grew by an impressive 23%, making it one of the top five companies with the highest growth rate. In 2023, on the occasion of its 40th anniversary, Advantech will organize a series of global cycling events to connect thousands of colleagues and partners around the world. In addition, a series of activities will be planned, such as employee happiness events, global children of Advantech drawing competition, and world partner conference, to express gratitude to Advantech's colleagues and partners who have been with the company throughout its growth in the hope of celebrating its 40th anniversary.

In promoting ESG, guided by our ESG Vision Statement: "To become the most desired top enterprise in the IoT field globally, nurturing talent through diverse channels; achieving success for Advantech and our partners. We emphasize ESG issues of environmental, social, and corporate governance topics, implement Lita co-enrichment, and enable an intelligent and sustainable planet." Advantech defines its three major ESG pillars as follows:

(1) Green Operations and Sustainable Development:

In 2022, we have continued to evaluate our sustainability performance with international sustainability indicators and set multiple sustainability targets, including entering the DJSI sustainability index by 2025, achieving a B level rating in the 2025 CDP Climate Change Questionnaire, and using 100% renewable energy by 2040. Furthermore Our sustainability achievements in 2022 included issuing a TCFD financial quantification analysis report, improving TCFD information disclosure quality, initiating projects to obtain ISO 14067 Product Carbon Footprint and ISO 50001 Energy Management System certifications, holding ESG targets accountable for middle and high-level executives and providing incentive mechanisms, promoting iEMS as our main business, which has been applied in our headquarters and expanded to all global operational bases year by year. In terms of green product design, we have implemented green product design standards (raw materials, energy efficiency, packaging, recyclability) in five mass production product lines. One new product has received the US Energy Star certification and won the first prize in the European client's internal green design competition.

(2) AIoT Popularization:

Through the WISE-PaaS platform, we aim to cultivate innovative talents in the field of IoT and incubate innovative solutions, in order to achieve the sustainable goal of "helping students find their future and connecting businesses with talented individuals." By 2025, our target is to expand IoT education to 70 universities in 14 countries globally by providing Advantech's industrial IoT technology and resources to help global colleges and universities in cultivating innovative talents. In 2022, NT$39,553,210 was invested and has benefitiated up to 1,749 people. Meanwhile, in regards of the AIoT Academy’s IoT education curriculum and certification, more than 800 technical certifications were issued in a total of 14 campus collaborations between 2021 and 2022. The AIoT InnoWorks developer program had 90 student teams and over 360 students participating from six countries and 16 schools. In 2022, Advantech participated in the establishment of Taiwan's first industry-academia innovation research institute with National Yang Ming Chiao Tung University and promised to sponsor ten industry-academia cooperative master students annually.

(3) Community Enrichment:

In 2022, Advantech is committed to establishing its corporate brand and strengthening social impact, particularly by enhancing innovative education, cultural development, and building a quantifiable and qualitative impact on social welfare. We have planned and executed an impact indicator document to measure our progress. In terms of employee development and cultivation, our ABLE Club platform for a happy life is evolving and providing more diverse and employee-centered services, striving to create a satisfied workplace where employees can create long-term value with Advantech. For international talent development and cultivation, we have launched the Human Capital Management system in 2022, which uses

big data to track and analyze the benefits of Advantech's long-term talent development and development plans, thereby enabling more effective talent management and innovation.

In 2022, thanks to the efforts of our colleagues and partners, Advantech was recognized in various sustainability rankings both domestically and internationally, which included the Electronics Industry - Model Award from CommonWealth Magazine Corporate Social Responsibility Survey, Taiwan's Top 100 Sustainable Exemplary Companies Award from the Taiwan Corporate Sustainability / Silver Award for Sustainability Report, the CommonWealth Magazine Corporate Citizen Awards, Institutional Investor Magazine - Most Respected Company, and Best ESG Company. We also continued to be selected for the Yuanta Taiwan ESG Sustainable ETF Fund and the Taiwan Stock Exchange and Taipei Exchange Friendly Environment Index. The journey towards sustainability for Advantech will never pause and we will continue to strive for our mission to enable an intelligent and sustainable planet in creating a sustainable and altruistic enterprise for all our stakeholders.

Outlook for 2023 and Beyond

Looking ahead to 2023, the global economy is slowing down ,regional market uncertainties persist, and high inventory issues still require time to resolve. As countries aware of the energy and eneviormental issues, the trend of energy transformation brings out opportunities, especially in the rapid popularization of electric vehicles, which has driven huge business opportunities in renewable energy infrastrcuctire, including wind energy, solar energy, and EV battery production expansion; development of public and home charging equipment, energy-saving and energy storage demand. In addition, the online shopping frenzy driven by the pandemic and the consumption rebound in the post-pandemic era are driving the application of smart retail and intelligent warehousing; the rigid demand for smart medical and healthcare equipment stemming from the global aging structure will continue to drive the IoT industry's rapid growth.

Responding to the enormous opportunities brought by energy transformation, smart upgrades, and long-term care and medical trends, Advantech has continuously optimized its SBU, RBU, and Operation. In terms of the business entity, it actively deploys industries and products, focusing on high-growth applications such as equipment manufacturers, industrial automation, energy management, and smart Healthcare. In terms of regional business organizations, it gathers regional resources and leverages leadership synergies to provide customer-centric and cross-regional services. In terms of production, manufacturing, and logistics units, it implements lean management in key areas such as inventory reduction, customer order delivery, and production efficiency improvement, and sets clear achievable goals. For the overall outlook on year 2023, despite the external challenges of overall economic downturn and relatively slow demand, Advantech proactively grasps technological trends and industry opportunities with great confidence in itself. It is expected to continue its growth momentum in both revenue and profits this year and create new corporate value.

K.C. Lu
Chairman

Linda Tsai
President of Industrial IoT

Eric Chen
President of General Management

Miller Chang
President of Embedded IoT

II. Company Profile

2.1 Date of incorporation: September 7, 1981

2.2 Company history

Year	Important Events
1981	Decided that the official company name would be "Advantech Co., Ltd." and established the company at Sec. 2, Chongqing S. Road, Taipei City, to operate as a business for desktop computer module measurement automation systems. Invested a capital stock of NT$2,000 thousands.
1985	Increased the authorized and paid-in capital to NT$5,000 thousands. Reorganized the company as a limited company and relocated it to 3F, No. 80, Ningbo W. Street, Taipei City. Launched various standardized PC-based automatic test system products.
1987	Relocated to 2F-1, No. 76, Sec. 3, Roosevelt Rd., Taipei City. Developed and produced PC/XT/AT plug-in data acquisition cards (i.e., the PC-Lab Card series) and launched them domestically and internationally.
1989	Established the Xindian factory at 4F, No. 10/12, Lane 130, Minquan Road, Xindian District, New Taipei County. Developed the industrial PC (IPC) product line and experienced smooth production and sales. This became Advantech's second major product line.
1990	Increased the authorized and paid-in capital to NT$25,000 thousands. Relocated all non-factory departments to the office at 4F, No. 108-3, Minquan Road, Taipei County.
1991	Increased the authorized and paid-in capital to NT$60,000 thousands. Integrated the in-house developed industrial-grade CPU card and IPC chassis into a complete industrial-grade PC. Now offering a complete line of products, Advantech had become a comprehensive PC system component supplier for industrial automation applications, gradually gaining international recognition.
1992	Introduced the Industrial Workstation series for industrial monitoring workstations. Successfully developed the ADAM-4000 series of remote data acquisition modules, which became a breakthrough product for distal measurement signal processing and communication.
1993	Received with the 2nd National Award for Small & Medium Enterprises (National Association of Small & Medium Enterprises. Received ISO-9001 Quality Management System Certification. Developed the AWS-850/860-II IPC Workstation.
1994	Increased the authorized and paid-in capital to NT$120,000 thousands. Founded Advantech Germany with 100% equity acquired. Developed overseas sales offices. Cooperated with ITRI MIRL to introduce PC and industrial controllers and motion control cards. Developed the Embedded Computer Module series.
1995	Increased the authorized and paid-in capital to NT$190,000 thousands. Established global branch offices in Singapore (100% equity acquired) and Budapest, Hungary (30% equity acquired).

1996	Received the 4th Taiwan Industrial Technology Advancement Most Outstanding Award (MOEA, Taiwan, R.O.C.). Established a quality assurance laboratory to significantly improve product quality. Symbol of Taiwan Excellence Winner (MOEA, Taiwan, R.O.C.) for the ADAM-4000 series.
1997	Approved for public offering. Increased the authorized capital to NT$1,000,000 thousands and paid-in capital to NT$475,000 thousands. Established an audit office as well as internal control and audit systems. Established subsidiaries in Japan, the UK, and France with 100% equity acquired. Merged the U.S. subsidiary with 72.03% equity acquired. Received the 5th Taiwan Industrial Technology Advancement Most Outstanding Award (MOEA, Taiwan, R.O.C.). Symbol of Taiwan Excellence Winner for the PPC-102 series.
1998	Increased the paid-in capital to NT$807,500 thousands. Established subsidiaries in the Netherlands, Germany, and the Virgin Islands with 100% equity acquired. Established a joint venture in Italy with 25% equity acquired. Equity of the U.S. subsidiary increased from 72.03% to 100%. Purchased land (834 ping; equiv. 2,757.5 m2) in Neihu. 6th Symbol of Taiwan Excellence Gold Award Winner for the PPC-102T Panel Computer. 7th Symbol of Taiwan Excellence Winner for the PPC-140T multi-function panel PC and ADAM-5000 series of distributed DA&C systems. Received the Singapore Comdex Asia Best Hardware System Award for the PPC-140T multi-function panel PC. Received ISO-14001 Environmental Management System Certification. Awarded with the Most Representative Outstanding Company (Industrial Development Bureau, MOEA, Taiwan, R.O.C.).
1999	ADAM series received the 1st Taiwan Outstanding Safety Instrument Award. Began constructing the Advantech Neihu Technology Building with completion forecast for mid-2001. Paid-in capital increased to NT$1,307,000 thousands. Purchased land (2,147 ping; equiv. 7,097.5 m2) in Donghu and occupied the premises by the end of September. Completed IPO on the Taiwan Stock Exchange on December 13.
2000	Increased the paid-in capital to NT$1,745,000 thousands. Purchased additional land (1,445 ping; 4,776.9 m2) at the Donghu Plant. Merged with PCS for US$1.77 million. Established several investment companies: Advantech Investment, Advantech (Guangzhou Bond Zone) Co., ABR, AAC (BVI), AACB, APN, and AKL. Received the 2000 Outstanding Export & Import Performance Award (General Chamber of Commerce, Taiwan, R.O.C.).
2001	Increased the paid-in capital to NT$2,334,294 thousands. Moved into Advantech Headquarters in Neihu District, Taipei, in July 2001. Established AHK and AKMC and invested in AAU. Symbol of Taiwan Excellence Winner for the WEB-2143 Web Controller, EH-760 Home Terminal, ES-510 Multimedia Web Payphone, and PPC-153T Panel Computer.

2002	Increased the paid-in capital to NT$2,855,291 thousands. Established AASC and invested in ABB and Axiomtek Co., Ltd. Received "2002 Headquarters Operation Certification" (Industrial Development Bureau, MOEA, Taiwan, R.O.C.). Implemented the Innovation Center Operations Plan Embedded Systems R&D Center with approval from the Department of Industrial Technology (MOEA, Taiwan, R.O.C.). Accepted as the sole Gold-Level Partner in Microsoft's Windows Embedded Partner ODM Category. Symbol of Taiwan Excellence Winner for the EH-7102G/GH Home Appliance and WebLink2059-BAR/CE/SDA/SKT Web-Enabled Device Connection via PC Card.
2003	Increased the paid-in capital to NT$3,413,039 thousands. Established AEU and invested in Advantech Consulting Co., Ltd. Received "2003 Headquarters Operation Certification" from the Industrial Development Bureau (MOEA). Symbol of Taiwan Excellence Winner for the ADAM-6000 series of intelligent data acquisition network control modules.
2004	Increased the paid-in capital to NT$3,742,962 thousands. Won first prize in the 2004 Control Design (USA) Reader's Choice Award for single-board computers. Received first prize for the 2004 Editor's Choice Award under the human–machine interface (HMI) category from the magazine Control Engineering (USA) for the FPM-3170 17" Flat Panel Monitor.
2005	Increased the paid-in capital to NT$4,489,003 thousands. Formed a strategic alliance with AsusTek; Advantech acquired 1.36% equity of AsusTek and AsusTek acquired 15% equity of Advantech through stock swap. Symbol of Taiwan Excellence Winner for the TPC-60S, UNO-3062, and AWS-8100G. Received third prize in the 2005 Readers' Choice Award for Industrial Computers from Control Buyer's Guide (USA). Embedded Control Europe magazine readers nominated the TREK-755 Sunlight Readable Model for the Gold Award of the 13th MOEA Industrial Technology Advancement Award of Excellence.
2006	Increased the paid-in capital to NT$4,636,295 thousands. Received the Readers' Choice Award for single-board computers from Control Design. Received the 2nd Corporate Social Responsibility Award from the magazine Global Views (Taiwan, R.O.C.). Received The Most Growth in Asia Award from Microsoft. Received the Intel Associate Partner of the Year and Multi-Core Solution Contest Award.
2007	Increased the paid-in capital to NT$4,915,770 thousands. Received the 3rd Corporate Social Responsibility Award, Top Honor for 2006 from Global Views (Taiwan, R.O.C.). Received the 1st Corporate Social Responsibility Award from CommonWealth Magazine (Taiwan, R.O.C.) Received the Computex Taipei Best Choice Award for the ARK-3381. 15th Symbol of Taiwan Excellence Winner for the UibQ-230, ARK-4170, and ADAM-5550.
2008	Increased the paid-in capital to NT$5,113,458 thousands. Received 4th prize in the 2nd Corporate Social Responsibility Award from CommonWealth Magazine. 16th Symbol of Taiwan Excellence Winner for the UbiQ350, VITA350, UNO-2182, TPC-30T, TPC-32T, IPPC-7157A, and IPPC-7158B.

2009	Established Shanghai Advantech Intelligent Services Co., Ltd. (AiSC). Established Xi'An Advantech Software Co., Ltd. Acquired Advantech Yang-Kwong Building as an office building in Neihu District, Taipei City. Increased the paid-in capital to NT$5,161,337K. Received the Decade Industrial Contribution and Decade Leading Industry awards from Chinagkong. 18th Symbol of Taiwan Excellence Winner for the IPPC-8151S series, APAX-5000 series, UNO-1100 series, UTC-W101E, NCP-7560, and MIC-5322. Advantech and the U.S. subsidiary jointly acquired 60% equity of Advantech Brazil S/A (ABR).
2010	Advantech Co., Ltd. established Advantech Intelligent Co., Ltd. Decreased the paid-in capital to NT$5,016,337 thousands. Received the Taiwan Top 12 Global Brands Award. Advantech paid EUR12.85 million to acquire 100% equity of DLoG GmbH Company of Augusta Technologies AG. Advantech paid 2,668 million to acquire 100% equity of Advantech KR Co., Ltd. of SG Advantech Co., Ltd. Advantech paid £3.34 million to acquire 100% equity of Innocore Gaming Ltd.
2011	Increased the paid-in capital to NT$5,517,971 thousands. Advantech paid NT$93 million to acquire 99.36% equity of ACA. 19th Symbol of Taiwan Excellence Winner for the ARK-VH200, FWA-6500, NCP-5260, PC/104, PCM 9562, PIT-1501W, SOM-5788, Advantech Touch Panel Computer, and TREK-550. Received the Taiwan Top 10 Global Brands Award.
2012	Increased the paid-in capital to NT$5,639,971 thousands. Advantech paid NT$306 million to acquire 50% equity of Advansus Corp. 20th Symbol of Taiwan Excellence Winner for the TREK-753, FPM-8151H,ADAM-6117, ADAM-6118, ADAM-6150, ADAM-6151, ADAM-6156, ADAM-6160, SOM-7562, MIO-5270, MIO-2260, PCM-3363, AIMB-213, UNO-4600 series, ITM-5115R-PA1E, ARK-DS220, ARK-DS520, and IPC-6025. Ranked 11th for the Taiwan 2012 Top-20 Global Brand Award with a brand value of US$260 million. Established a subsidiary in India (AIN).
2013	Increased the paid-in capital to NT$5,652,059 thousands. Ranked 11th in the 2012 Corporate Citizen Award from CommonWealth Magazine. Advantech Industrial Automation Group HMI TPC and SPC series won the 2013 iF Product Design Award in Germany. 21st Symbol of Taiwan Excellence Winner for the FWA-6510, MIC-5332, ATCA-7310, MIO-5250, MIO-2261, PCM-9389, ARK-1120, ARK-DS262, ARK-DS762, UBC-D31, IDS-3115, IDK-2131, TREK-722, TPC-671/1071/1271/1571, WebOP, BEMG-4110/4220, ADAM-2000, and EKI-6340. Paid NT$319 million to acquire 70.2% equity of POS manufacturer AdvanPOS. Paid NT$730 million to acquire 100% equity of the controller manufacturer LNC. Paid £5.85 million to acquire 100% equity of the wisdom embedded displays manufacturer GPEG (UK).

2014	Increased the paid-in capital to NT$5,714,511 thousands. Established Advantech Plus Technology Center (A+TC), Kunshan, China. Grand opening of the Advantech Linkou IoT Campus. Received the CSR Best Workplace Excellence Award from Global Views Monthly in 2014. 22nd Symbol of Taiwan Excellence Winner for the CGS-6000, ATCA-9112, Advantech WebAccess, APAX-5620, IDK-2110, TPC-1840WP, TPC-2140WP, SPC-1840WP, FPM-7181W, FPM-7211W, ADAM-6200 series, EKI-3000 series, SOM-5894, ARK-1122F, UBC-200, SOM-7567, SOM-3565, MIC-5333, AMiS-50, POC-W181, and IPS-M420. Formally established the Advantech Investment Department to actively deploy solutions for smart city and IoT markets. Composed Advantech Global smart city case studies for the publication of "Smart City" in Simplified and Traditional Chinese as well as English.
2015	Increased the paid-in capital to NT$6,318,531 thousands. 23rd Symbol of Taiwan Excellence Winner for the TREK-674, TREK-306, PWS-870, UTX-3115, DPX-435 (with the DPX-S1000 chassis), SOM-5893, SOM-6896, UBC-220, PCIE-181X, Mic-3100, ARK-2151V, DS-862, MIT-M101, ATCA-9223, EKI-9778, UNO-2000 series, IDS-3121W, WebAccess 8.0, Pocket Pad, and ARK-5261. 23rd Symbol of Taiwan Excellence Award Gold and Silver Medal Nominee for the MIT-M101 and MICA-071.
2016	Increased the paid-in capital to NT$6,326,091 thousands. 24th Symbol of Taiwan Excellence Winner for the ASR-3100, POC-W242, TREK-733L, TREK-973, DPX-E135, MIO-3260, EKI 5 series, SOM-7568 TPC, WISE4 series, WISE-3100, ARS-2510, UNO-3483G, TREK-773, ITA-2230, ROM-7421, IDS-3118W, AIMB-T1215, DS-270, APAX-5580, ARK-2230, UNO 1 series, and IPS-M420S; and Taiwan Excellence Award Gold and Silver Medal Nominee for the REK-773. Received the 2016 iF product design award in Germany for the PWS-870. Formed a strategic alliance with Inventec Corporation to establish the joint venture company "AIMobile Co., Ltd." Acquired 100% stock rights of B+B SmartWorx, Inc. from Graham Partners for US$99.85 million. ATC (HK) purchased 100% stock rights of Yeh Chiang (Kunshan) Co., Ltd. from Yeh Chiang Technology (Cayman) Corp. for RMB$9.35 million.
2017	Increased the paid-in capital to NT$6,330,741 thousands. 25th Symbol of Taiwan Excellence Winner for the DMS-SA21, ARS-P3800, AIM-65, UNO-2271G, IPPC-5211WS, HIT-W101C, SOM-3568, ARK-2231R, ARK-2230R, ARK-1124H, ARK-1124U, ARK-1124C, ECU-4784, AIIS-1200, AIIS-5410P, MIC-7500, DS-980, EPC-T2285, MVP-3245, ADAM-3600, ADAM-3617, ADAM-3618, ADAM-3624, ADAM-3651, ADAM-3656, and EKI-7700; as well as Gold and Silver Medal Winner for WebAccess/Cloud and the WISE-DK1520 starter kit/development kit for RTX v2.0 CPU Module ROM-3420. Advantech Linkou Industrial Park Stage II construction officially completed at the end of October. Advantech announced that it will acquire a 60% stake in the South Korean medical display company Kostec. Advantch invests 12 million private placement common shares of Winmate at a price of NT$45 per share (total, NT$540 million) Advantech ranked No. 6 (with brand value USD484 million) in the Taiwan Top 20 Global Brands Award.

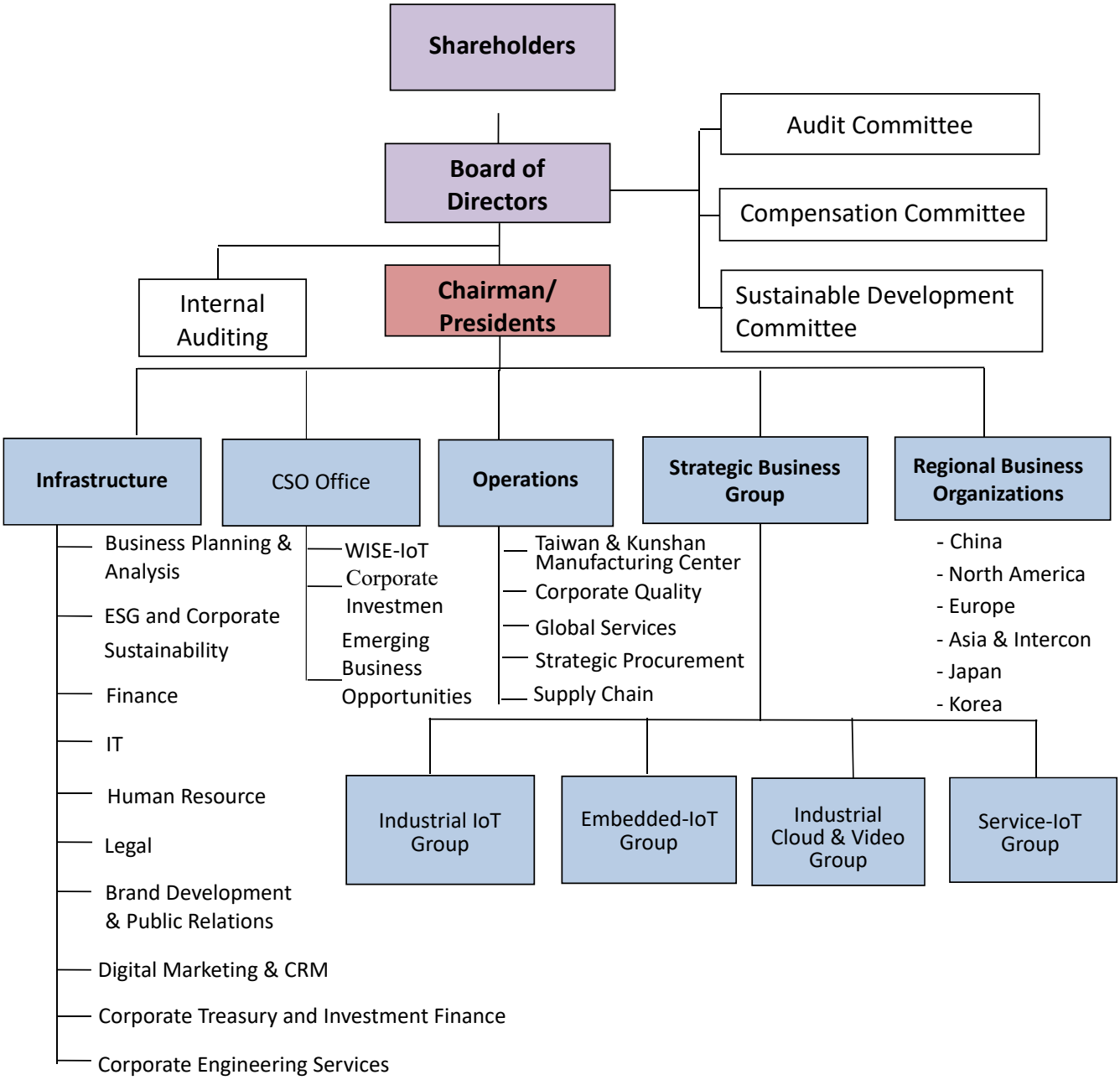
2018	Increased the paid-in capital to NT$6,982,275 thousands. Subsidiary company Advantech Corporate Investment, and the Institute for Information Industry, jointly invested in the establishment of an Industrial Internet of Things platform company called Yun Yan, Wu-Lian Co., Ltd., and each own half of the total equity. Subsidiary company Advantech Corporate Investment and the Industrial Technology Research Institute jointly funded the establishment of the joint venture Huan Yan, Jhih-Lian Co., Ltd., with both parties investing 50% of the total capital. Advantech subsidiary company ASG acquired ATH's equity interest and jointly increased its joint venture with ATH. Consequently, the capitalization of ACL and ASG is now held at 51% and 49% respectively. Advantech opens its new European Service Center and it becomes the first Advantech Industry 4.0 real site demo in Europe. 26th Symbol of Taiwan Excellence Silver Medal Winner for the iPS-M100 Hot Swappable Medical-grade Industrial Power System and POC-WP243 24" Medical Computer 26th Symbol of Taiwan Excellence Winner for the CRV31-430WP 43"Industrial Curved Monitor, the TPC-5000 series Modular Industrial Touch Panel Computer and the SRP-ESP315 Solar Power Management Solution. There are a total of 17,500,000 privately held ordinary shares of AzureWave Technologies, Inc. The subscription price per share is $17.1 TWD and the total subscription amount is $299,250,000 TWD. In addition, a total of 12,099,000 shares were acquired on the centralized stock exchange, resulting in Advantech Investment holding 19.65% of the equity. The Company has subscribed 1,004,310 shares of common stock of Nippon RAD Inc. (a Japanese system integration corporate). The subsidiary Advaninvest (whose 100% of shares is held by the Company) has acquired 15% of shares (15,710,000 shares of common stock) of MILDEX via subscription by a payment of NT$ 200 million. The Vietnamese Subsidiary (AVN) and the Russian Subsidiary (ARU) are established. SIoT (Cayman) and SIoT(China) were established by the Subsidiary AAC (BVI). The Subsidiary Advaninvest acquired 25% and 49% of shares from ILINK ICT and Yung-yen Corp., respectively by investing NT$ 10.067 million and NT$ 4.9 million in cash, respectively. The second-tier subsidiary Advantech (Shanghai) acquired 45% of shares from Yen-le Corp. by investing NT$ 4.392 million in cash. Advantechheld the first Advantech IoT Co-Creation Summit at Suzhou International Expo Center today with over 6 thousand Advantech clients and partners around the world attended the Summit which Advantech had introduce itsnewest IoT platform structure WISE-PaaS 3.0 and 32 IoT solution ready packages (SRPs) that was co-created with software and industry partners. Advantech ranked No. 5 (with brand value USD500 million) in the Taiwan Top 20 Global Brands Award. Advantedh DLT-V4108 Vehicle-Mounted Terminal Wins 2018 Red Dot Product Design Award.
2019	Increased the paid-in capital to NT$6,999,230 thousands. Advantech complete the 80% stake acquisition of OMRON Nohgata, a subsidiary of OMRON Corporation. OMRON Nohgata will now be known as "Advantech Technologies Japan" (ATJ) . Advantech + Technology Campus (original referred to as "A+TC"), the English name is officially changed to Advantech Kunshan Technology Campus (AKTC) started from Feb 2019.

	Advantech subscribed shares from the Turkish Company Alitek and issued new shares, and Advantech held 60% of shares of Alitek. The 27th Symbol of Taiwan Excellence Winner for the compact fanless system MIC-7420. The 27th Symbol of Taiwan Excellence Winner for the LPWAN wireless moduel WISE-4200. The 27th Symbol of Taiwan Excellence Winner for the 16-ch DAQ platform MIC-1816. Advantech acquire 5,084,273 shares of Information Technology Total Services Co Ltd (ITTS) for NT$147.44 million through a private placement which t deal would give Advantech a 20 percent stake in ITTS. Advantech subsidiary (Advantech Corporate Investment) acquires common stocks of Hwacom Systems Inc. via private placement of securities. Advantech establishs a office in Israel. Advantech ranks 5th among Taiwan's global brands in 2019 with a brand value of US$556 million.
2020	Increased the paid-in capital to NT$7,719,455 thousands. Advantech subsidiary (Advantech Corporate Investment) invests private equity fund China Broadband Capital Partners IV, L.P. The 28th Symbol of Taiwan Excellence Winner for the 43 inch UHD J type curved LCD with a curvature of 1500R (CRV-430JP) The 28th Symbol of Taiwan Excellence Winner for the wearable barcode ring (LEO-WB21) The 28th Symbol of Taiwan Excellence Winner for the industrial IoT controller (AMAX-5000) The 28th Symbol of Taiwan Excellence Winner for the 8Kp60 HEVC broadcast video encoder (VEGA-6304) Merge of Advantech KR Co.,Ltd.and Kostec Co.,Ltd. Merge of Advantech Corporation and B+B SmartWorx Inc. Advantech ranked No. 4 (with brand value USD 626 million) in the Taiwan Top 20 Global Brands Award.
2021	Increased the paid-in capital to NT$7,738,228 thousands. The 29th Symbol of Taiwan Excellence Winner for WISE-6610, WISE-2410, EIS-S230 Advantech ranked No. 5 (with brand value USD 6.32 million) in the Taiwan Top 20 Global Brands Award.
2022	Increased the paid-in capital to NT$7,778,434 thousands. The 30th Symbol of Taiwan Excellence Winner for EPD-230 and EI-52. EPD-230 won the Taiwan Excellence Silver Award. Advantech, Dajia International Investment, and Industrial Technology Research Institute joined hands and set up “Expetech Co., Ltd.” Advantech ranked No. 5 (with brand value USD 7.76 million) in the Taiwan Top 20 Global Brands Award.
2023	The 31th Symbol of Taiwan Excellence Winner for CRV31-430JP, POC-421 / POC-424, and EPD-662.

III. Corporate Government Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Function

Main Department	Main Responsibilities
Internal Auditing	Review the adequacy and consistency of internal control processes to ensure the effectiveness of internal control. Set up annual plan according to regulatory and risk-based consideration which will be approved by board meeting and to be executed accordingly. Will also perform project-based audit to identify operation improvement areas as well as to assist in enhancing corporate governance and risk management mechanism.
Business Planning & Analysis	Design and Develop corporate annual business plan, corporate strategies and performance indicators as well as supervising them. Assist management team to formulate annual plans and the implementation and execution of follow-up projects.
ESG and Corporate Sustainability	Design and Promote the company's sustainable development policies, including "Mutual benefit of employee & society"; "The popularization of the AIoT"; "Green Operation",and corporate cybersecurity policies define and protection mechanism setup and deployment.
Finance	1. Responsible for budgeting, accounting, financial report, variance analysis; planning, management and control of tax administration, finance, and stock affairs. 2. Domestic and oversea financial statement preparation and analysis. 3. Operating performance of oversea investment. 4. Cash flow management.
IT	1. Information technology execution and management. 2. Crucial technology implementation and professional technical services. 3. Information security strategy planning, system maintenance and related task operations.
Human Resource	1. Develop and execute human resource strategies that closely align with company and businesses' vision and direction.. 2. Promote employee services & relations platform to foster a good employee experience, enhance employees' satisfaction and employer brand. 3. Develop human resource policies, systems, structures and standards, and implement talent empowerment and development plan.. 4. Develop core competencies to enhance organizational capability.
Legal	1. Review contracts and agreements 2. Handle company's lawsuits and disputes 3. Provide internal legal trainings and legal opinions 4. Handle company's Intellectual Property Right issue.
Brand Development & Public Relations	1. Develop Advantech global branding promotion plan and its materials. 2. Define company identity system. 3. Coordinate global marketing campaigns and produce branding and marketing collaterals. 4. Maintain Advantech external relationship with SIG (special interest groups), media and etc. 5. Plan and launch global strategic corporate events (World Partner Conference, Anniversary Program, Year-End Party, Employee Well-Being Program, etc.)
Digital Marketing & CRM	Expanding digital marketing channels and methodologies toward the target sector market communication, and leverage the big data analysis plus CRM management including sales automation, productivity enhancement, real-time support, to achieve the automatic marketing intelligence.
Corporate Treasury and Investment Finance	1. Global Cash Management Integrate funding resources, maximize benefit and minimize cost between HQ and affiliate. Integrate Global guarantee, internal loan and bank borrowing.

	2. FX Risk Management Set up FX Hedge policy for Advantech Group 3. Global Asset and Insurance Integration management 4. Investment company management 5. Investee company Portfolio tracking, preparation of management reports, and compliance with Advantech Group regulations.
Corporate Engineering Services	Provide relevant design/verification resources and services required for R&D of various business groups. Including: printed circuit board design (PCB Design), signal and power integrity simulation (SI/PI Simulation), Electrical and power verification, power circuit design, EDA electronic design automation (CAE), R&D collaborative management platform design and management, Engineering Process Management (EPM), Packing Design.
WISE-IoT	WISE-IoT provides IoT core service platform, including cloud native service, device management, data integration & Visualization, and AI applications. It also builds IoT.SENSE (IoT Solution Enabling Services) team that assists industry partners and customer technical services, solution architecture design and promotes related educational training, helps customers on digital transformation.
Corporate Investment	Develop corporate strategic investment roadmap and corporate partnership, and professionally manage the investment or partnership development projects. Proactively and passively look for external investment, M&A, and partnership opportunities with discipline and focus, effectively execute investment strategy and evaluate the potential targets. The goal is to enhance strategic business portfolio and growth momentum.
Emerging Business Opportunities	EBO is a corporate development function responsible for Advantech's product and business innovation regarding emerging opportunities. The team conveys the funnel of ideation, investigation, planning, to commercialization, and continuously reinforces the competence of corporate innovation. By working with internal teams of product division and investment arms, and leveraging the strength from external co-creation partners of start-ups, universities, and research institutes, EBO team is set to plot new growth curves for the company in the emerging AIoT market.
Manufacturing	1. Develop intelligent manufacturing strategy with introducing automation equipment and intelligent system to achieve the overall strategy of the company. 2. Based on the company's overall operation plan, make the plant area layout and set the production objectives\capacity planning. 3. Coordinate and manage material、production、quality、logistics and operation related executions.
Corporate Quality	1. Coordinate with related departments, including RD, PM, manufacturing, sales and after services, to ensure and enhance product quality, monitor and prevent major quality deviation. 2. Develop and implement company quality assurance system, to meet and satisfy the needs of customer and ISO requirements. 3. Manage and enhance design quality assurance tests in product development phase. 4. Evaluate and apply product regulations. 5. Monitor and enhance product quality on factory and supply chains. 6. Plan and implement customer quality services, and establish global strategies to provide real-time services.
Global Services	1. Responsible for global order processing and logistics services to overseas sites to meet global distributions. 2. Provide customers one-stop global service and total solutions, from design, manufacturing, quality control, procurement, logistics, assembly, customer service to repair.

Strategic Procurement	1. Negotiate and purchase required components and equipment. 2. Develop new vendors of components and equipment in response to rapid changing technology evolution. 3. Develop integrated purchasing strategies that support organizational strategies, goals and objectives. 4. Develop the supply chain strategy, and contact procurement for the long-term and competitive components and material supply.
Supply Chain	1. Plan and implement internal supply and demand linkage strategy to set a flexible supply chain system. 2. Make supply and demand balance plans for various different product types to meet the company's business strategy and customer various demand. 3. Develop supply chain strategy with customers to win the business objectives.
Industrial IoT Group	Industrial IoT group provides comprehensive product offering to accelerate IIoT implementation from edge to cloud. It includes IoT sensing devices, data acquisition module, industrial communication, IoT gateway, automation PC controller, industrial PC, edge AI solution as well as application focus edge computers in transportation, power & energy, machine vision and automation control.
Embedded-IoT Group	As a global leader of the embedded computing market, Advantech Embedded-IoT Group not only offers a wide range of embedded boards, Intelligent systems, industrial peripherals and design-in services, but also provides streamline services form R&D, manufacturing, to global support and services. Furthermore, devoted regionally-based embedded service teams in Taiwan, Japan, China, USA, Germany, UK to offer medical, gaming, transportation, manufacturing, self-service solutions and dedicated DMS (Design and Manufacture Services) that enable domain sector deployment. To address the market for IoT applications, Embedded-IoT Group developed a series of integrated IoT solutions and services from edge computing to cloud services, including Advantech Industrial Wireless (AIW) solutions, Edge Intelligence System(EI), DeviceOn IoT Devices Operation Management Software, and Microsoft Azure cloud services. In addition, Advantech also offers integrated solutions for edge AI applications ranging from AI acceleration modules, inference systems, to domain focused solution packages to accelerate the IoT solution business development and implementation in regions. Furthermore, grabbing emerging markets opportunities in 5G infrastructure, robotics & AMR, green energy & EV charging infrastructure with domain-focus product design and regional business development.
Industrial Cloud & Video Group	Cloud-IoT Group offers video, networking and server solutions in cloud infrastructure, network security, software define network, and industrial applications. Providing innovative video, core networking and communication technologies to build cloud platform and simplify the complexity among IT/ OT/CT for system integrators and enterprise customers.
Service-IoT Group	Service-IoT Business Group focuses on smart city technologies and provides product development, marketing, and sales of IoT solutions. Our wide-range product offering includes edge computing hardware, industrial tablets, and integrated solution suites that combine with industrial apps used in medical and healthcare, retail and hospitality, and logistics and mobility. Our smart city solutions promote the digital transformation of these vertical markets to bring a better, smarter, and healthier future life.
Regional Business Organizations	Develop global businesses and markets, and provide technical support and value-added services in the region. Consistently develop new markets and eco-partnerships, enhance our customer relations and customers' trust on our brand and solutions.

3.2 Directors and Management Team

3.2.1 Directors

March 27, 2023

Title	Nationality	Name	Gender/Age	Date elected	Term (Years)	First elected	Shareholding when elected		Current shareholding		Spouse and Minor shareholdings		Shareholding by nominee arrangement		Education and selected past positions	Current additional positions	Other heads, directors, or supervisors as spouse or kin within the second degree			Notes
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	K.C. Liu	Male / 61-70	05.28.2020	3 years	11.11.1985	25,620,886	3.66	28,179,467	3.62	1,546,584	0.20	0	0	Founder of Advantech: Former salesman of Instruments Dept. of Hewlett-Packard; Department of Telecommunications Engineering, National Chiao Tung University	Note 1	Director	K and M Investment Co., Ltd.	father-child	None
Director	ROC	Advantech Foundation.	-	05.28.2020	3 years	05.26.2017	20,288,715	2.89	22,314,809	2.87	0	0	0	0	President of Le Wel Co.,Ltd. Tatung Institute of Technology,Taiwan	None 2	None	None	None	None
		Representative Chaney Ho	Male / 61-70				0	0	506,924	0.07	48,626	0.01	0	0						
Director	ROC	AIDC Investment Corp.	-	05.28.2020	3 years	06.18.2014	82,097,182	11.71	90,295,663	11.60	0	0	0	0	President of Greater China of 3M Bachelor Chemical Engineering, Chinese Culture University	Note 3	None	None	None	None
		Representative Donald Chang	Male / 61-70				0	0	0	0	0	0	0	0						
Director	ROC	K and M Investment Co., Ltd	-	05.28.2020	3 years	05.28.2020	83,073,163	11.85	91,369,108	11.74	0	0	0	0	Director of Advantech Intelligent City Services Co., Ltd. Johns Hopkins University GMBA	Note 4	Chairman	K.C. Liu	father-chil	None
		Representative: Wesley Liu	Male / 31-40				0	0	326,817	0.04	21,997	0	0	0						
Independent Director	ROC	Jeff Chen	Male / 61-70	05.28.2020	3 years	06.18.2014	0	0	0	0	0	0	0	0	VP of Stanley Black & Decker and President of Asia Region EMBA,Northwestern University	None	None	None	None	None
Independent Director	ROC	Benson Liu	Male / 71-80	05.28.2020	3 years	05.26.2017	0	0	0	0	0	0	0	0	Chairman and President of Bristol-Myers Squibb (Taiwan) Ltd. Master, International Business Administration, University of Northrop, USA	Note 5	None	None	None	None
Independent Director	ROC	Chan-Jane Lin	Female / 61-70	05.28.2020	3 years	05.28.2020	0	0	0	0	0	0	0	0	FocalTech Systems Co., Ltd.-Independent Director Ph.D in Accounting,University of Maryland	Note 6	None	None	None	None

Note 1: Simultaneously act as the chairman of the following companies:

Advantech Foundation、Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)、Advantech Investment Fund-A Co., Ltd. Representative、Advanixs Corporation.Representative.、Advantech Technology (China) Company Ltd. (AKMC)、Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)、Xi'an Advantech Software Ltd. (AXA)、Advantech Intelligent City Services Co.,Ltd.Representative、K&M Imvestment Co.,Ltd.、ADVANTECH SERVICE-IOT (SHANGHAI) CO., LTD. (SIoT(China))、Advantech Japan Co., Ltd. (AJP).

Simultaneously act as the director of the following companies:

AIDC Investment Corp.、Advantech Europe B.V.(AEU)、Advantech Technology Co., Ltd. (ATC)、HK Advantech Technology Co., Ltd. (ATC (HK))、Advantech Automation Corp.(BVI) (AAC(BVI))、Advantech Automation Corp.(HK) Limited.(AAC (HK))、Advantech Corp.(ANA)、Advantech Europe Holding B.V.(AEUH)、Advantech KR Co.,Ltd. (AKR)。

Note 2: Simultaneously act as the director of the following companies:

Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd(ACN)、Unabiz Pte Ltd.

Simultaneously act as the independent director of the following companies: GIANT MANUFACTURING CO., LTD.

Note 3: Simultaneously act as the independent director of the following companies: Chung Hwapulp Corp.、E INK HOLDINGS INC.

Note 4: Simultaneously act as the chairman of the following companies:

CZ investment Co.,Ltd.

Simultaneously act as the director of the following companies:

Advantech Intelligent Healehcare Co.,Ltd. Representative、K and M Investment Co., Ltd.、ChuanTing Investment Co.,Ltd.、Winmate Inc. Representative、Mildex Optical Inc. Representative、Shanghai Advantech Intelligent Services Co.,Ltd、Shanghai Yanle Co., Ltd. (AYL)、Advantech Co. Singapore Pte Ltd.(ASG)、Advantech Co.Malaysia Sdn.Bhd (AMY)、Advantech Corporation (Thailand) Co.,Ltd.(ATH)、Advantech Industrial Computing India Private Limited.(AIN)、Advantech Electronics,S.De R.L.De C. (AMX)、Advantech IOT Israel Ltd.(AIL)、Advantech Raiser India Private Limited(ARI)、Advantech Technology DMCC.(ADB)。

Note 5: Simultaneously act as the independent director of the following companies:

Vanguard International Semiconductor Co.

Simultaneously act as the director of the following companies:

Maywufa Company Ltd.Vice Chairman.

Note 6: Simultaneously act as the independent director of the following companies: FocalTech Systems Co., Ltd.

(1) Major shareholders of the institutional shareholders

March 27, 2023 (stop transfer date)

Name of Institutional shareholders	Major shareholders
AIDC Investment Corp.	K.C. Liu (18.77%)、Mary Chang (5.08%)、Advantech Foundation (10.08%)、Wesley Liu (1%)
K and M Investment Co., Ltd.	K.C. Liu (32.32%)、Wesley Liu (1.38%)、Tony Liu(1.34%)、Mary Chang (32.93%)

Note: List of top 10 shareholders.

(2) Major shareholders of the major instituational: The Advantech Foundation. is a non-profit organization, therefore it is not applicable.

3.2.1.2

A. Directors of information as professional qualifications and independent status of directors and independent directors

Qualification / Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman K.C. Liu	Chairman K.C Liu is the founder of Advantech Co., Ltd., who constantly develops innovation and applications since the foundation of the company, pushing Advantech towards global objectives. In recent years, in view of the thriving development of global IoT, the Company actively co-establishes the industry ecology circle with partners, and carries forward the software/hardware solutions based on WISE-PaaS/IoT. Driven by altruism-based value, Advantech implements ESG from the core expertise based on the industry and thereby expands its social impact, shifting towards sustainability objectives.	An employee of the Company.	0
Director Chaney Ho	Director Chaney Ho is the co-founder of Advantech, with a long-term focus on the global sales and marketing of Advantech, and brand and operation management. He plans and promotes the vision as the “Enabling an Intelligent Planet” in order to accelerate the process of Advantech entering the IoT industry. Consequently, Advantech has won the top five places in international brands from Taiwan for several years since 2004. Currntly, Mr. Chaney Ho is the Independent Director of GIANT MANUFACTURING CO., LTD.	Not an employee of the Company or a subsidiary.	1

Qualification / Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Donald Chang	Director Donald Chang is the former President of 3M China Region with ability in multinational management and leadership. Currntly, Mr. Donald Chang is the Independent Director of Chung Hwapulp Corp. and E INK HOLDINGS INC.	Not an employee of the Company or a subsidiary.	2
Director Wesley Liu	Director Wesley Liu has experience related to smart city, smart retail system integration (SI) solutions and IoT development, and he also has experience in talent strategic development and comprehensive management.	An employee of a subsidiary.	0
Independent Director Jeff Chen	Independent director Jeff Chen is the former vice president and president of Asia at Stanley Black & Decker, Inc, who owns experience in large international enterprise management, execution of M&A strategies and in-depth understanding of technological and professional knowledge.	In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Independent Director Benson Liu	Independent director Benson Liu is the executive director of the Taiwan Corporate Governance Association with professional knowledge and skills in accounting and management, as well as familiarity with relevant laws and regulations. Currntly, Mr. Benson Liu is the Independent Director of Vanguard International Semiconductor Co.	In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Independent Director Chan-Jane Lin	Independent Director Chan-Jane Lin is the professor of Accounting Department of National Taiwan University with an education background in finance, business, and management, and research in corporate governance. Currntly, Ms. Chan-Jane Lin is the Independent Director of Vanguard International Semiconductor Co.	In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Note1:None of the directors of the Company has any circumstance under Article 30 of the Company Act.
Note2: All directors of the Company have not been elected on behalf of the government, corporate or representative in accordance with Article 27 of the Company Act.

B. Diversity and independence of the Board of Directors:

(I) Diversification of the Board of Directors:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Board of Directors of the Company has adopted and formulated the "Corporate Governance Best Practice Principles of Advantech Co., Ltd.", in which Article 20 stipulates that the composition of the Board of Directors should consider diversification. Except that the directors who concurrently serve as the Company's managers should not exceed one-third of the number of directors, they should formulate appropriate diversification policies according to their own operation, operation type, and development needs. It should include but not be limited to basic conditions and values (gender, age, nationality, race or ethnic group and culture, in which the ratio of female directors should not be less than 10%, professional knowledge and skills (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.

(II) Specific management objectives:

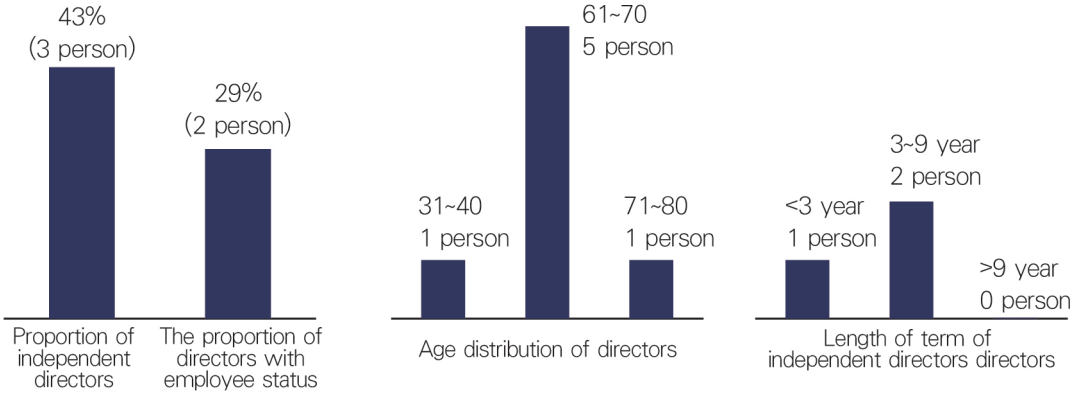
The Board of Directors of the Company guides the Company's strategy, supervises the management, and is responsible for the Company and its shareholders. All relevant businesses and arrangements of its corporate governance system exert the function of ensuring that the Board of Directors exercises its functions and powers in accordance with laws and regulations, the articles of association, or the resolutions of the shareholders' meeting. All directors of the Company have the knowledge, skills, literacy, industrial decision-making and management ability necessary for the execution of business. The Company also continues to arrange diversified refresher courses for directors, improve the quality of decision-making and make good use of the ability of supervision, so as to strengthen the functions of the Board of Directors.

The 14th Board of Directors comprises seven directors. In particular, three seats are independent directors, accounting for 43% of all Board of Directors members. With the principle of gender equality, the 14th Board of Directors has recruited one seat of female directors (14%) and has specified the minimum ratio of female directors in the regulations < Corporate Governance Best Practice Principiples >. In the future, the ratio will continue to strengthen and increase accordingly. All directors are of Taiwanese nationality while the age distribution of members includes 1 director aged between 31-40 years old (14%), 5 directors aged between 61-70 years old (72%) and 1 director aged between 71-80 years old (14%).

The Board of Directors composes of elites from the industries and academic circle, who own abundant personal insight, international market perspective, professional academic abilities, corporate operation and management, and risk management. The members make optimal and excellent contributions to the corporate operations and management, accomplishing the diversified and specific management objectives of the Board of Directors.

The specific management objectives of the board diversity policy and their achievement status are as follows:

Composition of Board Members



Diversity management objectives	Achievement status
It is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats.	Done
At least one female director.	Done
The number of independent directors exceeds one third of the board seats.	Done
The independent directors shall not hold office for more than 3 terms.	Done

(III) The implementation status of the board diversity policy is as follows:

Diversified core Projects / Director Name	Gender	Term			Ability to make Operational Judgement	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions	Risk management	Industry Experience (According to the Global Industry Classification Standard (GICS))
		Less than 3 years	3-9 yeard	More than 9 years										
K.C. Liu	Male				V		V	V	V	V	V	V	V	Information Technology
Donald Chang	Male				V		V	V	V	V	V	V	V	Industrials
Chaney HO	Male				V		V	V	V	V	V	V	V	Information Technology
Wesley Liu	Male				V		V	V	V	V	V	V	V	Information Technology
Jeff Chen	Male		V		V	V	V	V	V	V	V	V	V	Industrials
Benson Liu	Male		V		V	V	V	V	V	V	V	V	V	Healthcare
Chan-Jane Lin	Female	V			V	V	V	V		V	V	V	V	-

3.2.2 Management Team

March 27, 2023

Title	Nationality	Name	Date elected	Shareholding		Spouse and Minor Shareholdinng		Shareholding by nominee arrangement		Education and selected past positions	Current additional positions	Spouse or relatives within two degrees who are managers			Notes
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	K.C. Liu	06.01.2003	28,179,467	3.62	1,546,584	0.20	0	0	Founder of Advantech Co., Ltd. Salesman of Instruments Dept. of Hewlett-Packard Department of Telecommunications Engineering, National Chiao Tung University	Note1	None	None	None	None
President	ROC	Eric Chen	09.01.2017	254,600	0.04	200,000	0.03	0	0	Elitegroup Computer Systems Co., Ltd. Tai Sen Enterprise Co., Ltd. Department of Computer Science, Tamkang University	None2	None	None	None	None
President	ROC	Miller Chang	09.01.2017	72,973	0.01	0	0	0	0	Phoenix Technologies Ltd. EMBA,National Taiwan University of Science and Technology	None3	None	None	None	None
President	ROC	Linda Tsai	09.01.2017	139,633	0.02	97,000	0.02	0	0	QUANTA COMPUTER INC. Syracuse University Master of Information Resources	None4	None	None	None	None
Vice President	ROC	Deyu Yin	09.30.2004	199,790	0.03	374,172	0.05	0	0	Director of Human Resources, Delta Group Bachelor of Economics, National Taiwan University Tulane University EMBA	Note5	None	None	None	None
Corporate governance officer	ROC	Jean Ko	03.05.2021	51,368	0.01	0	0	0	0	Departement of Business Administration,National Chung Hsing University Executive Assistant to CEO	Note	None	None	None	None
Accounting Officer	ROC	Mandy Lin	08.01.2020	18,368	0	0	0	0	0	Advantech Co.,Ltd. Senior Accountant Chinese Culture University	Note	None	None	None	None

Note 1:Simultaneously act as the chairman of the following companies:
Advantech Foundation、Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)、Advantech Investment Fund-A Co., Ltd. Representative、Advanixs Corporation.Representative.、Advantech Technology (China) Company Ltd. (AKMC)、Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)、Xi'an Advantech Software Ltd. (AXA)、Advantech Intelligent City Services Co.,Ltd.Representative、K&M Imvestment Co.,Ltd.、ADVANTECH SERVICE-IOT (SHANGHAI) CO., LTD. (SIoT(China))、Advantech Japan Co., Ltd. (AJP).
Simultaneously act as the director of the following companies:
AIDC Investment Corp.、Advantech Europe B.V.(AEU)、Advantech Technology Co., Ltd. (ATC)、HK Advantech Technology Co., Ltd. (ATC (HK))、Advantech Automation Corp.(BVI) (AAC(BVI))、Advantech Automation Corp.(HK) Limited.(AAC (HK))、Advantech Corp.(ANA)、Advantech Europe Holding B.V.(AEUH)、Advantech KR Co.,Ltd. (AKR)。

Note 2:Simultaneously act as the director of the following companies:
Advantech Investment Fund-A Co., Ltd.、Advanixs Corporation.、Advantech Intelligent City Service、Advantech Japan Co.,Ltd.(AJP)、Advantech Turkey Technology A.S. (ATR).、Advantech Vietnam Technology Company Limited(AVN)
Simultaneously act as the supervisor of the following companies:
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)、Advantech Technology (China) Company Ltd. (AKMC)、Advantech KR Co., Ltd.(AKR)、Advantech International PT (AID).

Note 3:Simultaneously act as the director of the following companies:
Advanixs Corporation.

Note 4:Simultaneously act as the director of the following companies: Advantech KR Co., Ltd.(AKR)、Advantech Czech s.r.o. (ACZ)

Note 5:Deyu Yin Vice President retired with honor in July 2022.

3.2.3 Remuneration of Directors, Presidents, and Vice Presidents

Remuneration of Directors

Unit: NT$ Thousand

Title	Name	Rremuneration								Ratio of Total Remuneration(A+B+C+D) to net income % (Note 10)		Relevant Remuneration Received by Directors who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G)to net income % (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's subsidiary (Note11)
		Basc Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)(Note 4)				Salary, bonuses and allowance (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		Advantech	From All Consolidated Entities (Note 7*)	Advantech	From All Consolidated Entities (Note 7)	Advantech	From All Consolidated Entities (Note 7)	Advantech	From All Consolidated Entities (Note 7)	Advantech	From All Consolidated Entities (Note 7)	Advantech	From All Consolidated Entities (Note 7)	Advantech	From All Consolidated Entities (Note 7)	Advantech		From All Consolidated Entities (Note 7)		Advantech	From All Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	K.C.Liu	0	0	0	0	2,000	2,000	0	0	0.0186%	0.0186%	5,400	5,400	0	0	0	0	0	0	0.0688%	0.0688%	0
Director	Advantech Foundation Representati Chaney Ho	0	0	0	0	2,000	2,000	0	0	0.0186%	0.0186%	0	0	0	0	0	0	0	0	0.0186%	0.0186%	0
Director	AIDC Investment Corp. Representati Donald Chang	0	0	0	0	1,500	1,500	0	0	0.0139%	0.0139%	0	0	0	0	0	0	0	0	0.0139%	0.0139%	0
Director	K and M Investment Co., Ltd. Representative: Wesley.Liu	0	0	0	0	1,000	1,000	0	0	0.0093%	0.0093%	1,026	3,160	0	90	0	0	0	0	0.0188%	0.0188%	0
Independen Director	Jeff Chen	0	0	0	0	3,300	3,300	0	0	0.0307%	0.0307%	0	0	0	0	0	0	0	0	0.0307%	0.0307%	0
Independen Director	Benson Liu	0	0	0	0	2,800	2,800	0	0	0.0260%	0.0260%	0	0	0	0	0	0	0	0	0.0260%	0.0260%	0
Independen Director	Chan-Jane Lin	0	0	0	0	1,500	1,500	0	0	0.0139%	0.0139%	0	0	0	0	0	0	0	0	0.0139%	0.0139%	0

*1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
For the remuneration of independent directors, besides referring to results of director performance evaluations, the Remuneration Committee considers each director's degree of participation and contribution to the Company's operations, links the reasonableness and fairness of performance and risks to remuneration, considers the Company's business performance and the remuneration standards of competitors, and makes recommendations to the Board of Directors in accordance with Article 13-5 of the Company's Articles of Incorporation.

2. Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year: None.

Range of Remuneration

Range of Remuneration	Names of Directors			
	First four categories of remuneration (A+B+C+D)		First seven categories of remuneration (A+B+C+D+E+F+G)	
	Advantech (Note 9)	Consolidated subsidiaries (Note 10)	Advantech (Note 9)	Consolidated subsidiaries (Note 10)
Less than NT$1,000,000	-		-	-
NT$1,000,000 – NT$2,000,000	AIDC Investment Coorp. Representative : Donald Chang、K and M Investment Co., Ltd. Representative : Wesley.Liu、Chan-Jane Lin	AIDC Investment Coorp. Representative : Donald Chang、K and M Investment Co., Ltd. Representative : Wesley.Liu、Chan-Jane Lin	AIDC Investment Coorp. Representative : Donald Chang、Chan-Jane Lin	AIDC Investment Coorp. Representative : Donald Chang、Chan-Jane Lin
NT$2,000,000 – NT$3,500,000	K.C. Liu、Advantech Foundation. Representative : Chaney Ho、Jeff Chen, Benson Liu.	K.C. Liu、Advantech Foundation. Representative : Chaney Ho、Jeff Chen, Benson Liu.	Advantech Foundation. Representative : Chaney Ho、K and M Investment Co., Ltd. Representative : Wesley.Liu、Jeff Chen, Benson Liu.	Advantech Foundation. Representative : Chaney Ho、Jeff Chen, Benson Liu.
NT$3,500,000 – NT$5,000,000	-	-	-	K and M Investment Co., Ltd. Representative : Wesley.Liu
NT$5,000,000 – NT$10,000,000	-	-	K.C. Liu	K.C. Liu-
NT$10,000,000 – NT$15,000,000	-	-	-	-
NT$15,000,000 – NT$30,000,000	-	-	-	-
NT$30,000,000 – NT$50,000,000	-	-	-	-
NT$50,000,000 – NT$100,000,000	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	7	7	7	7

Note 1: Illustrate the name of each director (the institutional shareholder and its representative should be illustrated separately) and disclose the payment amount in a lump sum. Please fill out this form and form (3-1) or (3-2) for the director who is also the President or Vice President of the Company.

Note 2: Refers to the remuneration (including director salary, duty allowances, severance pay, various bonuses, incentives, etc.) paid to the directors in the most recent year.

Note 3: Refers to the remuneration to directors from the earnings of the most recent year proposed and approved by the board of directors prior to the shareholders' meeting.

Note 4: Refers to the relevant business expenses of the directors in the most recent year (including traveling expenses, special expenses, allowances, dormitories, and transportation vehicles). For the housing, automobiles and other transportation vehicles, or the exclusive personal expenses provided, the nature and cost of the assets, the actual or imputed rent at fair market value, the gasoline expense, and other payments should be disclosed. In addition, for the chauffeur appointed, please explain in the notes regarding the remuneration paid but the amount will not be included in the total remuneration amount.

Note 5: Refers to the salary, job allowance, severance pay, resignation compensation, prize money, incentive payments, traveling expenses, special expenses, allowances, dormitories, and transportation vehicles paid to the directors who are also employees (including concurrent President, Vice President, other managers, and employees) in the most recent year. For the housing, automobiles and other transportation vehicles, or the exclusive personal expenses provided, the nature and cost of the assets, the actual or imputed rent at fair market value, the gasoline expense, and other payments should be disclosed. In addition, for the chauffeur appointed, please explain in the notes regarding the remuneration paid but the amount will not

be included in the total remuneration amount.

Note 6: Refers to the employee bonuses (including stock dividend and cash dividend) paid to the directors who are also employees (including concurrent President, Vice President, other managers, and employees) in the most recent year. The employee bonus amount from the earnings of the most recent year proposed and approved by the board of directors prior to the shareholders' meeting should be disclosed. If the distribution amount of the current year cannot be estimated, it is to base on the amount distributed in the prior year proportionally with Table 1-3 filled out.

Note 7: Refers to the number of shares (excluding the portion executed) to be subscribed by the directors who are also employees (including concurrent President, Vice President, other managers, and employees) with stock options in the most recent year and up to the publication of the annual report. In addition to this form, please fill out Table 15.

Note 8: The remuneration amount paid to the board directors of Advantech by the companies (including Advantech) in the consolidated report should be disclosed.

Note 9: Disclose the name of the directors in the respective range of remuneration paid by all the companies (including the Company) in the consolidated financial report.

Note 10: Net income meant for the net profit after tax in the most recent year. For those companies with the international financial reporting standard adopted, net income meant for the net income after tax in the proprietary or individual financial report of the most recent year.

Note 11: a.The remuneration amount received by the board directors from the invested companies other than the subsidiaries should be disclosed in this column.
b.The remuneration amount, if any, received by the board directors from the invested companies other than the subsidiaries should be disclosed in column J of the Range of Remuneration; also, the column should be renamed as "All transfer-investment businesses."
c.Remuneration meant for the relevant reward, income, employee bonus, and business expense collected by the board directors of the Company acted as a director, supervisor, or manager of the invested companies other than the subsidiaries.
＊The remuneration disclosed in the Range of Remuneration differs from the concept of income defined according to Income Tax Law; therefore, the table is for the purpose of information disclosure instead of tax levy.

Remuneration paid to the presidents and vice presidents

Unit: NT$ Thousand / Thousand units

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowance etc. (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (Note 8)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's subsidiary (Note10)
								Advantech		From All Consolidated Entities (Note5)				
		Advantec	From All Consolidated Entities (Note5)	Advantech	From All Consolidated Entities (Note5)	Advantech	From All Consolidated Entities (Note5)	Cash	Stock	Cash	Stock	Advantech	From All Consolidated Entities (Note 5)	
Chairman	K.C. Liu	17,550	17,550	423	423	24,454	24,454	0	0	0	0	0.3944	0.3944	0
President	Eric Chen													
President	Miller Chang													
President	Linda Tsai													
Vice President Note1	Deyu Yin													

Note 1: Deyu Yin Vice President retired with honor in July 2022.

Range of Remuneration

Range of Rremuneration	Name of the President and Vice President	
	Advantech (Note 6)	Consolidated subsidiaries (Note 7) E
Less than NT$1,000,000	-	-
NT$1,000,000 – NT$2,000,000	-	-
NT$2,000,000 – NT$3,500,000	-	-
NT$3,500,000 – NT$5,000,000	-	-
NT$5,000,000 – NT$10,000,000	K .C. Liu	K .C. Liu
NT$10,000,001 – NT$15,000,000	Eric Chen,Miller Chang, Linda Tsai,Deyu Yin,	Eric Chen,Miller Chang, Linda Tsai,Deyu Yin,
NT$15,000,001 – NT$30,000,000	-	-
NT$30,000,001 – NT$50,000,000	-	-
NT$50,000,001 – NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	5	5

Note 1: Illustrate the name of the President and Vice President and disclose the payment amount itemized. Please fill out this form and form (1-1) or (1-2) for the director who is also the President or Vice President of the Company.

Note 2: Refers to the salary, duty allowances, and severance paid to the President and Vice President in the most recent year.

Note 3: Refers to the reward, incentives, traveling expenses, special expenses, allowances, dormitories, transportation vehicles, and other compensations paid to the President and Vice President in the most recent year. For the housing, automobiles and other transportation vehicles, or the exclusive personal expenses provided, the nature and cost of the assets, the actual or imputed rent at fair market value, the gasoline expense, and other payments should be disclosed. In addition, for the chauffeur appointed, please explain in the notes regarding the remuneration paid but theamount will not be included in the total remuneration amount.

Note 4: Refers to the employee bonus (including stock dividend and cash dividend) to the President and Vice President from the earnings of the most recent year proposed and approved by the board of directors prior to the shareholders' meeting. If the distribution amount of the current year cannot be estimated, it is to base on the amount distributed in the prior year proportionally with Table 1-3 filled out.

Net income meant for the net profit after tax in the most recent year. For those companies with the international financial reporting standard adopted, net income meant for the net income after tax in theproprietary or individual financial report of the most recent year.

Note 5: Refers to the number of shares (excluding the portion executed) to be subscribed by the President and Vice President with stock options in the most recent year and up to the publication of the annual report. In addition to this form, please fill out Table 15.

Note 6: Disclose the itemized amount paid to the President and Vice President by all the companies (including the Company) in the consolidated financial statements.

Note 7: Disclose the name of the President and Vice President in the respective range of remuneration paid by all the companies (including the Company) in the consolidated financial report.

Note 8: Net income meant for the net profit after tax in the most recent year. For those companies with the international financial reporting standard adopted, net income meant for the net income after tax in the proprietary or individual financial report of the most recent year.

Note 9: a. The remuneration amount received by the President and Vice President from the invested companies other than the subsidiaries should be disclosed in this column.

b. The remuneration amount, if any, received by the President and Vice President from the invested companies other than the subsidiaries should be disclosed in column E of the Range of Remuneration and the column should be renamed as "All transfer-investment businesses."

c. Remuneration meant for the relevant reward, income, employee bonus, and business expense collected by the President and Vice President of the Company acted as a director, supervisor, or manager of the invested companies other than the subsidiaries.

Note 10: Advantech's compensation policies for top management are approved by Compensation Committee.

The compensation structure of our CEO/top management includes Cash bonus and Stock option (PSOP/ESOP).

In addition to individual working performance, the KPIs for variable compensation evaluation includes the company's Financial factors (revenue growth, margin performance, NPAT, ROE…) and Strategic factors (Risk management, ESG performance, innovation, talent activation, teamwork, digital transformation…). Please refer to latest version of "Advantech

Executive Compensation Structure" amended by Compensation Committee on Feb. 10, 2022.
Advantech believes that directors who hold senior management positions within Advantech or its major subsidiaries should own and hold shares of Advantech to further align their interests and actions with the interests of Advantech's shareholders. The Amended "Manager's Remuneration Management Policy" shall approval of the Compensation Committee and the Board of Directors in end of year 2022 and come into effect. Please refer to Article 3 of"Manager's Remuneration Management Policy" regarding the compliance of stock ownership criteria (eg. minimum number of stock ownership, Covered Individuals*, the period to reach minimum target…) .
The manager serves as a director of the company
Insiders of the company (reported on the stock exchange)
Apply to the person, spouse, minor children

＊ The remuneration disclosed in the Range of Remuneration differs from the concept of income defined according to Income Tax Law; therefore, the table is for the purpose of information disclosure instead of tax levy.

Employee Compensation amount paid to managers

March 27, 2023

	Title (Note 1)	Name (Note 1)	Stock bonus amount (proposed)	Cash bonus amount (proposed)	Total	Ratio of Total Amount to Net Income (%)
Manager	Chairman	K.C. Liu	0	366,000	0	0
	Presiden	Eric Chen				
	President	Miller Chang				
	President	Linda Tsai				
	Vice President (Note5)	Deyu Yin				
	Corporate governance office	Jean Ko				
	Accounting Officer	Mandy Lin				

Note 1: Illustrate the name and job title of each manager and disclose the distribution of earnings in a lump sum.

Note 2: It refers to the employee Compensation (including stock dividend and cash dividend) to the managers from the earnings of the most recent year proposed and approved by the board of directors prior to the shareholders' meeting. If the distribution amount of the current year cannot be estimated, it is to base on the amount distributed in the prior year proportionally. Net income meant for the net profit after tax in the most recent year.

Note 3: Scope of applicability to managers, according to the Tai.Chai.Chen III Tzi No. 0920001301 Letter dated March 27, 2003 by the Commission, is as follows:
(1)President and the equals
(2)Vice President and the equals
(3)Junior VP and the equals
(4)Finance Officer
(5)Accounting Officer
(6)Other authorized personnel for management and signature

Note 4: For the directors, President, and Vice President who have collected employee Compensation (including stock dividend and cash dividend), in addition to Table 1-2 enclosed, please fill out this form.

Note5: Deyu Yin Vice President retired with honor in July 2022.

3.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Job Title	Ratio of 2022 total remuneration to net income (%)		Ratio of 2021 total remuneration to net income (%)	
Directors	Advantech	All consolidated subsidiaries	Advantech	All consolidated subsidiaries
	0.18%	0.21%	0.24%	0.27%
President, and Vice President	0.34%	0.34%	0.68%	0.68%
Net Income	10,757,076,798	-	8,250,223,955	-

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(I) Remuneration policies, standards and package:

A. Compensation of directors :

If the Company makes profits, it shall allocate no more than 1% of the directors' remuneration in accordance with Article 20 of the articles of association. The Company regularly evaluates directors' remuneration in accordance with the “Performance Evaluation Measures of the Board of Directors” and the “Management Measures for Directors' Remuneration”. The relevant performance evaluation and remuneration rationality are reviewed by the Remuneration Committee and the Board of Directors.

B. Transportation allowances :

According to the “Management Measures for Managers’ Remuneration” and the salary level of the position in the industry market, the Company will pay the remuneration according to the scope of rights and responsibilities of the position in the Company and contribution to the Company's operating objectives. The Remuneration Committee will make suggestions and make payment after being approved by the Board of Directors.

(II)Compensation of President and Vice President :

The Company regularly evaluates the remuneration of directors and managers based on the evaluation results implemented by the Company's "Performance Evaluation Measures of the Board of Directors", “Management Measures for Directors' Remuneration” and “Management Measures for Managers’ Remuneration”. The performance measurement standards of the Chairman, President, and senior managers are based on important indicators of operation strategy (digital transformation, innovation contribution, etc.), business performance, and financial results. It also connects the overall operation performance of the Company, the future operation risk and development trend of the industry, and gives reasonable remuneration with reference to the achievement rate of individual performance and the contribution to the Company's performance. The relevant performance evaluation and remuneration rationality are reviewed by the Remuneration Committee and the Board of Directors.

(III)Performance factor :

A. The performance evaluation of the Board of Directors shall be conducted regularly every year, and the evaluation results shall be submitted for the report to the Board of Directors in the first quarter of each year in accordance with the provisions of the Performance Evaluation Measures of the Board of Directors of the Company, as a reference for review and improvement, as well as the basis for selecting or nominating directors or remuneration.

B. For the remuneration of directors, president, and vice president, it has fully considered the professional ability and the operation and financial status of the Company, continuous learning, and measured other special contributions, while connecting the Company's performance and individual performance as the calculation standard of remuneration.

C. The Company shall review future operational risks from time to time to ensure that possible risks within the scope of duties and responsibilities can be managed and prevented. In addition, the Company shall approve the rating results according to the actual performance, connect all relevant human resources and relevant remuneration systems and policies, as well as review the remuneration system at any time according to the actual operation status and relevant laws and regulations, so as to balance the sustainable operation and risk control of the Company.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 4 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Aattendance Rate (%) (B/A)	Remarks
Chairman	K.C. Liu	4	0	100%	
Director	Advantech Foundation: Representative: Chaney Ho	4	0	100%	
Director	AIDC Investment Corp. Representative: Donald Chang	4	0	100%	
Director	K and M Investment Co., Ltd. Representative: Wesley.Liu	4	0	100%	
Independent Director	Jeff Chen	4	0	100%	
Independent Director	Benson Liu	4	0	100%	
Independent Director	Chan-Jane Lin	4	0	100%	
Other mentionable items: 1. If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.					

BOD	Subjects	Securities and Exchange Act,rticle 14-3	Opinions of independe nt directors	Company's treatment of the pinions	Resolution results
The 10th meeting of the 14th session on Febburary 25, 2022	The company's 2021 annual business report, individual financial statements and consolidated financial statements.	v	None	None	The matter is approved by all the attendees.
	Approved the Company's offering endorsement/ guarantee to the subsidiaries for applying for bank credit line.	v	None	None	The matter is approved by all the attendees.
	Assessment of Independence of Certified Public Accountants.	v	None	None	The matter is approved by all the attendees.
	Amendment to the "Procedures For Acquisition or Disposal of Assets".	v	None	None	The matter is approved by all the attendees.
The 11th meeting of the 14th session on April 29, 2022	The consolidated financial statements for the first quarter of 2022	v	None	None	The matter is approved by all the attendees.
The 12th meeting of the 14th session on July 29, 2022	The consolidated financial statements for the the second quarter of 2022	v	None	None	The matter is approved by all the attendees.
The 13th meeting of the 14th session on October 28, 2022	The consolidated financial statements for the the third quarter of 2022	v	None	None	The matter is approved by all the attendees.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Implementation of self-evaluations by the Company's Board of Directors

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	Performance evaluation for January 1, 2022 to December 31,2022	Board of Directors	Board of Directors self-evaluation	1. Participation in the operation of the company. 2. Improvement of the quality of the board of directors' decision making. 3. Composition and structure of the board of directors. 4. Election and continuing education of the directors. 5. Internal control.
Once a year	Performance evaluation for January 1, 2022 to December 31,2022	Board of Directors	The performance of the board members	1. Alignment of the goals and missions of the company. 2. Awareness of the duties of a director. 3. Participation in the operation of the company 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control.
Once a year	Performance evaluation for January 1, 2022 to December 31,2022	Audit Committee	The performance of the Audit Committee	1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control
Once a year	Performance evaluation for January 1, 2022 to December 31,2022	Compensati on Committe	The performance of the Compensation Committe	1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control

4. Measures taken to strengthen the functionality of the board:
The Board of Directors of the Company has established the Audit Committee (in 2017) and the Remuneration Committee (in 2011) the two functional committees were established to assist the Board of Directors in fulfilling supervisory duties. The Audit Committee consisted of Independent Directors (3 personnel) in overall, and the Remuneration Committee consisted of Independent Directors and experts of relevant fields (3 personnel in total). The charter of each committee has been approved by the Board of Directors and each committee is required to report their activities and resolutions to the Board of Directors on a regular basis.
In order to materialize corporate governance, set specific performance goal for enhancing the functions and operating efficiency of the board of directors. In line with article 37 of the "practical guidelines for corporate governance of listed companies on the centralized and OTC markets," the board of directors resolved on Mar. 06,2015 to formulate the company's "measures for evaluating the performance of the board of directors." 2015 to formulate the company's "measures for evaluating the performance of the board of directors."
Accordingly, at the end of a fiscal year, the secretariat of the board of directors would collect information on the activities of the board of directors, issue questionnaires for self evaluation to be filled by directors, and record the results for submission to the board of directors for review and improvement. In fiscal 2015 and 2016, under the arrangement of the secretariat, "self evaluation of the performance of the board of directors" was completed.
The Company's board of directors operates in accordance with the Company's ''Parliamentary Rules for Directors's Meeting and related laws. The executive financial officers and chief auditors will also attend a directors's meeting and produce relevant reports to directors for reference.Meanwhile,in order to upgrads the board members's competency,the Company will invite extermal trainers to give lessons and arrange advanced studies for the board members.

2022 attendance records
◎: In person ☆ : Delegate to attend ＊: Not present

2022	first time 20220225	second time 20220429	third time 20220729	fourth time 20221028
Jeff Chen	◎	◎	◎	◎
Benson Liu	◎	◎	◎	◎
Chan-Jane Lin	◎	◎	◎	◎

3.3.2 Audit Committee :

A total of 4 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director Convener	Benson Liu	4	0	100	
Independent director	Jeff Chen	4	0	100	
Independent director	Chan-Jane Lin	4	0	100	

Other mentionable items:
1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
(1) Matters referred in Article 14-5 of the Securities and Exchange Act.

Audit Committee	Subjects	Resolution results
The 8th meeting of the 14th session on Feburary 25, 2022	Approved the Company's 2021 consolidated financial statements.	The matter is approved by all Independent Directors
	Approved the Company's 2021 annual business report, and the surplus earnings distribution proposal	The matter is approved by all Independent Directors
	Approved the Company's 2021 Statement of Internal Control System	The matter is approved by all Independent Directors
	Assessment of Independence of Certified Public Accountants	The matter is approved by all Independent Directors
	Approved the Company's offering endorsement/guarantee to the subsidiaries for applying for bank credit line.	The matter is approved by all Independent Directors
	Major assets transaction, derivative commodities, fund loaning, and endorsements/guarantees.	The matter is approved by all Independent Directors
	Approved the amendments to the " Procedures for the Acquisition and Disposal of Assets".	The matter is approved by all Independent Directors
The 9th meeting of the 14th session on April 29, 2022	Approved the Company's 2022Q1 consolidated financial statements.	The matter is approved by all Independent Directors
	Status of activities regarding derivative commodities, fund loaning, endorsements/guarantees, and major assets transaction in 2022Q1.	The matter is approved by all Independent Directors
The 10th meeting of the 14th session on July 29, 2022	Approved the Company's 2022Q2 consolidated financial statements.	The matter is approved by all Independent Directors
	Status of activities regarding derivative commodities, fund loaning, endorsements/guarantees, and major assets transaction in 2022Q2.	The matter is approved by all Independent Directors
The 11th meeting of the 14th session on October 28, 2022	Approved the Company's 2022Q3 consolidated financial statements.	The matter is approved by all Independent Directors
	Status of activities regarding derivative commodities, fund loaning, endorsements/guarantees, and major assets transaction in the 2022Q3.	The matter is approved by all Independent Directors
	Approved the amendments to the " Regulations for Supervision and Management of Subsidiaries".	The matter is approved by all Independent Directors
	Approved the amendments to the"Regulations for Budget Management".	The matter is approved by all Independent Directors
	Approved the amendments to the "nternal Control System Information Processing Cycle - Information Security Inspection Control".	The matter is approved by all Independent Directors
	Approved 2023 internal audit plan.	The matter is approved by all Independent Directors

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions owing to conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Independent Directors' communication with Chief Internal Auditor and CPA, respectively (e.g. the material agenda, methods and results regarding the Company's finance or operation status, etc.)

(1) The Company's Chief Internal Auditor update audit findings to Audit Committee on regular basis and present internal audit report in quarterly meetings; in case of special circumstances, Chief Internal Auditor reports to Audit Committee immediately.

In 2022, there was no special circumstance mentioned above. The Chief Internal Auditor communicated well with Audit Committee.

(2) The Company's CPA presents audits or review results of quarterly financial statements and other statutory matters to Audit Committee in quarterly meetings; in case of special circumstances, the CPA reports to Audit Committee immediately. In 202, there was no special circumstance mentioned above. The CPA communicated well with Audit Committee.

(3) The Company's 2022 annual auditing plan includes regular review of information and communication security of the Company. Also disclosed IT risk management and strategy in risk management section in the official website.

(4) Independent director discussion Items with Chief Internal Auditor and CPA:

Date (Session)	Discussion Items with Chief Internal Auditor	Discussion Items with CPA
The 8th meeting of the 14th session on Feburary 25, 2022	• Review internal audit report • Review the Company's 2021 Statement of Internal Control System	・Discuss the audit results of 2021 financial statements, including problems or challenges and management's responses (in a closed-door meeting) ・Report changes in laws and regulations ・Review CPA's qualification, performance, and independency
The 9th meeting of the 14th session on April 29, 2022	• Review internal audit report	• Discuss review results of Q1 2022 financial statements, including problems or challenges and management's responses (in a closed-door meeting) • Report changes in laws and regulations
The 10th meeting of the 14th session on July 29, 2022	• Review internal audit report	• Discuss review results of Q2 2022 financial statements, including problems or challenges and management's responses (in a closed-door meeting) • Report changes in laws and regulations
The 11th meeting of the 14th session on October 28, 2022	• Review internal audit report • Review 2023 audit plan	・Discuss review results of Q3 2022 financial statements, including problems or challenges and management's responses (in a closed-door meeting) ・Discuss audit plan for 2022 annual financial statements
Result: The above matters have been reviewed or approved by Audit Committee without any objection raised by independent directors.		

3.3.3The Company's implementation of corporate governance and its deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
1. Does the Company base on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles?	V		The Company has based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" to set up and disclose the Company's corporate governance best-practice principles for guidelines on the MOPS.	None
2. The Company's equity structure and shareholders' equity (1) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (2) Does the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders? (3) Does the Company establish and implement the risk control and firewall mechanism with the related parties? (4) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V V V V		(1)The Company has a spokesperson, stock affairs supervisor, and associated person assigned to effectively handle shareholder's suggestions or disputes. Legal issues, if any, will be handled with the assistance of the legal affair personnel. (2)Regularly disclose the pledge, increase or decrease of shareholding, or the occurrence of other events that may cause significant changes in the shares of the shareholders with over 10% shareholding; also, maintain a good relationship with the major shareholder at any time for control. (3)The management responsibilities of the Company and the affiliated enterprises are clearly defined; also, business transactions are conducted in compliance with the Company's internal control system and the relevant requirements. For strengthening the control mechanism, the procedures for monitoring subsidiaries are regulated with proper risk control. (4)The company has established "Prevention of Insider Trading Management Measures" and " Procedures for Handling Material inside information" and related legal education and promotion. At least once a year, we	None

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
			provide 10-minute E-learning online education and training to current directors, managers, and all employees, totaling 2,446 people. They are required to read the digital materials on preventing insider trading and related penalties thoroughly. The content of the course covers the definition, purpose, and essential elements of internal major information and prevention of insider trading, including the subjects, abnormal situations, and violation handling. The video also includes storytelling of practical cases to deepen the understanding of the importance of internal major information and prevention of insider trading among all employees and directors.Furthermore, in response to the amendments to Article 10 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" by the competent authority, the Company has amended Article 10 of the "Corporate Governance Best Practice Principles" on February 24, 2022, stipulating that directors may not trade the Company's stock during the closed period within 30 days of announcing the annual financial reports and within 15 days of announcing the quarterly financial reports.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board of Directors develop and implement a policy to promote diversity in the composition of its members?	V		(1)The Company has the board directors diversification policy defined in the "Corporate Governance Best-Practice Principles." The Company's board members must be equipped with the finance and economics,accounting,regulatory and leadership, decision-making, and operational management abilities for performing job duties that is beneficial to the development and operations of the Company.	None

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
(2) Does the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		(2) According to July 29th resolution, the Board of directors approved the establishment of the Corporate Sustainability Committee responsible for formulating sustainability policies, decisions, and talent development, as well as the enterprise succession plan. The Sustainable Development Committee will implement from environment, society, and governance(ESG) aspects including communication and information disclosure and report to board of directors.	
(3) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board,and use the results as a basis for determining the remuneration and nomination of individual directors?	V		(3)The Company has established the Regulations Governing the Board Performance Evaluation. The Company shall conduct the evaluation of board performance before the end of every year. The scope of evaluation may cover the evaluation of the Board as a whole, individual directors and functional committees. An evaluation report shall be submitted to the Board for discussion and improvement.	
(4) Does the Company have the independence of the public accountant evaluated regularly?	V		The evaluation report in 2022 has been submitted to the Board in February 2023 to discuss the operation of the Board as a whole, individual directors and functional committees and to propose recommendations for improvement. Board members received more than 90% of satisfaction, and the evaluation of board performance was graded excellent. In the future, the Company will continue to improve the operation of the Board and its participation in the Company's operation. From September to November 2020, the Company employed Taiwan Corporate Governance Association to conduct the evaluation of Board performance in 2021.	

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
			The evaluation contained in eight aspects, namely composition, guidance, authorization, supervision, communication, self-regulation, internal control, and risk management of the Board and was conducted by survey and field review. The result of the evaluation was reported to the Board in March 2021 to further improve the functions of the Board. Overall Assessment Results of Advantech Board of Directors: I The Board of Directors Meeting has a positive atmosphere, where the Chairman fully respects opinions from members of the Board of Directors. All directors participate in the formulation of corporate vision and long-term strategic objectives through various meeting occasions, contributing their professionalism and expressing opinions to fully exercise the directors' advisory and supervisory functions. II The Board of Directors has fulfilled the responsibility in the supervision of corporate strategy development and operational performance. The Board of Directors also adopts the diverse professionalism and the management experience in corporate business from the members, who are also invited to participate and guide the incubation program of senior managers. Consequently, the program strengthens the depth and width of training successors and continues to create the dynamics for corporate sustainable development.	

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
			III. The Board's meeting section plans the meeting agenda for the following year every September and develops the key quarterly agenda for the Board of Directors and functional committees according to the management of objectives, which will facilitate the performance of Board of Directors meetings and upgrade the decision-making quality. (4). The Audit Committee evaluates the independence and competency of the company's certified public accountants and require the certified public accountants provide "declarations of impartiality and independence" every year. The company has confirmed that apart from the certification and finance and tax related handling charges between the CPA and the company, there exist no financial interest or business relationship between any of the CPA and the company, and none of the CPA's family members is in violation of the independence requirement. The recent year's evaluation result of the CPA's independence was approved by the board of directors on February 24, 2023.The criteria for CPA independence review are detailed in Note.	

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		It has been reported to the Board that the Company will set up a full-time corporate governance unit as the corporate governance team under the Corporate Social Responsibility Steering Committee, and that a person will be selected from the corporate governance team to be in charge of corporate governance affairs, including matters related to the Board and shareholders' meeting, corporate registration and amendment registration, and information disclosure. i. Arrangement of the meetings of the board of directors according to law/regulation: Notify all directors seven days in advance and provide related data, to facilitate their understanding of items on the agenda;remind directors avoiding interest of conflict, should the items be related to their interests or the interests of legal entities they represent; distribute minutes for the meeting within 20 days. ii. Arrangement of shareholders' meeting according to law/regulation: Register date for shareholders' meeting by legal deadline,produce and submit notice, manual, and minutes of the meeting by deadline, and change corporate registration after revision of corporate charter or election of directors and supervisors. iii.Based upon "Regulations Governing the Board Performance Evaluation," board secretary collects the information related activities of the board, distributing the questionnaire to collect self evaluation of the board of directors, turning in to the board to review and improve at the end of the year. iv.Oversee the establishment of "administrative platform for corporate governance," in order to integrate and track	None

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
			various corporate-governance indicators and have a firm grip of the progress of corporate governance. Starting from the company's vision for corporate governance and based on the evaluation indicators of the "corporate governance evaluation," drafted by the Taiwan Stock Exchange, the platform reviews regularly, alongside various related units, various corporate-governance items,sets various corporate-governance goals,and tracks the execution, as well as results,of various corporate-governance items by units in charge, so as to sustain performance. v.Handle related issue about investor relations: investor relations team provides AGM information, material information announcement, financial statements,presentation material about finance and operation, information about domestic and overseas conferences.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		(1) The Company has a spokesperson, stock affairs supervisor, and associated person assigned to establish a comprehensive communication channel, and regularly or irregularly held briefings to offer a face-to-face and comprehensive communication interface targeting on various issues and inquiries. (2) The Company sets up the Advantech CSR website in English and the stakeholder section on the Company's website, assigns contact person to communicate with the stakeholders. The Company also responds to the stakeholder's concern over CSR issues through stakeholder questionnaire, notice of collection, website, and CSR reports.	None

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company commissioned a professional stock affairs service agent - KGI Securities Co., Ltd. Shareholder Service Department to handle the Company's stock service matters, and with the "Guidelines for Handling of Stock Affairs" stipulated to regulate the relevant operations.	None
7. Information disclosure (1)Does the Company have a website setup and the financial business and corporate governance information disclosed? (2)Does the Company have adopted other information disclosure methods (such as, establishing an English website, designating responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (3)Does the company announce and report annual financial statements within two months after the end of each fiscal year,and announce and report Q1, Q2,and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V V V		(1) The company profile and business information is disclosed in the Company's website with the shareholder's section setup to disclose financial information and corporate governance; also,to establish a communication channel for communicating to investors. (2) The Company has information fully disclosed through the English website, assigning the Investor Relations Commissioner for information collection and disclosure, a clear spokesperson system, and the investor conference on the Company's website. (3) The Company announces and reports annual financial statements Within two months of the end of each fiscal year,and announces and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit.	None
8. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education	V		(1) The interests of employees and employee care: Offer staff salaries higher than the minimum wage defined in the Labor Standards Act, better employee benefits than the industry standard, insurance coverage and pension	None

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			benefits according to the law; also, group insurance and overseas business traveling insurance in order to protect the work and life safety of colleagues. Regulate labor safety and health code, exercise Job Equality Act, provide safe, healthy, and harassment-free working environment and culture, and achieve ISO-14001 (Environmental Management International Standard) and ISO-45001(Occupational Health and Safety Management System) certification. Initiate two performance evaluations of the colleagues during the middle of the year and at the end of the year in order to achieve the overall business plan and as a reference for staff promotion, employee training and development, and payment of salaries. Ensure all employees are protected by the Collective Bargaining Agreement through labor meetings, department meetings, seminars, Suggestion Box, and other communication channels. (2) Supplier relation: On the supplier management, the ADVANTECH had introduced the "Responsible Business Alliance (RBA) (past be known as Electronic Industry Code of Conduct (EICC))" since 2010,and strictly brought the principle of the environmental protection into the mechanism of supplier management to establish the Green Supply Chain Management System. The suppliers are managed via the Supplier Management System (SMS), and the behavior review/verification for the important suppliers, including supplier add/change as well as the procedures to evaluate the suppliers are specified in	

Evaluation Item	Implementation Status			Deviating from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Abstract Illustration	
			the Management Document (M-001_purchase procedure). The "Purchase Behavior Criteria"worked out in the ADVANTECH specifies the purchase behavior. Meanwhile, the suppliers must sign the Commitment to Honesty to follow the honesty. (3) Investor Relations: Information is fully disclosed through the MOPS and the Company's Website to help investors understand the Company's operating conditions and to communicate with investors through the shareholders' meeting and the spokesman. (4) Continuing education of directors and supervisors: The Company actively encourages directors to participate in continuing education as scheduled below. (5) Customer Policy: The Company keeps in contact with customers regularly and communicates the needs of the customers through online/telephone, customer service, and Account Manager System; also, a Suggestion Box is setup to respond to customer complaint promptly. (6) The acquisition of liability insurance for directors : The Company has acquired liability insurance for directors and supervisors .	

9. Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment report issued by the commissioned professional institutions? (If yes, please state the opinion of the board of directors, the self-assessment or outsourcing evaluation results, the main nonconformity or suggestion, and implementation of improvement)
   1. The company was awarded the highest level of evaluation for corporate governance in the top 5% ranking in the 2021 (9th) corporate governance assessment. The company will strengthen the disclosure of relevant information on the company's official website to comply with corporate governance regulations.
   2. ACL particularly disclosed the information on our website to meet the corporate governance requirements.The Company will make improvement progressively according to the plan to be made for the matters that have not been improved.

None1 Assessment criteria of accountant's Independence

Evaluation items	2022 Assessment Result (Y/N)	Independence (Y/N)
Does the CPA have a direct or indirect financial interest in Advantech.	Y	Y
Does the CPA have a significant-close business relationship with Advantech.	Y	Y
Is the CPA concerned about the possibility of losing significant clients.	Y	Y
Is the CPA entering into potential employment negotiations with Advantech.	Y	Y
Is the CPA entering into a contingent fee arrangement relating to an audit engagement.	Y	Y
A member of the assurance team being, or having been a director, or supervisor of the client, or employed by the client in a position to exert significant influence over the subject matter of the engagement within the last two years.	Y	Y
The non-assurance service performed by the CPA for an audit client would affect directly a material item of the assurance engagement.	Y	Y
Does the CPA promote or broker shares or other securities issued by Advantech.	Y	Y
Does the CPA act as an advocate on behalf of Advantech in litigation or disputes with third parties.	Y	Y
A member of the engagement team having a close or immediate family member who is a director, supervisor, or officer of Advantech or an employee of Advantech who is in a position to exert significant influence over the subject matter of the engagement.	Y	Y
Does the CPA accept gifts or preferential treatment from Advantech, or the director, supervisor, officer, or major stockholder of Advantech.	Y	Y
Is the CPA being threatened with litigation by Advantech.	Y	Y
Does Advantech threaten that it will revoke a planned non-assurance contract to the firm if the firm continues to disagree with the client's accounting treatment for a particular transaction.	Y	Y
Is the firm being threatened with dismissal from Advantech engagement.	Y	Y
Is the accounting firm being pressured to reduce inappropriately fees, to compel the firm to reduce the extent of work performed.	Y	Y
Was the CPA pressured to agree with controversial issues due to Advantech's employee having more expertise on the matter in question.	Y	Y
Has a member of the audit engagement team been informed by a partner of the firm that a planned promotion will not occur unless the member agrees with an audit client's inappropriate accounting treatment.	Y	Y

■ The acquisition of liability insurance for directors and supervisors:

Insured object	Insurance company	Amount of insurance coverage (NT$)	Insurance period
All directors and supervisors	Cathay Century Insurance Co., Ltd.	143,125,000	04/01/2022 - 04/01/2023

3.3.4 Functional Committees

3.3.4.1 The composition of the Remuneration Committee, responsibilities, and operation:

Remuneration Committee members:

Qualification / Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Convener Jeff Chen	Independent director Jeff Chen is the former vice president and president of Asia at Stanley Black & Decker, Inc. who owns experience in large international enterprise management, execution of M&A strategies and in-depth understanding of technological and professional knowledge.	In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Independent Director Benson Liu	Independent director Benson Liu is the executive director of the Taiwan Corporate Governance Association with professional knowledge and skills in accounting and management, as well as familiarity with relevant laws and regulations. Currntly, Mr. Benson Liu is the Independent Director of Vanguard International Semiconductor Co.	In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Committee Member Joseph Yu	Graduated from the University of Michigan in the United States and he is a member of the Remuneration Committee of the Company. He is currently a professor at the NCCU Department of Business Administration, and an independent director of Axiomtek Co., Ltd and Integrated Service Technology Inc. He has more than five years of professional qualifications as a professor of public and private colleges in relevant departments required for commerce, finance and corporate business, and has more than five years of working experience required for commerce and corporate business, as well as specializes in operation and management ability with rich experience in accounting and financial analysis.	In the two years before the election and during the term of office, they have met the independence assessment conditions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2

Note1:None of the directors of the Company has any circumstance under Article 30 of the Company Act.

Note2:All directors of the Company have not been elected on behalf of the government, corporate or representative in accordance with Article 27 of the Company Act.

The operation of Remuneration Committee

1. There are three members in Remuneration Committee of the Company.
2. Current term of office: May 28, 2020 ~ May 27, 2023; the most recent year.
   The Compensation Committee held 4 meetings (A) with the attendance record and qualification of Committee members as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent director Convener	Jeff Chen	4	0	100%	
Independent director	Benson Liu	4	0	100%	
Committee Member	Joseph Yu	4	0	100%	

Remuneration Committee	Subjects	Resolution results	Company reaction base on the opinion of Compensation Committee
The 7th meeting of the 14th session on January 13, 2022	1. Reviewing the achievement results of the managers' 2021 goals 2. Review the rational and KPIs for manager's goal setting for 2022 3. Report the performance self-evaluation results of the Remuneration Committee. 4. Review of 2021 Advantech Director's Remuneration. 5. Propose for the manager bonus (year-end, performance, employee remuneration) and salary adjustment range of the Company in 2021.	Passed by all members unanimously.	Presented by the chairperson of the Compensation Committee to the board of directors
The 8th meeting of the 14th session on April 29, 2022	1. TCC (Talent Cultivation COE) Talent Training and Succession Rotation Performance System (1) High-level Executive Leadership Model and Talent Pipeline Development (2) Talent Attraction Programs for Young &Middle-Level employees (3) Update of Global Hipo Program and Mentoring Progtam	Passed by all members unanimously.	Presented by the chairperson of the Compensation Committee to the board of directors
The 9meeting of the 14th session on July 29, 2022	1. Review the salary incentive structure of senior managers of the Company. (1) Have a comparative analysis of the remuneration of middle/senior managers of the Company and that of peers / benchmarking companies. (2) Have a comparative analysis of the average and median annual salary of the Company's full-time employees with those in the same industry. (3) Analysis of Employee Trusts vs. Employee Stock Options	Passed by all members unanimously.	Presented by the chairperson of the Compensation Committee to the board of directors
The 10th meeting of the 14th session on Oct 28, 2022	1. Analysis of 2022 Salary Survey Results for Mid-Level Managers 2. O&PR and Talent Cultivation Update 3. Review of Salary Management Regulations 4. Review the self-assessment questionnaire of the Compensation Committee 5. 2023 Advantech Remuneration Committee Key Quarterly Meeting Plan.	Passed by all members unanimously.	Presented by the chairperson of the Compensation Committee to the board of directors

3.3.4.2 Sustainable Development Committee (SDC)

To actively promote and strengthen corporate governance related to the corporate sustainability, ESG development, and corporate social responsibility, the Advantech established the "Sustainable Development Committee" (SDC) under the board of directors on July 29, 2022.

1. The company's Sustainability Development Committee consists of three members.
2. Tenure of the Corporate Sustainability Committee : May 28, 2020 to May 27, 2023。

Qualification / Name	Professional qualifications and experience
Chairman K.C. Liu	Chairman K.C Liu is the founder of Advantech Co., Ltd., who constantly develops innovation and applications since the foundation of the company, pushing Advantech towards global objectives. In recent years, in view of the thriving development of global IoT, the Company actively co-establishes the industry ecology circle with partners, and carries forward the software/hardware solutions based on WISE-PaaS/IoT. Driven by altruism-based value, Advantech implements ESG from the core expertise based on the industry and thereby expands its social impact, shifting towards sustainability objectives.
Director Donald Chang	Director Donald Chang is the former President of 3M China Region with ability in multinational management and leadership. Currntly, Mr. Donald Chang is the Independent Director of Chung Hwapulp Corp. and E INK HOLDINGS INC.
Independent Director Jeff Chen	Independent director Jeff Chen is the former vice president and president of Asia at Stanley Black & Decker, Inc, who owns experience in large international enterprise management, execution of M&A strategies and in-depth understanding of technological and professional knowledge.

The Sustainable Development Committee held 1 meetings (A) with the attendance record and qualification of Committee members as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent director Convener	Jeff Chen	1	0	100%	
Independent director	Benson Liu	1	0	100%	
Committee Member	Joseph Yu	1	0	100%	

Date	Meeting Minutes	Resolution	Follow Up
The 14th First Meeting on October 20th	1. Advantech Investment Structure @2025 Plan 2. Financial Shared Service Center 2.0 (FSSC) 3. Advantech's Next Era (2022-2033) Globalization Model Transformation	No objection from all the members present.	The chairman of Corporate Sustainability Committee reports implementation plans and results to the board of directors.

4.3.5 Corporate Governance Implementation Status and Deviations from the " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Has the Company established a ESG unit (full- or part time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors?	V		Since 2013, Advantech has been releasing its Corporate Social Responsibility (CSR) report, and the general manager reports the summary of the issuance of the report and CSR work focus at the annual board meeting. The board of directors is responsible for reviewing the report annually, and the CSR-related important projects are led by the chairman of the board. In 2020, Advantech established the ESG Corporate Sustainability Development Committee and ESG Office to manage projects related to corporate sustainability development from the three dimensions of governance, environment, and society. Starting from 2022, in order to strengthen the authority of sustainable governance, the Advantech's ESG Corporate Sustainability Development Committee was promoted to the board level and renamed as the Sustainability Development Committee (SDC) to facilitate in-depth discussions on long-term strategies and accelerate the promotion of ESG sustainable strategies. The members include the chairman of the board (founder), an independent director Chen Hong-Ze, and a director Zhang Ling-Han, totaling	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			three members. The ESG Office sets an annual plan and reports ESG major issues and project progress at each committee meeting every quarter. After the confirmation of the committee, the responsible team takes action, and the ESG Office regularly tracks the effectiveness and proposes improvement plans. In 2022, the ESG Office made two reports to the board of directors, including the RE100 progress planning and sustainable strategy re-planning, the trial and discussion on the establishment of the Advantech ESG Corporate Sustainability Development Committee organization, stakeholder engagement greenhouse gas inventory plan, and annual sustainability report planning.	
2. Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?	V		1. Please refer to the 2021 report. (2.3 Rick Management : p48-50) https://advcloudfiles.advantech.com/csr/Report/2021-CSR-Report.pdf (https://csr.advantech.com/zh-tw/downloads) 2.https://csr.advantech.com/zh-tw/operation-and-governance/risk-management	None
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1)The Company has established ESH Management Committee and ISO14001 environmental management system, which includes the following items: a. Collect, assess, and identify the impact of the Company's activities, products, and services on	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			the natural environment. b. Establish measurable goals of environmental sustainability and regularly review the continuity and relevance of its development. c. Set specific action plans and regularly review the effectiveness of the operation.	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2)The Company is committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environment	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) Advantech has participatedin the Carbon Disclosure Project (CDP) ,which requires the company to publish its greenhouse gas inventory data regularly on the CDP website for customers and stakeholders. From 2021, We promote the TCFD project (Task Force on Climate-related Financial Disclosures) and evaluated the list of climate change risks, including potential risks and opportunities, and corresponding measures. In addition, in 2021, Advantech obtained the international SBT target announcement, hoping to take practical actions to reduce carbon emissions through the SBT plan.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		(4)Advantech annually discloses greenhouse gas emissions, water consumption, and total weight of waste. Advantech has implemented a number of measures to achieve the reduction targets and regularly reviewed the effectiveness of its operations. In order to ensure the credibility of greenhouse gas emissions data, on-site verification of ISO 14064 by Taiwan Inspection Technology Co., Ltd. (SGS) since 2019.	

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
4. Social issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(1)In compliance with the relevant laws and labor regulations and in accordance with International Labor Convention and International Bill of Human Rights, Advantech Co. Ltd. formulated Business Conduct and the Employee Handbook and had them published on the Employee Portal for the convenience of our employees and managers. Advantech respects for employees' equal appointment and career development opportunities and will have no disparate treatment discrimination, or any form of discrimination in terms of personal gender, race, religion, political party, sexual orientation, rank, age, nationality and other issues. We are committed to providing employees with a safe and high-quality work environment, and with respect to our policies, Advantech faithfully abides by all kinds employment and labor laws; employment of child labor or illegal workers is prohibited; sexual harassment is prohibited; and the company is committed to providing employees with a safe and healthy work environment complying with various environmental laws and regulations and avoiding environmental pollution through proper management and technical applications.	None
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) The Group complies with the Labor Standards Act and related laws and regulations when setting salary and benefit measures,and provides benefits that are competitive in the market to encourage employees. Furthermore, periodic evaluations are conducted for	

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			issuing performance bonuses to share profits with employees. The average salary of full-time employees who are not in a managerial position in this company: NT$1,192K。 The median salary of full-time employees who are not in a managerial position in this company: NT$1,001K。	
(3) Does the Company provide employee with a safe and healthy working environment, and provide safety and health education to employees regularly?	V		(3)The Company offers employees safe and healthy working environment and passes the occupational safety and health management system certification; provides employees with annual health checks that is better than the requirement of the Labor Standards Act; also, has the safety and health education arranged in the orientation that is held once in every two-month.	
(4) Does the company set up effective career development and training programs for its employees?	V		(4)The Company, through “Advantech School,” has diversified curriculum planned, established effective career capacity development and training program for employees; also, reflected the Company’s operating performance and results appropriately in the employee remuneration policies to ensure the recruitment, retention, and encouragement of human resources in order to reach the goal of sustainable business operation.	
(5) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	V		(5)The company complies with relevant regulations and follows international standards for product and service on customer health and safety, marketing and labeling, such as CE, FCC electromagnetic compatibility regulations as well as safety regulations for each product category (such as information technology equipment , industrial control, Medical	

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Electrical Equipment , Vehicle, ship, etc.), and all related information has been released to the company website. https://www.advantech.tw/csr/social_contribution/care_for_environment_overview For customer privacy protection, formulate and release relevant policies to protect consumer rights and interests on the company website. http://www.advantech.com/legal/privacy Product do comply with international laws and regulations on environmental protection, from getting effective use on natural resource to the ban of harmful substances, and also follow international green product related regulations. Advantech promotes green products basing on safety, energy saving and environmental protection three aspects, and announces them on the company's CSR website. https://www.advantech.tw/csr/social_contribution/care_for_environment_overview The company has a policy to protect consumer rights and appeal procedures, and has developed program files such as a quality feedback system, customer service platform, and repair operation instructions to ensure proper handling. Please refer to the company's CSR website about quality commitment. https://www.advantech.tw/csr/company_commitment/quality_assurance	
(6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental	V		(6) In 2010, the company established a green supply chain management system. Advantech manages its suppliers by conducting	

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
protection, occupational safety and health,and labor rights, and what is its implementation status?			on-site inspections of key suppliers according to the procurement procedures. An inspection checklist is used to confirm the suppliers' processes, quality, environmental safety and health, labor conditions, and CSR management. Through a supplier management platform, the company conducts quarterly evaluations to rate supplier quality, and their willingness to cooperate.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		Advantech released its 2021 Corporate Sustainability Report, which transparently presents the company's strategies, management policies, practices and results, as well as future progress directions related to governance, environment, and society to stakeholders and the public. The report was published in 2022 and was reported according to the Global Reporting Initiative (GRI) Standards on the annual work focus. The report follows the “Referencr” options of the GRI Standards and discloses Advantech's strategies, management policies, projects, and performance in corporate sustainability. The financial statement figures in this report are calculated in New Taiwan Dollars, and the environmental, safety, and health-related performance is expressed using internationally recognized indicators. Estimated or assumed conditions are noted in the relevant chapters. Compared with the previous version of the report, this report contains no statements that could cause significant misjudgments by readers due to the revision of the old report. The report was verified by an independent third-party unit, SGS Taiwan Limited., and meets the requirements	None

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			of the AA1000AS* Type 2 high assurance level. The Financial Supervisory Commission requires certain industries to disclose sustainability indices ,such as Computer Peripherals and Consumables industry, and then submit the reports to PwC for auditing and limited assurance.	

6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies:
Advantech has established the Code to require that all employees, officers and board members comply with the Code and the other policies and procedures There is no discrepancy between the Code, including its affiliate policies and procedures, and its implementation.

7. Other important information helpful in understanding the Company's corporate social responsibility operations:
Since 2013, Advantech has been releasing its Corporate Social Responsibility (CSR) report, and the general manager reports the summary of the issuance of the report and CSR work focus at the annual board meeting. The board of directors is responsible for reviewing the report annually, and the CSR-related important projects are led by the chairman of the board.
In 2020, Advantech established the ESG Corporate Sustainability Development Committee and ESG Office, and in 2022, the board-level Sustainability Development Committee (SDC) was established to manage projects related to corporate sustainability development from the three dimensions of governance, environment, and society. For more information, please refer to Advantech's 2022 Sustainability Report: https://csr.advantech.com/zh-tw/downloads or visit the CSR Home Page - CSR (advantech.com) on the CSR official website.

The following report highlights the main accomplishments in the areas of ESG (Environmental, Social, and Governance) work:
Governance:
1. ESG KPI included in senior executive compensation mechanism: Establish and publish ESG sustainability indicators for environmental, social, and governance aspects, and include them as performance evaluation items for senior executives both domestically and overseas. Incentivize rewards with ESOP employee stock options. Sustainable KPIs for 2023-2024 include "green products," "sustainable intelligent solutions," "green operations," and "talent development." Establish a top-down sustainable requirement and performance check from multiple perspectives.
2. Strengthen sustainability governance authority: Conduct semi-annual meetings across large-scale boards of directors to enhance talent development and succession rotation, promote comprehensive evolution of corporate development functions, and optimize financial and accounting functions to drive long-term change. Also establish a sustainable development committee at the board level to enhance sustainable governance, deeply discuss long-term strategies, and accelerate the promotion of ESG sustainability strategies.

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

3. Launch corporate inheritance and co-creation and co-governance plan: Based on the premise of maximizing the interests of the company and shareholders, adopt a "professional manager system" as the basis, implement a growth mindset that emphasizes both internal and external factors, and deploy a phased plan that transitions from the "founder era" to the "co-governance era" where ownership and management are separated. Lead the team to embrace new IoT opportunities with the spirit of "co-creation" and "co-governance."
4. Increase revenue share of sustainable intelligent product solutions: Compared to the past revenue share of sustainable intelligent products, Advantech has reached a 18.5% share in this area. It is vigorously developing the application of sustainable intelligence in various scenarios, especially with smart energy management systems as an emerging market. Advantech is combining its own business with that of its partners to jointly reduce carbon emissions.
5. Sustainable supply chain and management:

100%	completion of signing the "Supplier Code of Conduct Agreement" by key suppliers.
100%	compliance with environmental criteria evaluations for new suppliers.
100%	signing of "Declaration of Non-use of Conflict Minerals" by key suppliers.
100%	completion of coaching and improvement on deficiency for high sustainability risk suppliers

Environmental:
1. Set RE100 and net-zero carbon emission goals: Advantech aims to achieve 100% renewable energy use globally by 2040, and a net-zero carbon emission target in scope 1 and 2 by 2050.
2. Continuously move towards SBTI goals and climate change response:
   A. In 2022, the unit revenue greenhouse gas emissions of the Taiwan and Kunshan factories decreased by 12.2% compared to 2021, and the unit revenue greenhouse gas emissions of the entire company decreased by 13.1%. Carbon reduction achievement exceeded the original target of 6%-7%.
   B. In 2022, Advantech received a B-level rating in the CDP climate change questionnaire competition and plans to continue to improve its performance in the coming year.
   C. Completed the assessment of Task Force on Climate-Related Financial Disclosures (TCFD) risks and opportunities and quantitative data reporting.
   D. Launched and completed the ISO 14064 greenhouse gas scope 3 full category inventory and verification program, and plans to disclose data in June 2023.
   E. Launched the certification plans for ISO 50001 and ISO 14067, and plans to obtain certification and the first product carbon footprint certification in May 2023. Advantech will gradually establish internal methodology and complete the representative product carbon footprint inventory to develop a low-carbon product selection mechanism and achieve long-term green product development goals.

Social:
1. IoT and industry-academia education:
   A. IoT career exploration: Elite 100 IoT internship program - In 2022, a total of 35 students in Taiwan participated in the summer internship, producing 14

Evaluation Item	Implementation Status			Deviations from " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
project proposals, and 7 students obtained extended internship contracts after the summer. In China, 12 interns participated in the program, and 10 students were hired after graduation. B. InnoWorks Developer Program Competition: AIoT InnoWorks is an IoT project competition for students and developers worldwide. Based on the Advantech WISE-IoTSuite IoT cloud platform, participants learn about innovative industrial IoT applications in various industries and fields, solve social and environmental challenges, and receive substantial prizes. The themes cover public health, solar and wind energy, smart agriculture, smart factories, smart campuses, and smart cities. In 2022, 90 student teams from 6 countries with over 360 participants joined the competition. C. IoT online learning platform [AIoT Academy IoT Higher Education Courses and Certifications]: In total, over 800 technical certifications were issued through campus partnerships in 2021-2022. 2. Sustainable innovation education and cultural support: The Advantech Cultural and Educational Foundation has long supported sustainable and innovative education, hoping to provide better learning experiences and benefits for Taiwanese children and youth. Through various projects, the foundation is committed to cultivating future talent in areas such as: A. ACT Dreamer: Implemented the PBL model, with the main spirit of the ACT Dreamer program being "to cultivate sustainability awareness for children through creativity and collaboration for deep learning." ACT/BPL Sustainability Teachers and Lesson Plans: Collaborated with relevant units to cultivate seed teachers and develop lesson plans, enabling young students to gain a deeper understanding of ESG issues through the PBL model and propose sustainable solutions, working together for a better future and to contribute to the next generation. B. Sponsorship of high-quality sustainable education platforms: Funding is provided to support education programs by quality education teams such as the Junyi Academy, Yingguang Education Association, and Chengzhi Education Foundation. Additionally, the foundation sponsors programs such as the PaGamO to improve reading abilities in rural schools. C. Supporting the cultivation of top creative talents in academia: Supporting the cultivation of elite talents in musical play at the Graduate Institute of Performing Arts of National Taiwan Normal University. D. Various Care and Scholarship Programs: Collaborated with schools in remote mountainous and underprivileged areas such as Hsinchu, Miaoli, and Nantou to establish scholarship programs. The school set up a selection committee to select outstanding and hardworking students, encouraging them and increasing their motivation to learn, and transforming their lives. E. Sponsorship of traditional cultural revival: Supporting the graduation performances of folk art departments, and the skills improvement and imparting of skills by Beijing opera and stunt teams. The foundation aims to expand the stage for students engaged in traditional art and cultural performances and raise the visibility of traditional opera. To encourage students with outstanding skills to continue to work hard and excel in their studies, Advantech sponsored the establishment of the Advantech Elite Award in Folk Arts and Crafts at the Department of Folk Arts and Crafts, which recognizes outstanding students. In addition, Advantech also supported the GuoGuang Opera Company's youth talent cultivation program. F. Support for potential athletes: Sponsoring the necessary training equipment and related expenses for athletes.				

3.3.6 Ethical Corporate Management

Assessment Items	Operation (Note 1)			Deviating from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company has established the Ethical Corporate Management Best Practice Principles, which has been published on the Company's website and CSR website. The Ethical Corporate Management Best Practice Principles stipulate that directors, managers, employees, and mandataries of the Company or persons having substantial control over the Company shall implement the concept of ethical corporate management with the principle of good faith.	None
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Ethical Corporate Management Best Practice Principles have stipulated the preventive measures for business activities which are possibly at a higher risk of being involved in unethical conduct prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or within other business scopes.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The Ethical Corporate Management Best Practice Principles explicitly stipulate procedures and guidelines for preventing unethical conduct. The Whistle-blowing Handling Guidelines have also been established for implementation.	

Assessment Items	Operation (Note 1)			Deviating from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Summary	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The Company expects and takes action to help trading partners recognize and comply with ethical corporate management. Depending on the circumstances, the provisions pertaining to ethical conduct will be prescribed in the contracts entered into with trading partners. If any unethical conduct is found during transactions, the Company may terminate the transactions or rescind the contracts. The Purchasing Department also has requirements for external suppliers and operates with ethical business. Promotion of external suppliers: Corresponding to Advantech's supply chain management policy, the Purchasing Department unified the online form with the Supplier Management System (SRM) to publicize Advantech's Ethical Corporate Management Best Practice Principles and sunshine procurement principles to suppliers, and at the same time put the letter of Ethical Corporate Management Best Practice Principles as one of the necessary documents in the procurement contract to ensure that suppliers understand and comply with Advantech's incorruptibility clauses, green design and manufacturing, international environmental declarations and other related policies and regulations. The 2022 sign-back status report is as follows: (a).Advantech has a total of 1,692 qualified suppliers. The signing of the letter of Ethical Corporate Management Best Practice	None

Assessment Items	Operation (Note 1)			Deviating from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Summary	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		Principles is a must-sign document for becoming a qualified supplier, so the goal of signing is 100%. (b).Till now, there are 1,676 companies that have signed back through the SRM management system, with a sign-back rate of 99%. (2) A. Ethical Corporate Compliance The IT, Human Resources and the Legal Department jointly cooperate to conduct internal education and training for the Company's employees and establish an effective system of professional ethics and compliance. (I). IT Department Establish a system for training on the code of conduct for ethics, including regular reminders for training and testing, etc. (II). Human Resources Department A total of 4 large-scale lectures were held in 2022. A total of 385 new employees completed the education and training of physical courses. (III). Legal Department Responsible for compliance with laws and regulations, and responsible for operating online training courses with Ethical Corporate Management Best Practice Principles. In 2022, a total of 5,536 people around the world completed the training, with a completion rate of 96%. B. Report Regularly The implementation status of each unit is reported to the board of directors once a year, and under the supervision of the board	

Assessment Items	Operation (Note 1)			Deviating from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Summary	
			of directors, it is ensured that the company's various operations comply with legal requirements and compliance with the Ethical Corporate Management Best Practice Principles.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company's "Guidelines for the Adoption of Codes of Conduct" for employees and the "Guidelines for the Adoption of Codes of Ethical Conduct" for the directors and managers include the clause of conflict of interest prevention; also appropriate reporting channels are also provided in the Company's whistleblower guidelines.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) The Company has effective accounting and internal control systems in place to implement ethical corporate management, and the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Company has published regulations and policies on the website for all employees' access. They are also included in the employee orientation and user manuals; in addition, the Company will organize a supplier online conference on a regular basis to facilitate communication and make known related regulations pertaining to ethical corporate management through the Supplier Relationship Management (SRM) in the future. The Legal Department shall hold online education on the concept of the Company's integrity management once a year for all employees.	

Assessment Items	Operation (Note 1)			Deviating from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Summary	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The Company has set up an email box and a whistle-blowing mailbox to encourage employees, clients, and third-party suppliers to express their opinions and report unethical conduct. The audit unit takes charge of the whistle-blowing mailbox and report to the Board and the chairman of the Board. Depending on the circumstances, investigators will be appointed to investigate the cases reported.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) The Company has established the Whistle-blowing Handling Guidelines and related procedures, which stipulate that the identity of whistleblowers and contents reported shall be kept confidential and that investigators shall take proper care of information obtained during the investigation. To fully protect whistleblowers, an independent code will be assigned to each case reported. The following cases were reported in 2022. (a). Reporting cases: 4 (b). Complete the survey: 4 * The above reported cases are not Ethics and business cases.	
(3) Does the company provide proper whistleblower protection?	V		(3) The Company has the "Advantech Whistleblower Report Processing Guideline" and related operating procedures stipulated. The identity of the whistleblower and the content of the reporting should be kept confidential and protected; also, the involving investigators should not disclose any information without authorization so to protect the whistleblower	

Assessment Items	Operation (Note 1)			Deviating from the "Ethical Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the root cause
	Yes	No	Summary	
			from any unfair treatment, retaliation, or threat.	
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company has a website in Chinese and English and a CSR website established; also, the "Ethical Management Best-Practice Principles" is published on the MOPS.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. Advantech has established the Code to require that all employees, officers and board members comply with the Code and the other policies and procedures. There is no discrepancy between the Code, including its affiliate policies and procedures, and its implementation.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). Request the suppliers and contractors (including security company) through the Procurement Department and General Affairs Department to sign the "Corporate Social Responsibility and Environmental Safety and Health Commitment" and in the future, through the Supplier Relationship Management (SRM) to implement the relevant education and training and advocacy.				

3.3.7 The Company has the corporate governance Best-Practice Principle and the related inquiries established: The Company website is with the corporate governance section designated for investor's inquiring and downloading corporate governance-related regulations; also, it is published on the MOPS.

3.3.8 Other important information helpful in understanding the corporate governance operation: None

3.3.9 The implementation of the internal control system:

Advantech Co., Ltd.

Statement of Internal Control System

Date: February 24, 2023

Based on the findings of a self-assessment, Advantech Co., Ltd. (Advantech) states the following with regard to its internal control system during the year 2022:

1. Advantech's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system, and Advantech has established such a system. Our internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations.

2. An internal control system has its inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishment the objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to changes due to circumstances beyond control. Nevertheless, the internal control system of Advantech contains self-monitoring mechanisms, and Advantech takes immediate remedial actions in response to any identified deficiencies.

3. Advantech evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.

4. Advantech has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the evaluation mentioned in the preceding paragraph, Advantech believes that, on December 31, 2022, it has maintained, in all material respects, and effective internal control system (that includes the supervision and management of subsidiaries), to provide reasonable assurance over operational effectiveness and efficiency, reliability , timeliness, transparency of reporting, and compliance with applicable laws and regulations.

6. This Statement will be an integral part of Advantech's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This Statement has been passed by the Board of Directors in their meeting on February 24, 2023, with all of the seven attending directors all affirming the content of this Statement.

Advantech Co.,Ltd.

K.C. Liu
Chairman

Eric Chen
General Manager

Miller Chang
General Manager

Linda Tsai
General Manager

3.3.10 If a CPA is commissioned to review internal control system specifically, the review report should be disclosed: None

The Company and its internal staff being punished lawfully, the punishment given by the Company to the violators of internal control system, major nonconformity, and the improvement in the most recent year and up to the publication of the annual report: None

3.3.11 The material resolutions reached in the shareholders' meeting and board meeting in the most recent year and up to the publication of the annual report:

■ Important resolution reached in the Shareholders' meeting and its implementation

Advantech had the 2022 general shareholders' meeting held at the Neihu Headquarters on May 26, 2022. The resolutions reached in the shareholders' meeting and their implementations are as follows:

1. The acknowledgement of the 2021 business report and financial statements
   Implementation: Resolved and acknowledged.
2. The acknowledgement of the Company's 2021 earnings distribution.
   Implementation:Scheduled the distribution date on July 15, 2022 and the payment date on August 08, 2022 (Cash dividend: NT$7.98039688)
3. The acknowledgement of the Company's "Articles of Association" amendment.
   Implementation: The Ministry of Economic Affairs approved the change registration and the announcement on the Company's website on June 13, 2022.
4. The acknowledgement of the Company's "Procedures For Acquisition or Disposal of Assets".
   Implementation: The revised rules were published on the Company's website and MOPS on June 07, 2022 and implemented accordingly.
5. The acknowledgement of the Company's "Rules and Procedures of Shareholders'Meeting".
   Implementation: The revised rules were published on the Company's website and MOPS on June 07, 2022 and implemented accordingly.

■ Important resolutions of the Board of Directors

The important resolutions of the Board of Directors in 2022 and up to the printing date of the annual report are summarized as follows:

1. General board meeting on February 25, 2022:
   - Approved the Company's 2022 business budget and operating plan.
   - Approved the Company's 2021 business report, proprietary financial statements and consolidated financial statements.
   - Approved the Company's 2021 distribution of remuneration to employees and remuneration to directors supervisors.
   - Approved the Company's 2021 earnings distribution.
   - Approved the Company's 2022 general shareholders' meeting convening matters.
   - Approved the Company's offering endorsement/guarantee to the subsidiaries for applying for bank credit line.
   - Approved the application filed for the Company's 2022 bank credit line and authorized the Chairman to apply to the bank for credit loan renewal project within the credit line depending on the business operation.
   - Approved the Company's 2021 "Declaration of Internal Control" completed.
2. General board meeting on April 29, 2022:
   - Approved the Company's 2022Q1 consolidated financial statements.
3. General board meeting on July 29, 2022:

- Approved the Company's 2022Q2 consolidated financial statements.
- Approved the Board of Directors resolved to establish the Sustainable Development Committee

4. General board meeting on October 28, 2022:
   - Approved the Company's 2022Q3 consolidated financial statements.
5. General board meeting on February 24, 2023:
   - Approved the Company's 2023 business budget and operating plan.
   - Approved the Company's 2022 business report, proprietary financial statements and consolidated financial statements.
   - Approved the Company's 2022 distribution of remuneration to employees and remuneration to directors .
   - Approved the Company's 2022 earnings distribution.
   - Approved the Company's 2023 general shareholders' meeting convening matters.
   - Approved the Company's Issuance of new shares from capital increase by earnings.
   - Approved the Advantech Corp. acquiring right-of-use of a land parcel for business expansion
   - Approved the Advantech Corp.(ANA), announced the related constructions of factory and buildings on rented land
   - Approved the Shanghai Advantech Intelligent Services Co., Ltd., a subsidiary of the Company, invests private equity fund Tianying Hehua (Ningbo) Venture Investment Partnership
   - Approved the Company's 2023 general shareholders' meeting convening matters
   - Approved the Re-election of all directors
   - Approved the Exemption of the limitation of non-competition on the directors of the Company
   - Approved the 2023 CPA Independence Assessment Proposal
   - Approved the auditor's remuneration for the company's visa signing for the 2023 to 2024 fiscal year.
   - Approval has been granted for our company's plan to establish a new subsidiary, Yan Xu Green Electricity Co., Ltd. and to provide an endorsed credit limit of NTD 526,680 million to Bank SinoPac.
   - Approved the Company's offering endorsement/guarantee to the subsidiaries for applying for bank credit line.
   - Approved the application filed for the Company's 2023 bank credit line and authorized the Chairman to apply to the bank for credit loan renewal project within the credit line depending on the business operation.
   - Approved the Company's 2022 "Declaration of Internal Control" completed.

3.3.12 The contents of the board resolutions regarding which independent directors have voiced opposing or qualified opinions on the record or in writing in the most recent year or up to the publication of the annual report: None

3.3.13 The resignation or dismissal of the Company's Chairman, President, Accounting Officer, Finance Office, Internal Audit Director, and R&D Director in the most recent year or up to the publication of the annual report: None

3.4 Information Regarding the Company's Audit Fee and Independence

3.5 Audit Fee

Monetary unit: NT$ Thousand

CPA Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Liang, Hua-Ling Lin, Yi-Fan,	111.1.1-111.12.31	13,135	2,534	15,669	Non-audit fees: ESG andTCFD consultant fee

■ If a new CPA Firm is commissioned to serve for an audit fee less than the year before, please disclose the audit fee amount before and after the CPA replacement arranged and the reason for doing so: None

■ If the audit fee of current year is more than 15% less than the year before, please disclose the audit fee amount and ratio reduced and the root cause of the fee reduction: None

3.6 Replacement of CPAs: None.

3.6.1 The Company's Chairman, President, and Finance or Accounting Officer have held a position in the independent auditing firm or its affiliates over the past year: None

3.7 Changes in the shares held and pledged by directors, supervisors, managers, and major shareholders holding over 10% of outstanding shares in the most recent year and up to the publication of the annual report:

Changes in equity: March 27, 2023

Title	Name	2022		As of March 31	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Director	K.C. Liu	0	0	0	0
Director	Advantech Foundation	0	0	0	0
Representative	Chaney Ho	0	0	0	0
Director	AIDC Investment Corp.	0	0	0	0
Representative	Donald Chang	0	0	0	0
Director	K and M Investment Co., Ltd.	0	0	0	0
Representative	Wesley.Liu	24,000	0	(9,000)	0
Independent director	Jeff Chen	0	0	0	0
Independent director	Benson Liu	0	0	0	0
Independent director	Chan-Jane Lin	0	0	0	0
President	Eric Chen	190,000	0	(70,000)	0
President	Miller Chang	(52,000)	0	0	0
President	Linda Tsai	31,000	0	(71,000)	0
Vice President	Deyu Yin	105,000	0	0	0
Corporate governance officer	Jean Ko	12,500	0	0	0

Title	Name	2022		As of March 31	
		Increase (decrease) of shareholding	Increase (decrease) of shares pledged	Increase (decrease) of shareholding	Increase (decrease) of shares pledged
Accounting Officer	Mandy. Lin	6,000	0	1,000	0
Major shareholder	Asus Computer Co., Ltd.	0	0	0	0
Major shareholder	K and M Investment Co., Ltd.	0	0	0	0

3.7.1 The counterparty of the equity transfer is a related party: None

3.7.2 The counterparty of the equity pledge is a related party: None

3.8 The Top-10 shareholders who are the spouses or relatives within second-degree to each other:

March 27, 2023
Unit: Shares; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	(%)	Shares	(%)	Shares	(%)	Title	Relations	
Representative: Jonny Shih	103,177,983	13.25%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
K and M Investment Co., Ltd. Representative: K.C. Liu	91,369,108	11.74%	0	0	0	0	AIDC Investment Corp.	Director	None
	28,179,467	3.62%	1,546,584	0.20%	0	0	Advantech Foundation	Director	
AIDC Investment Corp. Representative: Mary Chang	90,295,663	11.60%	0	0	0	0	K and M Investment Co., Ltd	Director	None
	1,546,584	0.20%	28,179,467	3.62%	0	0	Advantech Foundation	Director	
K.C. Liu	28,179,467	3.62%	1,546,584	0.20%	0	0	K and M Investment Co., Ltd.	Director	None
							AIDC Investment Corp.	Director	
							Advantech Foundation	Director	
Advantech Foundation Representative: K.C. Liu	22,314,809	2.87%	0	0	0	0	K and M Investment Co., Ltd.	Director	None
	28,179,467	3.62%	1,546,584	0.20%	0	0	AIDC Investment Corp.	Director	None
Tran-Fei Development Co., Ltd	19,714,851	2.53%	0	0	0	0	None	None	None
Yong-Shun Zhuang	17,561,649	2.26%	0	0	0	0	None	None	None
First Sentier Investors ICVC - Stewart Investors Asia Pacific Leaders Sustainability Fund	15,000,000	1.93%	0	0	0	0	None	None	None
The Overlook Partners Fund L.P	14,959,739	1.92%	0	0	0	0	None	None	None
Chunghwa Post Co.,Ltd.	9,653,162	1.24%	0	0	0	0	None	None	None

Note1: lustrate the name of the Top-10 shareholders; also, illustrate separately the name of the institutional shareholder and its representative.

Note2: The shareholding ratio is calculated by referring to the shares held by the Principal, the Principal's spouses and underage children, or by nominee agreement.

Note3: Disclose the relationship among shareholders referred to above, including the juristic person and natural person.

3.9 The shares of the invested company held by the Company, the Company's directors, supervisors, managers, and companies controlled directly or indirectly, and the aggregated overall shareholding ratio:

% Unit: Shares; %

Item	Affiliated Enterprises	Abbreviation	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
			Shares	(%)	Shares	(%)	Shares	(%)
01	Advantech Automation Corp.	AAC(BVI)	126,592,273	100	--	--	126,592,273	100
02	Advantech Automation Corp.(HK) Limited	AAC(HK)	--	--	15,230,001	100	15,230,001	100
03	Advantech Corporation	ANA	--	--	10,952,616	100	10,952,616	100
04	Advantech Technology Limited	AIE	--	--	--	100	--	100
05	Advantech Czech s.r.o.	ACZ	--	--	--	100	--	100
06	Beijing Yan Hua Xing Ye Electronic Science &Technology Co., Ltd.	ACN	--	--	--	100	--	100
07	Shanghai Advantech Intelligent Services Co.,Ltd.	ACI CN	--	--	--	100	--	100
08	Shanghai Yanle Co., Ltd.	AYL	--	--	--	100	--	100
09	Xi'an Advantech Software Ltd.	AXA	--	--	--	100	--	100
10	Advantech Coporation Investment Ltd.	ACI KY	--	--	30,000,000	100	30,000,000	100
11	Advantech Service-IoT (Shanghai) Co., Ltd.	SIoT (China)	--	--	--	100	--	100
12	Advantech Intelligent Health Co., Ltd.	AIH	--	--	1,100,000	100	1,100,000	100
13	Advantech Technology DMCC.	ADB	--	100	--	-	--	100
14	Advantech Europe Holding B.V.	AEUH	25,961,250	100	--	--	25,961,250	100
15	Advantech Europe B.V.	AEU	--	--	32,315,215	100	32,315,215	100
16	Advantech Poland Sp z.o.o	APL	--	--	7,030	100	7,030	100
17	Advantech Co. Singapore Pte, Ltd.	ASG	1,450,000	100	--	--	1,450,000	100
18	PT Advantech International .	AID	30	1	2,970	99	3,000	100
19	Advantech Corporation (Thailand) Co.,Ltd.	ATH	51,000	51	49,000	49	100,000	100
20	Advantech Technology Co.,Ltd.	ATC	40,850,000	100	--	--	40,850,000	100
21	HK AdvantechTechnology Co.,Limited	ATC(HK)	--	--	57,890,679	100	57,890,679	100
22	Advantech Technology (China) Company Ltd.	AKMC	--	--	--	100	--	100
23	Advantech Brasil Ltda	ABR	12,723,038	100	--	--	12,723,038	100
24	Advantech Australia Pty Ltd.	AAU	500,204	100	--	--	500,204	100
25	ADVANTECH IOT ISRAEL LTD	AIL	100	100	--	--	100	100
26	Advantech Industrial Computing India Private Ltd.	AIN	4,999,999	99.99	1	0.01	5,000,000	100

Item	Investment Business	Abbreviation	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
			Shares	(%)	Shares	(%)	Shares	(%)
27	Advantech Japan Co.,Ltd.	AJP	1,200	100	--	--	1,200	100
28	Advantech KR Co., Ltd.	AKR	600,000	100	--	--	600,000	100
29	ADVANTECH ELECTRONICS, S.A.P.I. DE C.V.	AMX	16,650,003	99.9	16,667	0.1	16,666,670	100
30	Advantech Co.,Malaysia Sdn.Bhd.	AMY	2,000,000	100	--	--	2,000,000	100
31	Advantech Technology Limited Liability Company.	ARU	1	100	--	--	1	100
32	Advantech Turkey Technology A.S.	ATR	260,870	60	--	--	260,870	60
33	Advantech Vietnam Technology Company Limited.	AVN	8,100	60	--	--	8,100	60
34	Advantech Corporate Investment	ACI	330,000,000	100	--	--	300,000,000	100
35	Cermate Technologies Inc.	Cermate	--	--	5,500,000	55	5,500,000	55
36	LandMark Co.,Ltd.	LandMark	--	--	972,284	100	972,284	100
37	Cermate Technologies (Shanghai) Inc.	Cermate Shanghai	--	--	--	100	--	100
38	Shenzhen Cermate Technologies Inc.	Shenzhen Cermate	--	--	--	90	--	90
39	Advantech Intelligent Services Co., Ltd.	AiCs	1,000,000	100	--	--	1,000,000	100
40	LNC Technology Co., Ltd.	LNC	13,380,000	44.6	--	--	13,380,000	44.6
41	LNC Dong Guan Co., Ltd.	LNC Dong Guan	--	--	--	100	--	100
42	Better Auto Holdings Limited	Better Auto	--	--	7,425,000	100	7,425,000	100
43	Famous Now Limited	Famous Now	--	--	4,906,096	100	4,906,096	100
44	Advanixs Corporation	Advanixs	10,000,000	100	--	--	10,000,000	100
45	Huan Yan Water Solution Co., Ltd.	Huan Yan	2,700,000	90	--	--	2,700,000	90
46	Advantech Raiser India Private Limited	ARI	--	--	1,237,500	55	1,237,500	55
47	NANOMAC Co.,Ltd	NANOMAC	--	--	2,880,000	87.27	2,880,000	87.27
48	BEST PLC LTD.	BEST PLC	--	--	1	100	1	100
49	BEST SERVO LTD.	BEST SERVO	--	--	1	100	1	100
50	BEST MACHINE LTD.	BEST MACHINE	--	--	--	100	--	100
51	BEST AUTOMATION LTD.	BEST AUTOMATION	--	--	--	100	--	100
52	Yan Xu Green Electricity Co.,Ltd	Yan Xu Green Electricity	--	--	8,332,500	82.50	8,332,500	82.50
53	Cermate Software Inc.	CSI	--	--	--	100	--	100

IV. Capital Overview

4.1 Capital and shares

4.1.1 Sources of capital

Unit: Thousand shares; NT$ Thousand

Month / year	Par Value (NT$)	Authorized capital		Paid-in capital		Remark			
		Shares	Amount	Shares	Amount	Source of capital		Capital Increased by Assets Other than Cash	Others
07.1997	10	100,000	1,000,000	47,500	475,000	Capitalization by cash	171,000	None	Note 1
						Capitalization by earnings	114,000		
06.1998	10	100,000	1,000,000	80,750	807,500	Capitalization by cash	95,000	None	Note 2
						Capitalization by earnings	237,500		
06.1999	10	200,000	2,000,000	130,700	1,307,000	Capitalization by earnings	499,500	None	Note 3
05.2000	10	298,000	2,980,000	174,500	1,745,000	Capitalization by earnings	438,000	None	Note 4
08.2001	10	298,000	2,980,000	233,200	2,332,000	Capitalization by earnings	587,000	None	Note 5
12.2001	10	298,000	2,980,000	233,429	2,334,294	Conversion of convertible bond	2,294	None	
02.2002	10	298,000	2,980,000	233,486	2,334,865	Conversion of convertible bond	571	None	
06.2002	10	500,000	5,000,000	285,513	2,855,130	Capitalization by earnings	520,135	None	Note 6
						Conversion of convertible bond	130		
12.2002	10	500,000	5,000,000	285,529	2,855,292	Conversion of convertible bond	162	None	
02.2003	10	500,000	5,000,000	286,242	2,862,423	Conversion of convertible bond	7,131	None	
04.2003	10	500,000	5,000,000	292,846	2,928,462	Capitalization	66,039	Note 9	Note 7
06.2003	10	500,000	5,000,000	341,304	3,413,039	Capitalization by earnings	484,577	None	Note 8
03.2004	10	500,000	5,000,000	337,728	3,377,279	Cancellation of Treasury Stock	(38,620)	None	
						Conversion of convertible bond	2,860		
06.2004	10	500,000	5,000,000	362,862	3,628,617	Capitalization by earnings	223,864	None	Note 10
						Conversion of convertible bond	27,474		
09.2004	10	500,000	5,000,000	369,230	3,692,299	Conversion of convertible bond	63,682	None	
12.2004	10	500,000	5,000,000	374,296	3,742,812	Conversion of convertible bond	50,513	None	
03.2005	10	500,000	5,000,000	374,767	3,747,672	Conversion of convertible bond	4,860	None	
06.2005	10	500,000	5,000,000	401,683	4,016,833	Capitalization by earnings	237,384	None	Note 11
						Conversion of convertible bond	31,777		
09.2005	10	500,000	5,000,000	403,889	4,038,893	Conversion of convertible bond	22,060	None	
12.2005	10	500,000	5,000,000	448,783	4,487,826	Exchange of shares	448,933	None	Note 12

Month / Year	Par Value (NT$)	Authorized capital		Paid-in capital		Remark			
		Shares	Amount	Shares	Amount	Source of capital		Capital Increased by Assets Other than Cash	Others
01.2006	10	500,000	5,000,000	448,900	4,489,003	Conversion of convertible bond	477	None	
						Conversion of stock option	700		
04.2006	10	500,000	5,000,000	448,960	4,489,603	Conversion of stock option	600	None	
07.2006	10	500,000	5,000,000	463,180	4,631,795	Capitalization by earnings	139,792	None	Note 13
						Conversion of convertible bond	2,100		
						Conversion of stock option	300		
09.2006	10	500,000	5,000,000	463,365	4,633,645	Conversion of stock option	1,850	None	
12.2006	10	500,000	5,000,000	463,630	4,636,295	Conversion of stock option	2,650	None	
03.2007	10	500,000	5,000,000	463,665	4,636,645	Conversion of stock option	350	None	
07.2007	10	600,000	6,000,000	490,847	4,908,470	Capitalization by earnings	271,825	None	Note 14
09.2007	10	600,000	6,000,000	491,227	4,912,270	Conversion of stock option	3,800	None	
12.2007	10	600,000	6,000,000	491,577	4,915,770	Conversion of stock option	3,500	None	
04.2008	10	600,000	6,000,000	491,877	4,918,770	Conversion of stock option	3,000	None	
07.2008	10	600,000	6,000,000	481,877	4,818,770	Cancellation of Treasury Stock	(100,000)	None	Note 15
07.2008	10	600,000	6,000,000	481,962	4,819,620	Conversion of stock option	850	None	
08.2008	10	600,000	6,000,000	511,330	5,113,308	Capitalization by earnings	293,688	None	Note 16
10.2008	10	600,000	6,000,000	511,346	5,113,458	Conversion of stock option	150	None	
04.2009	10	600,000	6,000,000	511,366	5,113,658	Conversion of stock option	200	None	
07.2009	10	600,000	6,000,000	511,386	5,113,858	Conversion of stock option	200	None	
08.2009	10	600,000	6,000,000	516,009	5,160,087	Capitalization by earnings	46,229	None	Note 17
10.2009	10	600,000	6,000,000	516,134	5,161,337	Conversion of stock option	1,250	None	
11.2010	10	600,000	6,000,000	501,634	5,016,337	Cancellation of Treasury Stock	(145,000)	None	Note 18
08.2011	10	600,000	6,000,000	551,797	5,517,971	Capitalization by paid-in capital	501,634	None	Note 19
01.2012	10	600,000	6,000,000	552,996	5,529,961	Conversion of stock option	11,990	None	Note 20
04.2012	10	600,000	6,000,000	553,832	5,538,321	Conversion of stock option	8,360	None	Note 21
10.2012	10	600,000	6,000,000	560,893	5,608,937	Conversion of stock option	70,616	None	Note 22
01.2013	10	600,000	6,000,000	563,997	5,639,970	Conversion of stock option	31,033	None	Note 23
05.2013	10	600,000	6,000,000	565,205	5,652,050	Conversion of stock option	12,080	None	Note 24
08.2013	10	600,000	6,000,000	565,627	5,656,270	Conversion of stock option	4,220	None	Note 25
10.2013	10	600,000	6,000,000	566,924	5,669,248	Conversion of stock option	12,978	None	Note 26
02.2014	10	600,000	6,000,000	569,400	5,694,000	Conversion of stock option	24,752	None	Not e27
05.2014	10	600,000	6,000,000	571,451	5,714,511	Conversion of stock option	20,511	None	Note 28
07.2014	10	600,000	6,000,000	571,762	5,717,621	Conversion of stock option	3,110	None	Note 29
09.2014	10	800,000	8,000,000	628,702	6,287,021	Capitalization by earnings	569,400	None	Note 30
11.2014	10	800,000	8,000,000	630,103	6,301,031	Conversion of stock option	14,010	None	Note 31
02.2015	10	800,000	8,000,000	631,209	6,312,091	Conversion of stock option	11,060	None	Note 32
04.2015	10	800,000	8,000,000	631,518	6,315,186	Conversion of stock option	3,095	None	Note 33
06.2015	10	800,000	8,000,000	631,853	6,318,531	Conversion of stock option	3,345	None	Note 34
10.2016	10	800,000	8,000,000	632,609	6,326,091	Conversion of stock option	756	None	Note 35

Month / Year	Par Value (NT$)	Authorized capital		Paid-in capital		Remark			
		Shares	Amount	Shares	Amount	Source of capital		Capital Increased by Assets Other than Cash	Others
01.2017	10	800,000	8,000,000	633,074	6,330,741	Conversion of stock option	465	None	Note 36
04.2017	10	800,000	8,000,000	633,254	6,332,541	Conversion of stock option	180	None	Note 37
07.2017	10	800,000	8,000,000	696,611	6,966,115	Capitalization by earnings	63,357	None	Note 38
11.2017	10	800,000	8,000,000	697,032	6,970,325	Conversion of stock option	421	None	Note 39
03.2018	10	800,000	8,000,000	697,282	6,972,825	Conversion of stock option	250	None	Note 40
05.2018	10	800,000	8,000,000	697,457	6,974,575	Conversion of stock option	175	None	Note 41
08.2018	10	800,000	8,000,000	697,544	6,975,445	Conversion of stock option	87	None	Note 42
11.2018	10	800,000	8,000,000	698,227	6,982,275	Conversion of stock option	683	None	Note 43
03.2019	10	800,000	8,000,000	698,695	6,986,955	Conversion of stock option	468	None	Note 44
05.2019	10	800,000	8,000,000	699,075	6,990,755	Conversion of stock option	380	None	Note 45
08.2019	10	800,000	8,000,000	699,140	6,991,405	Conversion of stock option	65	None	Note 46
11.2019	10	800,000	8,000,000	699,923	6,999,230	Conversion of stock option	783	None	Note 47
03.2020	10	800,000	8,000,000	700,410	7,004,100	Conversion of stock option	487	None	Note 48
05.2020	10	800,000	8,000,000	700,870	7,008,700	Conversion of stock option	460	None	Note 49
08.2020	10	800,000	8,000,000	771,350	7,713,500	Conversion of stock option	439	None	Note 50
						Capitalization by earnings	70,041		
11.2020	10	800,000	8,000,000	771,945	7,719,455	Conversion of stock option	595,500	None	Note 51
03.2021	10	800,000	8,000,000	772,254	7,722,545	Conversion of stock option	309,000	None	Note 52
05.2021	10	800,000	8,000,000	772,640	7,726,405	Conversion of stock option	386,000	None	Note 53
08.2021	10	800,000	8,000,000	772,729	7,726,405	Conversion of stock option	89,000	None	Note 54
11.2021	10	800,000	8,000,000	773,822	7,726,405	Conversion of stock option	109,000	None	Note 55
03.2022	10	800,000	8,000,000	774,463	7,744,638	Conversion of stock option	641	None	Note 56
06.2022	10	800,000	8,000,000	775,837	7,758,374	Conversion of stock option	1,374	None	Note 57
08.2022	10	800,000	8,000,000	776,366	7,763,662	Conversion of stock option	529	None	Note 58
11.2022	10	800,000	8,000,000	777,843	7,778,434	Conversion of stock option	1,477	None	Note 59
03.2023	10	800,000	8,000,000	777,976	7,778,434	Conversion of stock option	133	None	Note 60

Note 1: (86) Tai.Chai.Chen (I) No. 42710 Letter dated May 28, 1997
Note 2: (87) Tai.Chai.Chen (I) No. 47165 Letter dated May 29, 1998
Note 3: (88) Tai.Chai.Chen (I) No. 44698 Letter dated May 17, 1999
Note 4: (89) Tai.Chai.Chen (I)) No. 42068 Letter dated May 16, 2000
Note 5: (90) Tai.Chai.Chen (I) No. 131759 Letter dated May 22, 2001
Note 6: Tai.Chai.Chen.I.Tzi No. 0910131630 Letter dated June 11, 2002
Note 7: Tai.Chai.Chen.I.Tzi No. 0920111609 Letter dated April 16, 2003
Note 8: Tai.Chai.Chen.I.Tzi No. 0920128945 Letter dated June 30, 2003
Note 9: Issued new stock shares to exchange for the common stock shares of AXIOMTEK.
Note 10: Tai.Chai.Chen.I.Tzi No. 0930126256 Letter dated June 14, 2004
Note 11: FSC.S.I.Tzi No. 0940124309 Letter dated June 17, 2005
Note 12: FSC.S.I.Tzi No. 0940006036 Letter dated December 22, 2005
Note 13: FSC.S.I.Tzi No. 0950130113 Letter dated July 12, 2006
Note 14: FSC.S.I.Tzi No. 0960035881 Letter dated July 13, 2007
Note 15: MOEA.So.Sun.Tzi No. 09701161800 Letter dated July 4, 2008
Note 16: FSC.S.I.Tzi No. 0970034562 Letter dated July 10, 2008
Note 17: FSC.S.Far.Tzi No. 0980027007 Letter dated June 3, 2009
Note 18: MOEA.So.Sun.Tzi No. 09901265490 Letter dated November 26, 2010
Note 19: MOEA.So.Sun.Tzi No. 10001174140 Letter dated August 1, 2011
Note 20: MOEA.So.Sun.Tzi No. 10101008150 Letter dated January 13, 2012
Note 21: MOEA.So.Sun.Tzi No. 10101074290 Letter dated April 27, 2012
Note 22: MOEA.So.Sun.Tzi No. 10101215000 Letter dated October 17, 2012
Note 23: MOEA.So.Sun.Tzi No. 10201009210 Letter dated January 15, 2013
Note 24: MOEA.So.Sun.Tzi No. 10201077320 Letter dated May 1, 2013

Note 25: MOEA.So.Sun.Tzi No. 10201153720 Letter dated August 1, 2013
Note 26: MOEA.So.Sun.Tzi No. 10201219700 Letter dated October 29, 2013
Note 27: MOEA.So.Sun.Tzi No. 10301021080 Letter dated February 11, 2014
Note 28: MOEA.So.Sun.Tzi No. 10301077560 Letter dated May 1, 2014
Note 29: MOEA.So.Sun.Tzi No. 10301150080 Letter dated July 28, 2014
Note 30: MOEA.So.Sun.Tzi No. 10301198730 Letter dated September 23, 2014
Note 31: MOEA.So.Sun.Tzi No. 10301225080 Letter dated November 3, 2014
Note 32: MOEA.So.Sun.Tzi No. 10401013670 Letter dated February 4, 2015
Note 33: MOEA.So.Sun.Tzi No. 10401076830 Letter dated April 27, 2015
Note 34: MOEA.So.Sun.Tzi No. 10401159550 Letter dated July 29, 2015
Note 35: MOEA.So.Sun.Tzi No. 10501245810 Letter dated October 18, 2016
Note 36: MOEA.So.Sun.Tzi No. 10601005570 Letter dated January 16, 2017
Note 37: MOEA.So.Sun.Tzi No. 10601046990 Letter dated April 12, 2017
Note 38: MOEA.So.Sun.Tzi No. 10601104750 Letter dated Julyl 21, 2017
Note 39: MOEA.So.Sun.Tzi No. 10601155330 Letter dated November 15, 2017
Note 40: MOEA.So.Sun.Tzi No. 10701027200 Letter dated March 22, 2018
Note 41: MOEA.So.Sun.Tzi No. 10701051810 Letter dated May 22, 2018
Note 42: MOEA.So.Sun.Tzi No. 10701100250 Letter dated August 13, 2018
Note 43: MOEA.So.Sun.Tzi No. 10701140180 Letter dated November 21, 2018
Note 44: MOEA.So.Sun.Tzi No. 10801031320 Letter dated March 28, 2019
Note 45: MOEA.So.Sun.Tzi No. 10801057110 Letter dated May 20, 2019
Note 46: MOEA.So.Sun.Tzi No. 10801113420 Letter dated August 28, 2019
Note 47: MOEA.So.Sun.Tzi No. 10801164360 Letter dated November 19, 2019
Note 48: MOEA.So.Sun.Tzi No. 10901046780 Letter dated April 8, 2020
Note 49: MOEA.So.Sun.Tzi No. 10901075090 Letter dated May 11, 2020
Note 50: MOEA.So.Sun.Tzi No. 10901155470 Letter dated August 17, 2020
Note 51: MOEA.So.Sun.Tzi No. 10901046780 Letter dated November 23, 2020
Note 52: MOEA.So.Sun.Tzi No. 11001044890 Letter dated March 24, 2021
Note 53: MOEA.So.Sun.Tzi No. 11001085980 Letter dated May 20, 2021
Note 54: MOEA.So.Sun.Tzi No. 11001148320 Letter dated August 31, 2021
Note 55: MOEA.So.Sun.Tzi No. 11001208470 Letter dated November 11, 2021
Note 56: MOEA.So.Sun.Tzi No. 11101042110 Letter dated March 16, 2022
Note 57: MOEA.So.Sun.Tzi No. 11001208470 Letter dated June 02, 2022
Note 58: MOEA.So.Sun.Tzi No. 11101156460 Letter dated August 29, 2022
Note 59: MOEA.So.Sun.Tzi No. 11101261540 Letter dated November 10, 2022
Note 60: MOEA.So.Sun.Tzi No. 11001208470 Letter dated March 17, 2023

Share Type	Authorized capital			Remarks
	Issued Shares	Un-issued shares	Total	
Order common stock	778,487,191	221,512,809	1,000,000,000	Authorized capital stock, of which, 50,000 thousand shares are reserved for exercising stock options.

Note: It is the number of shares of the listed stock as of March 27, 2023.

Information of shelf registration: NA

4.1.2 Shareholder structure:

March 27, 2023 (Ex-transfer date)

Structure of / Shareholder QTY	Government institutions	Financial institutions	Other juristic person	Natural person	Foreign institution & foreigners	Total
Number of persons	1	62	82	10,330	1,094	11,569
Shareholding	8	16,620,652	357,396,050	77,545,675	326,924,806	778,487,191
Shareholding ratio	0	2.13%	45.90%	9.98%	41.99%	100%

4.1.3 Status of Ownership Dispersion:

NT$10 Par

March 27, 2023 (Ex-transfer date)

Shareholding class	Number of shareholders	Shareholding	Shareholding ratio
1 ~ 999	6,937	1,123,020	0.14%
1,000 ~ 5,000	2,943	5,719,048	0.73%
5,001 ~ 10,000	462	3,338,011	0.43%
10,001 ~ 15,000	188	2,362,227	0.30%
15,001 ~ 20,000	113	1,958,624	0.25%
20,001 ~ 30,000	138	3,416,275	0.44%
30,001 ~ 40,000	88	3,051,871	0.39%
40,001 ~ 50,000	64	2,844,670	0.37%
50,001 ~ 100,000	171	12,195,774	1.57%
100,001 ~ 200,000	138	19,761,550	2.54%
200,001 ~ 400,000	123	34,884,831	4.48%
400,001 ~ 600,000	48	23,213,756	2.98%
600,001 ~ 800,000	45	30,991,505	3.98%
800,001 ~ 1,000,000	27	23,678,286	3.04%
1,000,001 or over	84	609,947,743	78.36%
Total	11,569	778,487,191	100%

Note: The Company does not have preferred stock shares issued.

4.1.4 List of major shareholders:

March 27, 2023 (Ex-transfer date) Unit: Shares

Name of major shareholders \ Shares	Shareholding	Shareholding ratio
ASUSTEK COMPUTER Inc.	103,177,983	13.25%
K and M Investment Co., Ltd.	91,369,108	11.74%
AIDC Investment Co., Ltd.	90,295,663	11.60%
K.C. Liu	28,179,467	3.62%
Advantech Foundation	22,314,809	2.87%
Tran-Fei Development Co., Ltd.	19,714,851	2.53%
Yong-Shun Zhuang	17,561,649	2.26%
First Sentier Investors ICVC - Stewart Investors Asia Pacific Leaders Sustainability Fund	15,000,000	1.93%
The Overlook Partners Fund L.P.	14,959,739	1.92%
Chunghwa Post Co.,Ltd.	9,653,162	1.24%

4.1.5 Market price, net worth, earnings, and dividends of per share within 2 years:

Unit: NT$

Item \ Year			2021	2022	As of March 31, 2023
Market price per share	Max.		409.50	407	382.00
	Min.		303.50	269	324
	Average		359.33	343.49	352.99
Net worth per share	Before distribution		48.88	56.32	-
	After distribution		40.88	(Note 4)	-
Earnings per share	Weighted average shares		773,018,403	776,407,715	-
	Earnings per share	Before adjustment	10.67	13.85	-
		After adjustment	9.7	(Note 4)	-
Dividend per share	Cash dividend		8.0	10	-
	Stock dividend	Stock Dividend from Retained earnings	-	1	-
		Stock Dividend from additional paid-in capital	-	-	-
	Cumulative un-paid dividend		-	-	-
Return on investment analysis	Price / Earnings Ratio (Note 1)		33.68	24.8	-
	Price / Dividend Ratio (Note 2)		44.92	34.35	-
	Cash Dividend Yield Rate (Note 3)		2.23	2.91	-

Note 1: Price-Earning (PE) ratio = Annual average closing price per share / Earnings per share
Note 2: Price-Dividend ratio = Annual average closing price per share / Cash dividend per share
Note 3: Cash Dividend Yield = Cash dividend per share / Annual average closing price per share
Note 4: The proposal for the 2022 earnings distribution has not yet been resolved in the shareholders' meeting.

4.1.6 Dividend Policy and Execution Status:

A. Advantech's existing rules concerning dividend policy are as follows:

The Advantech's dividend policies are established by the Board of Directors according to the operation, the capital demand, the capital expenditure, the entire environmental change as well as the rights and interests of shareholders. In no special circumstances, the distribution ratio is based on 30%~60% of distributive profit in the same year. Based on cash and stock dividends, the distribution of stock dividend is limited to not higher than 75% of total dividend.

The amounts of NT$7,779,769,710 (cash dividends) and NT$777,976,970 (stock dividends) out of the 2022 earnings are appropriated for distribution as cash dividends and share dividends to shareholders, respectively.

B. The proposal for dividend distribution is to be resolved in this Shareholders' Meeting:

The dividend (cash dividend) to shareholder for an amount of NT$7,779,769,710 (cash dividends) and NT$777,976,970 (stock dividends) out of the 2022 earnings are appropriated or distribution as cash dividends and share dividends to shareholders, respectively.Once the proposal is resolved in the shareholders' meeting, the board of directors will be authorized to have the distribution base date scheduled. The dividend distribution is calculated in accordance with the shareholding of the respective shareholder booked in the Shareholder Registry on the scheduled base date. There were 777,976,971 shares of common stock outstanding on December 31, 2022 that are entitled to the distribution of shareholder's dividend at NT$8.0 per share and the stock dividend is NT$1 per share. Subsequently, for any changes in the distribution ratio due to the change of law and regulations, the change in the authorization of the competent authorities, or the change in the outstanding shares, the shareholders' meeting is to have the board of directors authorized to have the dividend per share adjusted in accordance with the number of outstanding shares.

C. Any expected major changes in the dividend policy: None

4.1.7 The impact of the distribution of stock dividend as proposed in this Shareholders Meeting on the Company's operation performance and earnings per share:

The distribution of stock dividend was not proposed in the 2023 shareholders' meeting; also the Company is not required to publish the 2022 financial forecast in accordance with the provisions; therefore, no need to disclose the annual forecast information.

4.1.8 Employee Compensation and Remuneration to Directors and Supervisors:

1. Corporate Charter -Article 20:

The company's annual profits, if any, should not be less than 5% appropriated as bonus to employees; also, it is to be resolved in the board meeting with stock dividend or cash distributed to employees, including employees of the subsidiaries that meet certain conditions. The Company's Board of Directors may determine to appropriate an amount less than 1% of the profits referred to above as remuneration to directors and supervisors. The proposed bonus to employees and remuneration to directors and supervisors should be presented in the shareholders' meeting for a resolution. If the company is with accumulated losses, an amount for making up the losses should be reserved in advance before appropriating bonus to employees and remuneration to directors and supervisors according to the ratio referred to above.

On February 24, 2023, the Board of Advantech approved that the payment of employees' cash compensation for the year 2022 shall be made in compliance with a

fixed ratio of annual profits, and that the payment of directors' compensation shall calculated based on the expected the calculated amount with accounting records. and the current-year distributable amount. In case of discrepancy between the preceding calculated amount and the actual amount distributed, it shall be corrected according to the accountant's calculation and the accounting record shall be adjusted for the year of distribution.

2. The estimation base for the distribution of employee Compensation and remuneration to directors and supervisor, the calculation base of the outstanding shares for the distribution of stock dividend,and the accounting process for the differences between the actual amount distributed and the estimated amount:
   For the earnings distribution resolved in the shareholders' meeting, if the amount of the employee Compensation and remuneration to directors and supervisors is changed, the amount of difference should be handled in accordance with changes in accounting estimates and booked in the profit and loss of the following year without affecting the financial report that had already been acknowledged.
3. Information about the proposed distribution of employee bonus as approved by the Board of Director:
   (1) On February 24, 2023, according to the revised charter based on the resolution, the company will disburse annual profit sharing:
   Employee bonuses：NT$740,000,000.
   Remuneration to directors and supervisors：NT$14,100,000.
   Payments will be made in cash. The above amounts accurately reflect 2022 expenses already accounted for.
   (2) The ratio of the proposed distribution of employee stock dividend payments to the total amount of the net income and employee bonus on the proprietary or individual financial statements: NA
4. The distribution of the 2021 earnings as employee bonus and remuneration to directors and supervisors:
   (1) The distribution of the annual employee bonus and remuneration to directors and supervisors is as follows:
   Employees Cash dividend: NT$600,000,000
   Remuneration to directors and supervisors: NT$13,600,000
   (2) If the amount referred to above differs from the employee bonus and remuneration to directors and supervisors recognized, please state the number of differences, causes of differences, and the treatment scenarios: None

4.1.9 Situations of the Company's buy back stocks: None

4.2 Corporate bond:NA.

4.3 Preferred Stock issued: NA

4.4 Global Depositary Receipts: NA

4.5 Employee Stock Options issued

4.5.1The Company's outstanding employee stock options and its impact on shareholders' equity up to the publication of the annual report:

March 27,2023

Types of employee stock option certificate	2016 Employ stock option	2018 Employ stock option	2020 Employ stock option
The effective date of declaration	June 17, 2016	June 14, 2018	July 23, 2020
Issuing date	August 12, 2016	July 27, 2018	July 31, 2020
The number of units issued	6,500 units	8,000 units	7,500 units
Ratio of the number of shares available for subscription to the total number of shares issued	0.84%	1.03%	0.96%
Duration of subscription	8/12/2018 ~ 8/11/2022	7/27/2020 ~ 7/26/2024	7/31/2020 ~ 7/30/2026
Method of performance	Issuance of new shares	Issuance of new shares	Issuance of new shares
Restrictive subscription period and ratio (%)	40% of the granted stock option certificate is exercisable after 2 years, 60% after 3 years, 80% after 4 years, and100% after 5 years	50% of the granted stock option certificate is exercisable after 2 years, 50% after 3 years, 100%	40% of the granted stock option certificate is exercisable after 2 years, 60% after 3 years, 80% after 4 years, and100% after 5 years
Number of shares subscribed	1,789,800	986,000	736,560
Amount of shares subscribed	128,815,530	166,771,670	140,682,960
Number of shares yet to be subscribed	303,000 股	6,615,100 股	6,763,440 股
Subscription price per share for the unsubscribed shares	-	167.1	191
Ratio of the unsubscribed shares to the total number of shares issued (%)	-	0.85%	0.86%
Impact on shareholders' equity	The granted employee stock option certificates after 2 years shall be exercised in accordance with the conditioned subscription period and ratio; also, the number of shares to be subscribed is 0.84% of the number of shares issued, which will not have significant impact on shareholders' equity.	The granted employee stock option certificates after 2 years shall be exercised in accordance with the conditioned subscription period and ratio; also, the number of shares to be subscribed is 1.03% of the number of shares issued, which will not have significant impact on shareholders' equity.	The granted employee stock option certificates after 2 years shall be exercised in accordance with the conditioned subscription period and ratio; also, the number of shares to be subscribed is 0.97% of the number of shares issued, which will not have significant impact on shareholders' equity.

4.5.2 Name of the managers with employee stock option certificates obtained, the top-10 employees with stock option certificates obtained, the respective acquisition and subscription:

March 27, 2023

Units: Except for stock subscription price in NTD, NT$ Thousand

	Title	Name		Number of shares acquired	Ratio of subscribed shares to total number of shares issued	Subscribed				Unsubscribed			
						Number of shares subscribed	Price of shares subscribed	Amount of shares subscribed	Ratio of subscribed shares to total number of shares issued	Number of shares subscribed	Price of shares subscribed	Amount of shares subscribed	Ratio of subscribed shares to total number of shares issued
Management	President	Eric Chen	2016 employee stock option certificate	430,000	0.06	0	0	0	0	0	0	0	0
	President	Miller Chang											
	President	Linda Tsai											
	Vice President	Deyu Yin											
	Corporate governance officer	Jean Ko											
	Accounting Officer	Mandy. Lin											
	President	Eric Chen	2018 employee stock option certificate	1,400,000	0.18	125,000 71,000	171.2 167.1	21,400 11,864	0.02 0.01	1,127,000	16712	188,322	0.14
	President	Miller Chang											
	President	Linda Tsai											
	Vice President	Deyu Yin											
	Corporate governance officer	Jean Ko											
	Accounting Officer	Mandy. Lin											
	President	Eric Chen	2020 employee stock option certificate	540,000	0.07	5,000	191	955	0	535,000	191	102,185	0.07
	President	Miller Chang											
	President	Linda Tsai											
	Vice President	Deyu Yin											
	Corporate governance officer	Jean Ko											
	Accounting Officer	Mandy. Lin											
Employee	Ttop-10 employee		2016 employee stock option certificate	250,000	0.03	14,000	72.3	17,440	0	0	0	0	0
	Ttop-10 employee		2018 employee stock option certificate	1,450,000	0.19	115,000	171.2	19,688	0.01	1,309,000	167.1	218,734	0.17
	Ttop-10 employee		2020 employee stock option certificate	230,000	0.03	23,000	191	4,393	0	207,000	195.7	39,537	0.03

4.6 New Restricted Employee Shares: NA

4.7 Status of new Shares Issuance in Connection with Mergers and Acquisitions: NA

4.8 Financing Plans and Implementation: NA

V. Operational Highlights

5.1 Business Content

5.1.1 Business Scope

A. Major business operation of the Company:

(1) The design, assembly, combination, production, and trade of computer testing equipment and automated test systems;

(2) The processing, manufacturing, and importing/exporting (except for the restricted items) of computers, electronics, and electrical components and devices;

(3) The design, contracting, installation, and maintenance of computers and electronic control automation systems;

(4) Computer software design;

(5) Handling the agency, quotes, bidding, and sales of the products referred to above on behalf of the domestic and foreign manufacturers;

(6) The assembly, manufacturing, trade, and importing/exporting business of the wired and wireless communications equipment;

B. Major products and business ratio of the Company:

Unit: NT$ Thousand

Ratio / Major product	2022	
	Sales Amount	%
Embedded boards and Chassis	34,387,678	50
Industrial computer and industrial control	26,699,417	39
After-sales service and others	7,657,606	11
Total	68,744,701	100

C. The Company's currently offered products: Embedded board and case, industrial computer, and others.

D. New product development plan of the Company:

(1) Wireless IoT gateway and sensing devices

(2) Edge AI computing platforms

(3) Industiral connectivity and network security appliances

(4) Industrial video platforms and solutions

(5) Industrial PaaS for industrial applications

(6) WISE-STACK, a centrialized private cloud and edge cloud

(7) Solution suites for Industry 4.0 and intelligent factory

(8) Solution suites for energy and environment

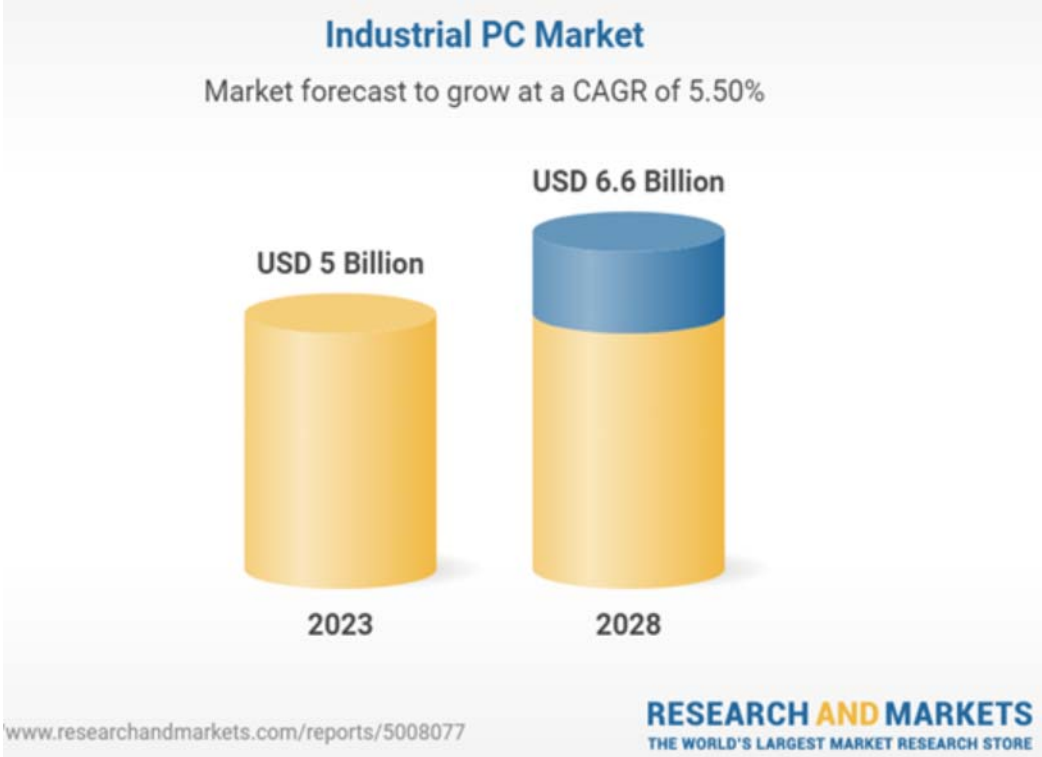
(9) Solution suites for intelligent retail

(10) Solution suites for intelligent hospital and telehealth

5.1.2 Industry Summary

A. Industry status **and development**

In early stage, industrial PCs (IPC) were mainly used in manufacturing processes, the control and monitoring of instruments, and testing machines and other equipment. The form-factor was restricted to industrial board systems primarily used in automation. With advancements in and the ubiquity of integrated communication solutions, the Internet, software, and optical technology in the past few years, IPCs have penetrated other application markets, including MRT readers, vending machines , ATMs, POS systems, gaming, network storage (NAS), digital signage, smart building automation monitoring systems, environmental monitoring systems, and lottery ticket computers.The overall target markets has grown from its original "industrial" specialization to an "intelligent" specialized. According to industry research and investigation reports by the Research and Markets, the global IPC market size is estimated to be around US$5 billion in 2023, with a projected size of US$6.6 billion in 2028. The compound annual growth rate (CAGR) from 2023 to 2028 is expected to be around 5.5% (see below figure), indicating steady but moderate growth in IPC, which is a niche-type industry.

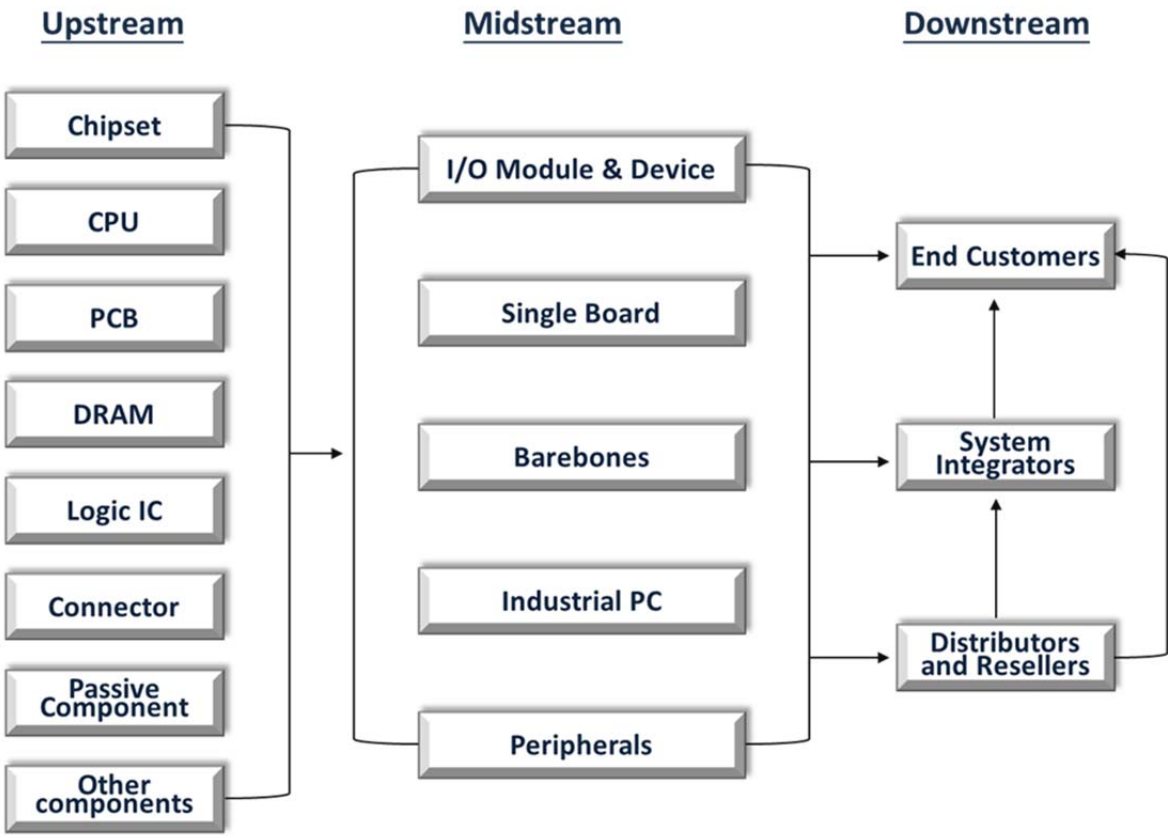


Source: Research and Markets

However, benefiting from the rise of AI and IoT systems, IPCs and embedded systems have become a key element for infrastructure in IoT ecosystems. The market consensus views that IoT systems will dominate the technology transition , transform the market landscape, and change the lifestyle of humankind in the coming 10–15 years. However, each end application market has its own particular characteristics and preferences, which will inevitably result in more complicated ecosystem and form-factor design considerations.

B. The supply chain in upstream, midstream and downstream

The supply chain of industrial PC and embedded systems



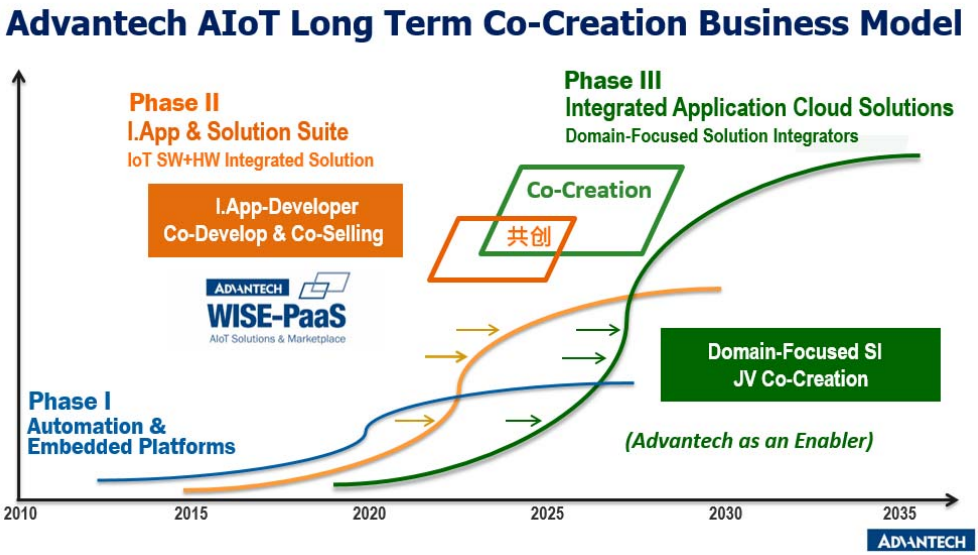
Simply speaking, IoT systems comprise three layers of architecture, namely "instrumentation," "connectivity," and "intelligent computing" (please refer to chart below). Key players in the first layer are Advantech, Delta Electronics, ABB, GE, and similar companies. Those in the second layer include AT&T, Cisco, Nokia, and Alctel, and this layer is responsible for transcoding data up to the cloud. The key players in the third layer are IBM, Microsoft, Amazon, and Google. They also cooperate with software vendors to provide data analytics services to end customers. This IoT ecosystem structure is not a traditional linear supply chain competition model, but rather relies on cooperation between different vendors with different specializations.

C. The industry development

AIoT has promoted the huge demand from the manufacturing industry in the upstream, middle and downstream of the global technology industry chain. Advantech has been dedicated to the development of IoT Edge Computing & Platforms since its inception. In terms of core product development, we have established long-term partnerships with global computer chip leaders such as Intel, AMD, Nvidia, NXP, and Rockchip, and have been at the forefront of the market in launching various intelligent computer computing platforms. Our product line includes industrial modular computers, embedded single-board computers, industrial motherboards, intelligent edge computing computers, high-efficiency modular computers, industrial servers, and more. We cover x86 and ARM architectures, and platforms with AI computing and acceleration analysis capabilities. We provide a variety of reliable hardware platforms and intelligent integration services, facilitating system integrators in different vertical fields worldwide to apply them to various intelligent applications, including smart homes, smart healthcare, smart factories, autonomous vehicles, traffic management, cyber security services, and more.

There are huge business opportunities for the application of the industrial Internet of things, but the market is very fragmented. Especially in the field of industrial Internet of things, most equipment and machines adopt closed specifications and do not communicate with other brands, which is an industry practice for many years. In the face of such a fragmented market, Advantech is committed to promoting the three-stage growth momentum of the development of AIoT with the concept of co-creation, so as to achieve the business model development of the AIoT industry.

In 2015, Advantech outlined the "AIoT development blueprint" in three stages, which is also the most important R&D technology and business model innovation of Advantech in recent ten years. It set the tone of Artificial Intelligence and Internet of things (AI & IoT) as the driving force of future industrial growth, and launched many plans for organizational and physical transformation. Dozens of business units originally classified solely by products have been integrated into a business model based on business groups, and three business groups have been established, including Industrial-IoT, Embedded-IoT, and Service-IoT. The Company's product development concept has also gradually led to the strategy of industrial transformation and promoting industrial development from the standard of technology and specification.



The first stage is the hardware innovation of sensing, computing and networking

With the development of industrial informatization in recent decades, a large number of hardware and automation equipment have been deployed in the manufacturing and business environment. At the beginning of the era of AIoT, customers in various industries must build data sensing and data transmission technology in the hardware design and field environment, so that the equipment can collect more important data, connect to the Internet, transmit data and improve the monitoring ability. At this stage of development, Advantech and many industrial computer peers have built a complete supply chain and ecosystem, with new industrial networked computer systems, computing modules, edge computing equipment, network equipment, sensing devices, and other main products. The transmission technologies covered include 5G, 802.11aj, LoRa, NB-IoT, Bluetooth, Zigbee, ZWave, LPWA, etc.

The second stage is the new technology of software and Internet of things computing platform

In order to effectively realize various industrial and commercial applications of AIoT in the future, there must be a complete infrastructure for application development and operation. Just like the complete development tools and computing environment that various apps on smartphones must have, various application solution developers and technical partners must be recruited. In view of this, Advantech integrates various technologies such as IT, OT, Cloud, and AI to build the industrial Internet of things cloud platform "WISE-PaaS" as the core of "data-driven" for corporate customers. It also started to launch the "co-creation model" around the world, connected IoT software developers (independent software vendors, ISVs) focusing on industrial intelligence solutions with the open architecture of "WISE-PaaS", created many tools and services based on this platform, and began to establish demonstration application cases. At present, Advantech and the whole AIoT industry are in the stage of gradual maturity.

The third stage is the expansion of AIoT program development and sales ecosystem

After the foundation of AIoT platform environment is complete, developers can develop various tools and services on WISE-PaaS platform and put them on WISE-Marketplace, as well as basic application models, such as automatic equipment detection or AI training model. The created application services can also be deployed and run in WISE-PaaS environment to provide services to customers. For the sustainable development of this AIoT ecosystem, we must launch many different industry-specific solutions (we call them Solution-Ready Package; SRP) to meet the needs of various types of customers. Therefore at this stage, Advantech focuses on co-creation with partners, which mainly includes the domain-focused SI (DFSI) that sells and assists customers in introducing AIoT projects. In order to promote the industry, Advantech has helped cultivate many DFSIs through small investment (minor JV model), so that they have the resources to use WISE-PaaS to develop and promote customer solutions, assist in the digital transformation of vertical industry customers, and create new value by using AIoT technology. At present, Advantech has formed alliances with many DFSP partners in Taiwan, China, Emerging Asia, Europe, North America, and other markets, and will work together to build the industrial ecology of AIoT.

Looking forward to the long-term trend of AIoT, according to Gartner research and survey, the AIoT application market will have strong growth in software solutions and industry integration services from 2020 to 2025. In order to meet this trend, Advantech will expand its investment in software platform business WISE-IoT, Solution Ready Package (SRP) business and comprehensive service business Advantech Service Plus (AS+) with the thinking of an "unlimited game" so as to fully integrate with the general trend of AIoT popularization and

application in the future. Advantech hopes to become one of the world's leading companies in industrial AIoT and reiterates its determination to accelerate the development of AIoT ecosystem. We also hope to invite partners willing to engage in AIoT applications in various fields to form co-creation cooperation and jointly share huge business opportunities.

5.1.3 Technology and Research & Development

1. The R&D expense incurred in the most recent year and up to the publication of the annual report:
   Total R&D expense amounted to NT$4,767,745 in 2022.
2. Successfully developed technology or product
   The Company values the importance of R&D. In addition to dedicating massive manpower in product R&D in Taiwan, there are also R&D teams designated in the USA, Europe, and China to accelerate the product development speed and grasp the market development.
   The Company has more than one new products launched in every year and with 23 patents acquired domestically or internationally by the end of 2022.

5.1.4 Long-term and short-term business development plan

- **Short-term business development**
  - Enhance industry diversity and global sales networks to reduce systematic risk from operating in a single industry or country.
    Provide localized and tailor-made services to scale up the leading advantage with peers.
    In recent years, Advantech has made great strides towards the goal of the international company. In addition to its main markets in China, Europe, and the United States, we also set up direct subsidiaries in 28 countries, such as Japan, South Korea, Vietnam, the Czech Republic, Italy, Australia, New Zealand, and Malaysia. At the same time, in response to the transformation of the business model, Advantech will build Advantech Service Plus (AS+) in the future. In addition to maintaining the existing customized assembly and RMA service functions, we will also extend to onsite services, leasing services, system integration services, and even one-stop industrial peripheral procurement and other services.
  - Advantech's North American subsidiary is planning to lease land in Tustin, California and develop a new headquarters campus in stages by the second quarter of 2023, in response to local business growth and future expansion needs. The first phase of development will include a six-story office building and a factory with a total floor area of approximately 5,200 pings with move-in scheduled for the second half of 2025. The campus will showcase Advantech's brand image, IoT technology, and vision for North American development. The main visual design of the campus will also be consistent with that of the Advantech IoT Co-Creation Campus in Taiwan.
- **Long-term business development**
  - Enhance our advantages in R&D and manufacturing.
  - Advantech will continue investing in R&D in order to provide differentiated services that fulfill the diversity of requests from customers specializing in IoT. With this in mind, Advantech has R&D centers in Taiwan, China, Germany, and the US. In addition, to realize the vision of smart manufacturing, the Company consolidated all production sites in northern Taiwan to the mega campus in Linkou Taiwan starting from October 2016. The brand-new Campus III will be completed in 2023, which will be the new

headquarters of SIoT. In response to the rapid growth of overall operation, the capacity upgrading plan of 30% of plant expansion has been completed in early 2022, and the capacity utilization rate is nearly full. The third phase of the Linkou Intelligent Park is scheduled to be completed in the second quarter of 2023. Not only will part of the floor space be used for smart manufacturing production lines, but the overall production capacity will also be further enhanced. The park will also serve as the headquarters for the Service IoT (SIoT) business group, as well as a demonstration site for smart city and smart retail solutions.

- Starting from the Intelligent Energy Management System (iEMS) business unit, Advantech is undergoing an important transformation towards subscription-based management in the WISE-IoT field.

  Advantech has been investing in the WISE-IoT field for many years, with a wealth of experience in integrating and implementing IoT hardware products, software platforms, and industry-specific modules. In order to embrace the high-speed growth of AIoT in the next decade, Advantech's WISE-IoT will actively transform into a software "low-code subscription model" as its major development strategy. It will adopt the Annual Recurring Revenue (ARR) business model to enhance the stability and predictability of its revenue sources, making its overall operating structure more robust. At the same time, it will leverage its core software advantages to support the development of industry software and collaborate with external partners to develop industrial applications.

  To fully develop its subscription-based business and meet the global net-zero energy trend, Advantech will increase its investment in the Intelligent Energy Management System (iEMS) business and launch a complete No Code/ Low Code solution to meet the needs of corporate customers in energy consumption monitoring, carbon reduction performance, net-zero path, energy-saving costs, and plant management. It will also be the first to introduce the solution into its own two production centers in Taiwan and China as a demonstration base for smart energy to showcase its ambition in entering the smart energy field. In addition, for the customized requirements of a few large-scale benchmark customers, Advantech will leverage its group resources to establish the IoT.SENSE team and selectively undertake benchmark projects to deepen its

collaboration and subcontracting cooperation with system integrators.

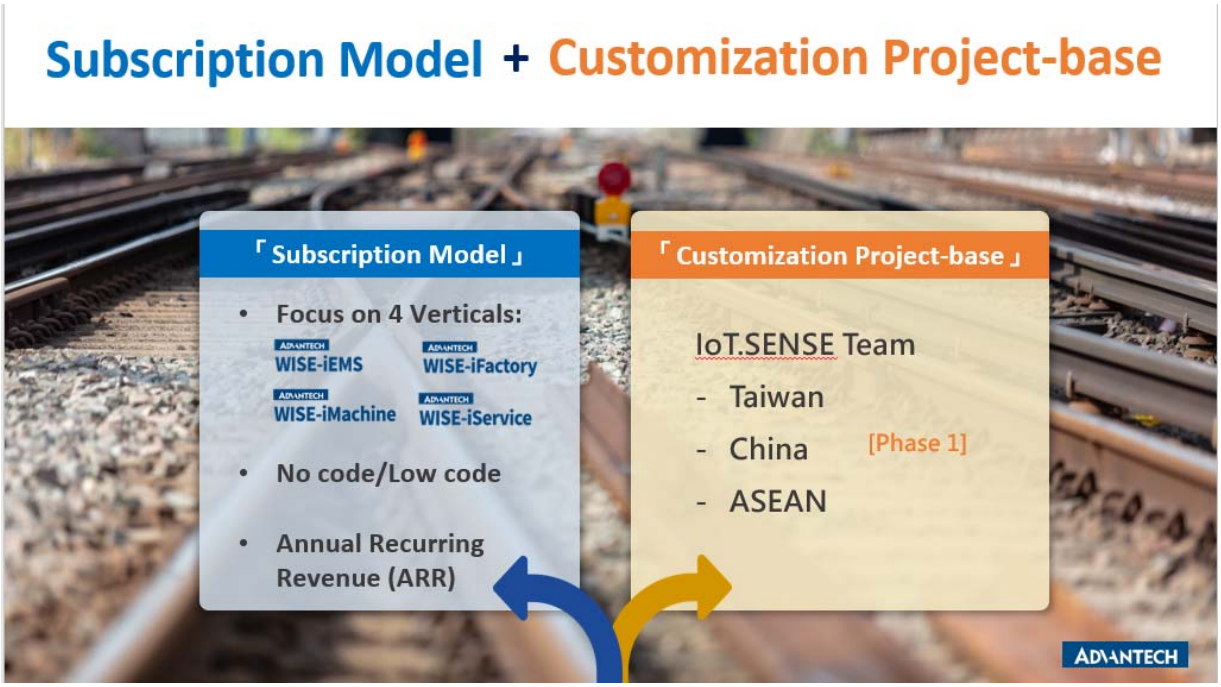


Illustration: Advantech's entry into the iEMS (Intelligent Energy Management System) subscription service marks an important transformation towards WISE-IoT.

- To optimize procurement processes and controls and build a resilient supply chain
  Advantech will prioritize achieving customer satisfaction and improving order fulfillment rates by continuously strengthening supply chain management in response to geopolitical and industry changes. Specific actions include strengthening high-level strategic management of global suppliers, accelerating the adoption of diverse strategic suppliers, segmenting the supply chain system for branded products and large DMS project customers, introducing TSU co-design into the R&D system and enhancing component material selection and risk management, and improving flexibility in alternative material verification and design changes. In the future, Advantech will respond to industry risks and supply chain challenges with a more robust and flexible system.

5.2.1 Market, Production, and Sales Review

A. Market Analysis

1. Main product and main market:

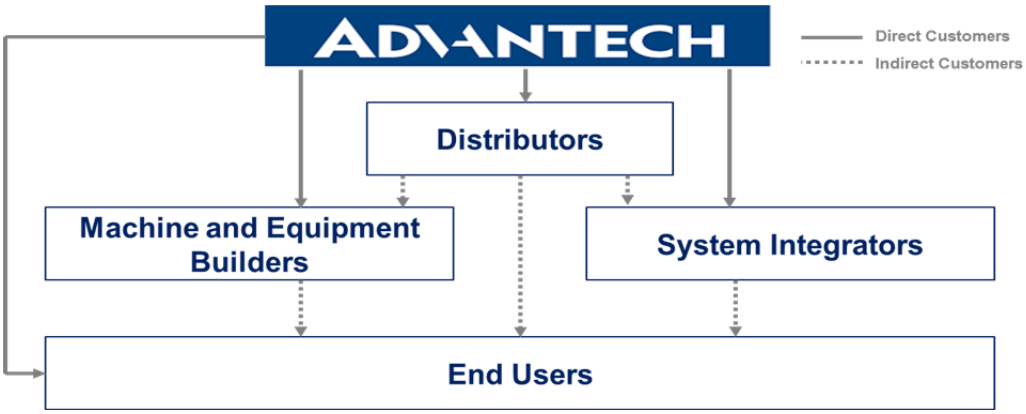
Unit: NT$ Thousand

Area	2022	%
Asia (including Taiwan)	33,764,967	49
America	18,715,069	27
Europe	12,282,688	18
Other	3,981,977	6
Total	68,744,701	100

2. Market share and competition landscape
   - Embedded board and IPC markets will benefit from rising demand in new application markets

Advantech has multiple sales channels. The Company produces and markets embedded board and IPC products through distributors, machine/equipment manufacturers, system and integrators, all of whom consolidate our devices through their own value-added development for sale to end users including manufacturers, public transportation systems, airports, and any field that requires computing capability to enhance their information collection and operating efficiency.

Given the variety of form factors, diversity of application markets, and ASP difference, the total market size of embedded systems is difficult to estimate, especially when embedded boards can be integrated into virtually any type of machine, equipment, or system. In addition, the M&As have made it even more difficult to precisely estimate our market share, given the limited disclosure after consolidation. For example, B&R Automation (a peer in Europe) was acquired by ABB in 2017; Kontron (another peer in Europe) was acquired by Ennoconn in 2017 as well. Radisys (a peer in the US) was acquired by Reliance and delisted in 2018.



Picture：Advantech has multiple selling channels

Growth opportunities for embedded boards and IPCs will rely on new application markets, marking a shift away from traditional industrial applications (which only generate single-digit year-on-year growth). This shift is due to developments in computing technology and communication infrastructure deployment. For example, retail, logistics, smart buildings, smart hospitals, and other smart city applications appear to be the catalysts driving overall growth for the embedded board and IPC sectors. Arup forecast that global spending on smart city applications would reach USD 200 bn by 2020. However, those new applications were not considered in the calculation when surveying traditional embedded board and IPC sectors.

- The market share for traditional industrial PC

According to the industry research and investigation report conducted by Reaserch and Markets, the global IPC market scale grows between 2023 and 2028 at a Compound Annual Growth (CAGR) of 5.5.%. According to the international research and investigation institute – OMDIA, Advantech Co., Ltd. shows a stable and increasing share in the global industrial computer IPC market, as the leader in the industry reaching 41% by 2022. In response to ESG trends, energy transformation and the subsidiary policies offered by governments worldwide, the robust demand for infrastructure deployment particularly in Europe, North America and China will show double-digit growth in the next 3~5 years. Advantech focus on green energy, EV battery, charging station, energy storage equipment and

services in its marketing strategy. Perceptual data show that Advantech offers complete product solutions from transmission control to edge computing platforms to speed up system integration and the implementation of applications to maintain its leading position in the industry.

Advantech is the world's leading industrial computer factory, accounting for 41% of the global market

- Supply, demand, and product competition

As the global energy transformation and net-zero policy become more popular in 2022, Advantech has met the achievement in factory automation, renewable energy infrastructure, EV battery and charging station equipment, and smart healthcare as well as other application fields, driving its sales revenue and profits for the whole year to an all-time high. However, due to the impact of the geographic risks, unstable supply chain and strong US dollars, there are still many challenges in operation. Advantech takes initiative in integrating the group resources with a commitment in upgrading raw material management and operation efficiency. Advantech has improved the three margins (gross profit margin, operating profit margin, and net income margin) for 2022, compared with those for 2021.

Advantech has acquired extreme success in two critical transformations in its development history that drive the company to scale up into an international corporation and expand robustly through a matrix-based organization. According to the estimation made by major international research and investigation institutes, the IoT market for global industries in the next five years will step into a fast growth period. The growth is particularly robust in 5G infrastructure, industrial robotics application, new energy and charging station equipment, WISE-PaaS industrial IoT platforms, and other application fields. Such fields are highly defensive and will not be affected by economic volatility. Advantech draws a high level of attention to the development trends of new industries by declaring the launch of a third-wave global transformation. Based on the Sector Driven core philosophy, Advantech designs the five forerunning Sectors – Embedded Design-in, Ind. System, Ind. Automation, smart healthcare, and digital marketing e-commerce platform, as well as the six major regional markets – North America, China, Europe, Emerging Market, Japan, and South Korea, thereby to collect

resources and stride forward. The Sector Drive organizational structure is expected to optimize resource allocation and talent strategies with an emphasis on interdisciplinary marketing schemes, regional development and talent empowerment to focus on the opportunities of emerging industries, staying close to the market and meeting customer demand.

Figure: Advantech Co., Ltd. strengthens strategic marketing for key application fields in IoT

5.1.3 Explanation of Intellectual Property Rights on Annual Report

I. In the formulation of intellectual property rights management policies, goals, and systems related to Advantech's operating strategies：

In accordance with Advantech's unique business operation characteristics, that is, the production method of a small number of diverse products. To set a small amount of effective and well quality intellectual property per Advantech's policy and goals, and establish the following intellectual property rights system:

1. **Formulate the patent management measures:**

   A. In accordance with the patent management measures, establish a patent application and inquiry platform PLM / EPM Portal, and share patents on the PLM / EPM Portal platform with other colleagues in need such as R & D, Sales, PM and factory departments.

   B. The policy of patent application is to control the quantity but to upgrade the quality, in other words, Advantech will not focus on utility model patent application. Advantech encourages our colleagues to apply for invention patents.

   C. Establish an SOP for handling intellectual property disputes to handle various intellectual property disputes in the most efficient way.

2. **Formulate the trademark management measures:**

   A. Uniformly apply for trademarks ADVANTECH worldwide where major branch offices are located.

   B. In the event of any third party infringing on Advantech's trademark, the Legal Department of the Headquarter will assists the branches worldwide to safeguard

Advantech's trademark's rights.

3. Copyright protection

According to Advantech's development strategy, the hardware will enter the stage of combining both software and hardware. Advantech will fully promote the WISE-PaaS platform. Software copyrights derived from the WISE-PaaS platform are protected through licensing contracts with users and software developers and/or software suppliers.

4. Protection of business secrets

Complete the confidentiality requirements through the provisions in the employment contract and reminders during the training of new employees. It also sorted out the possible outflow of business secrets in the R&D process with external firms, and formulated classification methods and control measures for confidential documents to prevent them from being disclosed. Advantech plans to introduce File Protection Software to Improve the control of confidential documents.

II. To establish and implement management systems for the acquisition, protection, maintenance, and use of intellectual property rights according to scale and type:

1. Apply for, maintain and manage patents in accordance with the Patent Administration Measures, and apply for registered trademarks in major branch countries around the world in accordance with the Trademark Administration Measures. The Industrial Bureau of the Ministry of Economic Affairs announced the results of the "2022 Taiwan's Best International Brand Value" survey, and the brand value of Advantech (2395), a major industrial computer maker, increased to US$776 million, ranking fifth in R.O.C., ranked among the top 5 international brands in Taiwan for 5 consecutive years
2. Establish an online patent application and inquiry platform (PLM/EPM Portal) to provide R&D, industry representatives, PMs, factories and colleagues in need to inquire about relevant patent status online. In addition to avoiding patent risks, it can further form patent barriers for competitors' products to enter.
3. In response to the development of Advantech products from hardware to both software and hardware, legal affairs have formulated various authorization contracts to protect software copyrights derived from products. Hope to enhance the competitiveness of hardware products through copyright protection.
4. Sign confidentiality contracts with employees and establish document confidentiality classification and import into the Data Lost Prevention Project system to control and manage confidential documents to prevent the company's business secrets from leaking out.

III. Determine and provide the resources needed to effectively implement and maintain the intellectual property rights management system:

All R & D units will allocate R & D expenses to pay for the patent application, maintenance of patents, and payment of bonuses to inventors to effectively implement and maintain the intellectual property rights management system. Pre-deducted R&D expenses are used

to pay for the expenses incurred in various intellectual property disputes.

IV. Observe the risks or opportunities of intellectual property rights management both inside and outside and take corresponding measures:

The externally appointed patent and trademark office will regularly monitor the patent and trademark applications related to Advantech, and provide relevant information to Advantech's R & D personnel on the PLM / EPM Portal platform, in order to track the latest technology status of the industry and related intellectual property rights risks.

V. Plan and implement a continuous improvement mechanism to ensure that the operation and effectiveness of the intellectual property management system meet Advantech's expectations:

At the beginning of each quarter, Legal Department will report to the chairman all the implementation status of the previous quarter intellectual property rights, such as patent application and maintenance status, patent litigation status, trademark application and maintenance status, and copyright protection status for the further review.

The Company's other products awarded in recent

Year	Awards
2023	· The 31th Symbol of Taiwan Excellence Winner for CRV31-430JP · The 31th Symbol of Taiwan Excellence Winner for POC-421 / POC-424 · The 31th Symbol of Taiwan Excellence Winner for EPD-662.
2022	· Advantech ranked No. 5 (with brand value USD 776 million) in the Taiwan Top 20 Global Brands Award. · The 30th Symbol of Taiwan Excellence Silver Award for EPD-230 · The 30th Symbol of Taiwan Excellence Winner for EI-52 · Advantech received CSR Award from Global Views Monthly · Advantech received TCSA CSR Report Silver Award · Advantech received BCCT Innovation for Wellbeing Award
2021	· The 29th Symbol of Taiwan Excellence Winner for WISE-6610 · The 29th Symbol of Taiwan Excellence Winner for WISE-2410 · The 29th Symbol of Taiwan Excellence Winner for EIS-S230
2020	· Advantech ranked No. 4 (with brand value USD 626 million) in the Taiwan Top 20 Global Brands Award. · Advantech received the CSR Award from Global Views Monthly in 2020 · Advantech received the top 50 sustaiable performance enterprise from Taiwan Institute for Sustainable Energy(TCSA) · The 28th Symbol of Taiwan Excellence Winner for the 43 inch UHD J type curved LCD with a curvature of 1500R (CRV-430JP) · The 28th Symbol of Taiwan Excellence Winner for the wearable barcode ring (LEO-WB21) · The 28th Symbol of Taiwan Excellence Winner for the industrial IoT controller (AMAX-5000) · The 28th Symbol of Taiwan Excellence Winner for the 8Kp60 HEVC broadcast video encoder (VEGA-6304)
2019	· Advantech Named Top Vendor in 2019 CIO 100 Awards · Advantech wins 2019 MedTech Breakthrough Award: Best Hospital Implementation · The second year to receive the "Taiwan Top 5 Global Brands" award from Interbrand · The 27th Symbol of Taiwan Excellence Winner for the compact fanless system (MIC-7420) · The 27th Symbol of Taiwan Excellence Winner for the LPWAN wireless module (WISE-4200) · The 27th Symbol of Taiwan Excellence Winner for the 16-channel DAQ platform (MIC-1816)

Year	Awards
2018	· 26th Symbol of Taiwan Excellence Silver Medal Winner for the iPS-M100 Hot Swappable Medical-grade Industrial Power System · 26th Symbol of Taiwan Excellence Silver Medal Winner for the POC-WP243 24” Medical Computer · 26th Symbol of Taiwan Excellence Winner for the CRV31-430WP 43” Industrial Curved Monitor · 26th Symbol of Taiwan Excellence Winner for the TPC-5000 series Modular Industrial Touch Panel Computer · 26th Symbol of Taiwan Excellence Winner for the SRP-ESP315 Solar Power Management Solution
2017	· Advantech receives "Taiwan Top 6 Global Brands" award from the Bureau of Foreign Trade · Advantech named Asia no.36 and Taiwan no.5 in Nikkei’s Asia 300 list · Advantech Wins “ROI Industry 4.0 Award China” for Its Digital Factory · The 25th Symbol of Excellence Winner for high performance 4U server system DMS-SA21, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for fanless railway panel PC ARS-P3800 , the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for 8” multi-functional handheld POS system AIM-65 , the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for pocket-size smart factory edge gateway UNO-2271G, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for 21.5" industrial multi-touch panel PC stainless steel chassis IPPC-5211WS, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for 10.1” healthcare/hospitality infortainment terminal HIT-W101C, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for embedded Qseven board SOM-3568, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for rolling stock fanless system ARK-2231R/ ARK-2230R, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for modular fanless box PC ARK-1124H / ARK-1124U /ARK-1124C, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for power automation computers ECU-4784, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for palm Size vision system AIIS-1200, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for fanless vision system AIIS-5410P, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for compact fanless system MIC-7500, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for video wall signage player DS-980, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for thin barebone system EPC-T2285, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for embedded motion controller MVP-3245, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for intelligent remote terminal unit ADAM-3600/ ADAM-3617/ ADAM-3618/ ADAM-3624/ ADAM-3651/ ADAM-3656, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. The 25th Symbol of Excellence Winner for intelligent remote terminal unit ADAM-3600/ ADAM-3617/ ADAM-3618/ ADAM-3624/ ADAM-3651/ ADAM-3656, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 25th Symbol of Excellence Winner for managed redundant industrial ethernet switches EKI-7700 Series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 25th Symbol of Excellence Winner for Advantech WebAccess/Cloud , the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 25th Symbol of Excellence Winner for WISE-DK1520 starter kit , the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 25th Symbol of Excellence Winner for development kit for RTX v2.0 CPU Module ROM-3420 , the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2016	• TREK-773 rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • PWS-870 rewarded 2016 iF Product Design Award. • 1U High-efficiency Server rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence.

Year	Awards
	• 24” Medical Computer rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • 7” High-efficiency Integrated Vehicle-mount Terminal – Light Vehicle Management rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • 7” Ultra-slim Vehicle-mount Tablet Computer rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • DPX-E135 Embedded Gambling System rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Pico-ITX 2.5” Micro Embedded Computer rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • ProView Ethernet Exchange rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • SOM-7568 Fan-free Embedded Micro COM Expres Computer rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Full-flat Compact Industrial Touch Computer rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Internet of Things Wireless Data Retrieval Module rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Wireless Internet of Things Gateway rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • High-efficiency Computer Control System for Train Car rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Fan-free Industrial Computer for Control Cabinet rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Third-generation 7” Aluminum Vehicle-mount Terminal – Heavy Vehicle Management rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Fan-free Wayside Control Platform rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Mobile Multimedia Computing Module rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Ultra-slim Open-framed LED Touch Display rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Ultra-slim Mini-ITX rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Ultra-HD OPS Multimedia Player rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence • Modular Industrial Control Platform rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Modular Embedded Intelligent System rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Aluminum Rail Industrial Computer rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence. • Medical Intelligent Battery System rewarded the 24th Taiwan Excellence Gold and Silver Awards from Ministry of Economic Affairs, R.O.C. to enjoy the official authorization from the symbol of Taiwan Excellence

Year	Awards
2015	· The 23rd Symbol of Excellence Gold Medal and Silver Medal Winner for 7" medical and industrial-grade handheld tablet computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for ATCA 100GbE advanced communications server, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for Ultra-low-power consumption simple embedded IoT system, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for industrial-grade tablet computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for Fanless & Wide-range temperature Embedded System, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for Embedded Gambling System, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for High-performance smart embedded computer module, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for SoC wide-range temperature embedded applied computer modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for 4K2K four-display high-performance smart digital signage player, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for 21.5" Thin open-type frame LED backlit touch screen, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for Integrated on-board computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for high-performance broad application robust Tablet PC, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for multi-function data collection card series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for robust Industrial Computers, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for 7" medical handheld tablet computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 23rd Symbol of Excellence Winner for on-board monitoring Embedded fanless smart system, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2014	· Awarded with the "2014 Taiwan Top 10 Global Brands" Award. · Advantech received the CSR Best Workplace Excellent Award from Global Views Monthly in 2014. · The 22nd Symbol of Excellence Winner for High-performance network security equipment, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for ATCA 40GbE advanced communications motherboard, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Advantech WebAccess-open network structure HMI / SCADA software, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Programmable Automation Controllers, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Superthin and bright industrial LCD panel, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Industrial-grade multi-touch points man-machine interface, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Industrial-grade wide-screen tablet displays, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Smart remote Ethernet network data collection modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for PoE (Power over Ethernet) industrial Ethernet Switch, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for High-performance smart embedded computer modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for lightweighted smart micro-fanless embedded systems, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Low-power consumption simple smart connected device, the MOEA,

Year	Awards
	Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Low-power consumption ultra-compact embedded computer modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Low-power consumption miniature embedded computer modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for ATCA dual processor advanced communications motherboard, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 22nd Symbol of Excellence Winner for Mobile Industrial Computers, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2013	· Awarded with the “2013 Taiwan Top 12 Global Brands” Award. · Advantech Industrial Automation Group - Human Machine Interfaces (HMI) TPC and SPC series won Germany iF product design award in 2013. · The 21st Symbol of Excellence Winner for High-performance network security equipment, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for ATCA 40GbE advanced communications motherboard, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Industrial-grade wireless data collection module, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for IEEE 802.11a / b / g / n Industrial Wireless Outdoor Mesh, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Low-power consumption ultra-compact embedded computer module, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Green low-power consumption smart industrial-grade server, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Innovative high elastic expansion single-board computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Smart wide-range temperature miniature motherboard MI/O Ultra Series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Robust design, high elastic expansion single-board computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Super bright smart industrial-grade display panel, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Industrial-grade ultra-thin open-frame display, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Dual processors ATCA advanced communications server, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Smart miniature fanless embedded systems, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Open-style Easy handling digital electronic multimedia player, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for High-Performance Multi-Display Digital Electronic Multimedia Player, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Streamline energy-saving digital signage, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 21st Symbol of Excellence Winner for Energy data centralized computation, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2012	· Awarded with the 11th place of the “2012 Corporate Citizen Award” by Commonwealth Magazine. · Awarded with the “2012 Taiwan Top 11 Global Brands” Award. · The 20th Symbol of Excellence Winner for TREK-753 full-featured integrated on-board computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 20th Symbol of Excellence Winner for Industrial tablet touch panel display, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 20th Symbol of Excellence Winner for Cascaded-type real-time Ethernet remote data collection module, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 20th Symbol of Excellence Winner for Low-power consumption ultra-compact embedded computer modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 20th Symbol of Excellence Winner for Innovative interface single-board computers MI/O Extension, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. · The 20th Symbol of Excellence Winner for Smart miniature motherboard MI/OUltra Series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.

Year	Awards
	• The 20th Symbol of Excellence Winner for High seismic wide-range temperature PCI-104 CPU board, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 20th Symbol of Excellence Winner for Green energy-saving industrial-grade motherboard, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 20th Symbol of Excellence Winner for Electricity market exclusive fanless embedded industrial computer, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 20th Symbol of Excellence Winner for Industrial-grade flat touch panel LED display, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 20th Symbol of Excellence Winner for Open-style Easy handling digital multimedia player, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 20th Symbol of Excellence Winner for Low-power consumption high display digital multimedia player, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 20th Symbol of Excellence Winner for Expandable blade-type 5-slot Industrial PC, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2011	• Awarded with the “2011Taiwan Top 10 Global Brands” Award. • The 19th Symbol of Excellence Winner for ARK-VH200 fanless on-board DVR embedded systems, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for FWA-6500 network applied platform, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for NCP-5260, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for PC/104, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for PCM 9562, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for PEC-3240 fanless industrial-grade embedded motion controller, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for PIT-1501W healthcare and infotainment entertainment systems, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for SOM-5788 Intelligent smart embedded computer modules, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for Low-power consumption and wide-range temperature industrial touch control PC, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 19th Symbol of Excellence Winner for TREK-550, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2010	• Awarded with the “2010 Taiwan Top 12 Global Brands” Award. • Awarded by Chinagkong with the “Decade Industrial Contribution” and “Decade Leading Industry.” • The 18th Symbol of Excellence Winner for IPPC- 8151S, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 18th Symbol of Excellence Winner for APAX- 5000 series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 18th Symbol of Excellence Winner for Uno- 1100 series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 18th Symbol of Excellence Winner for UTC-W101E, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 18th Symbol of Excellence Winner for NCP-7560, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 18th Symbol of Excellence Winner for MIC-5322, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2009	• The 17th Symbol of Excellence Winner for IPPC 7517, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 17th Symbol of Excellence Winner for EKI 5000 series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • Awarded with the “Electron d'Or Award for Industrial and Network Computing Architecture (INCA)” • Awarded with the “2009 Taiwan Top 12 Global Brands” Award. • Awarded with the “2009 China Outstanding Innovation Enterprise” award by CIO IT Magazine.
2008	• Advantech received the 4th prize of the 2nd “Corporate Social Responsibility Award” from Commonwealth Magazine, Taiwan, ROC • The 16th Symbol of Excellence Winner for UbiQ 350, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.

Year	Awards
	• The 16th Symbol of Excellence Winner for VITA 350, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 16th Symbol of Excellence Winner for UNO-2182, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 16th Symbol of Excellence Winner for TPC-30T/TPC-32T, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 16th Symbol of Excellence Winner for IPPC-7157A/IPPC-7158B, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2007	• Advantech received the 3rd "Corporate Social Responsibility Award, Top Honor" in 2006 from Global Views Magazine, Taiwan, ROC • Advantech received the 1st "Corporate Social Responsibility Award from Commonwealth Magazine, Taiwan, ROC • ARK-3381 received Computex Taipei Best Choice Award. • The 15th Symbol of Excellence Winner for UibQ-230, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 15th Symbol of Excellence Winner for ARK-4170, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 15th Symbol of Excellence Winner for ADAM-5550KW, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2006	• Advantech received the 2nd "2006 Corporate Social Responsibility Award" from Global Views Magazine, Taiwan, ROC • Received the Supplier of the Year for the Embedded Single-Board Computer from "Control Design" Magazine • Advantech awarded by Intel with the "Intel Associate Partner of the Year" and "Multi-Core Solution Contest Award." • Advantech received Microsoft's "The Most Growth Award in Asia Award."
2005	• Awarded with the 13th MOEA "Industrial Technology Advancement Award of Excellence." • Gold Award Embedded Control Europe (ECE) magazine readers awarded TREK-755 Sunlight Readable Model with Gold Award
2004	• Awarded with the "2004Taiwan Top 10 Global Brands" Award by the Bureau of Foreign Trade, MOEA. • The 10th Symbol of Excellence Winner for Small-size industrial-grade touch controlled computer TPC-60S, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 10th Symbol of Excellence Winner for Industrial-grade front-wired fanless computer UNO-3062, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 10th Symbol of Excellence Winner for Industrial computer work station AWS-8100G, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • Won the Control Design Reader's Choice Award for "Single Board PC" First Prize. • FPM-3170 17" Flat Panel Monitor received the "2004 Editor's Choice Award" HMI First Prize from Control Engineering Magazine (USA).
2002	• Accepted as the one and only Gold-Level Partner in Microsoft's Windows Embedded Partner ODM Category. • The 10th Symbol of Excellence Winner for Smart home network terminal EH-7102G / GH, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 10th Symbol of Excellence Winner for 586-grade Internet accessible equipment remote monitoring system WebLink2059-BAR / CE / SDA / SKT, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2001	• Completed the "MOEA Industry Technology Development Industrial Plan (ITDP)" of the Technology Division MOEA • Multimedia network telephone ES-510 received the 9th Silver National Award of Excellence, the MOEA, Taiwan, ROC • Full-function LCD touch computer PPC-153T received the 9th Silver National Award of Excellence, the MOEA, Taiwan, ROC • The 9th Symbol of Excellence Winner for Multimedia network telephone ES-510, the MOEA, Taiwan, ROC. • The 9th Symbol of Excellence Winner for Full-function LCD touch computer PPC-153T, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 9th Symbol of Excellence Winner for Family Vestibule Internet terminal EH-760, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 9th Symbol of Excellence Winner for multifunction firewall WEB-2143, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
2000	• Full-function LCD touch-type computer PPC-153T awarded with the "Best Innovative Product Award" by KIOSK Magazine (USA). • IPC-601 awarded with the "Most Valuable Product" Award at the Telecom Network Exhibition. • MIC-3032 awarded with the "Most Valuable Product" at the telephone computer voice integration exhibition. • 2A-100 awarded with the "Most valuable Telecom Network Telecom Product" by the US telecom network magazine

Year	Awards
1999	• ADAM Series received the 1st Outstanding Safety Instrument Award of Taiwan • ADAM Series received the 1st Outstanding Safety Instrument Award of Taiwan. • The 7th Symbol of Excellence Winner for card-type computer CPC-2245, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 7th Symbol of Excellence Winner for Touch control server PPC-A100T-R50, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
1998	• Awarded with the Most Representative Outstanding Company by Industrial Development Bureau, MOEA, Taiwan, ROC • PPC-102T Panel Computer received the 6th Gold National Award of Excellence, Taiwan, ROC • The 6th Symbol of Excellence Winner for PC-based remote monitoring system ADAM-5000 series, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 6th Symbol of Excellence Winner for PPC-102T Panel Computer, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • The 6th Symbol of Excellence Winner for Multi-function LCD panel computers PPC-140T, Taiwan, ROC with the right to use the Symbol of Excellence lawfully. • PPC-140T Multi-Function Panel PC received the Comdex Asia 98 “Best Hardware System Award.” • Multi-function LCD panel computers PPC-140T awarded with the “KIOSK Best Solution Product” by CRN Magazine (USA). • IPC-6908 awarded with the “Most Valuable Product of the Year” by CTI Magazine (USA) • Advantech received the 4th place of the “Most Worthy of Investment Companies” Award from Commonwealth Magazine, Taiwan, ROC • Advantech received the 6th place of “The Best Performing Companies” Award from Commonwealth Magazine, Taiwan, ROC
1997	• Received ISO-14001 Environmental Management System Certification. • Awarded with the 5th Award for Industrial Technology Advancement Most Outstanding Award, the MOEA, Taiwan, ROC • IPC-622 awarded with the “Most Valuable Product of the Year” Award by the US Computer Telephony Magazine.
1996	• Awarded with the 4th Award for Industrial Technology Advancement and Outstanding Award, the MOEA, Taiwan, ROC • The 4th Symbol of Excellence Winner for ADAM-4000 Series, the MOEA, Taiwan, ROC with the right to use the Symbol of Excellence lawfully.
1995	• The in-house developed industrial control software -GENIE awarded with the “Outstanding Information Application Award.”
1993	• Awarded with the 2nd National Award of Small & Medium Enterprise by National Association of Small & Medium Enterprise • Received ISO-9001 Quality Management System Certification.
1992	• Awarded with the “Outstanding Export & Import Performance Award” by General Chamber of Commerce of New Taipei City • ROC Blue Chip Corporate Training Unit “Gold Merchant Award”
1991	• Awarded with the “Outstanding Export & Import Performance Award” by General Chamber of Commerce of New Taipei City
1990	• Awarded with the “Outstanding Export & Import Performance Award” by General Chamber of Commerce of New Taipei City
1989	• Awarded with the “Innovative Product Award” at the 3rd Instrument Exhibition, Taipei City, ROC

5.2 Main Applications of major products and their manufacturing processes

5.2.1 Main applications of major products:

(1) Embedded Computing

Including Computer On Modules, Industrial Motherboards, Industrial Display Systems, Fanless Embedded computer, and Digital Signage Players. The main function is based on PC core control module with high performance applications and streamlined platforms design, so system integrators can reduce product development time .

(2) Industry Automation

Advantech provides customers several standard solution ready packages and products, like

Embedded Automation Computers, Human Machine Interfaces, Industrial Communication, Machine Automation, Remote I/O Modules and so on.
Build stable automation operation with real-time monitoring solution.

(3) Intelligent System

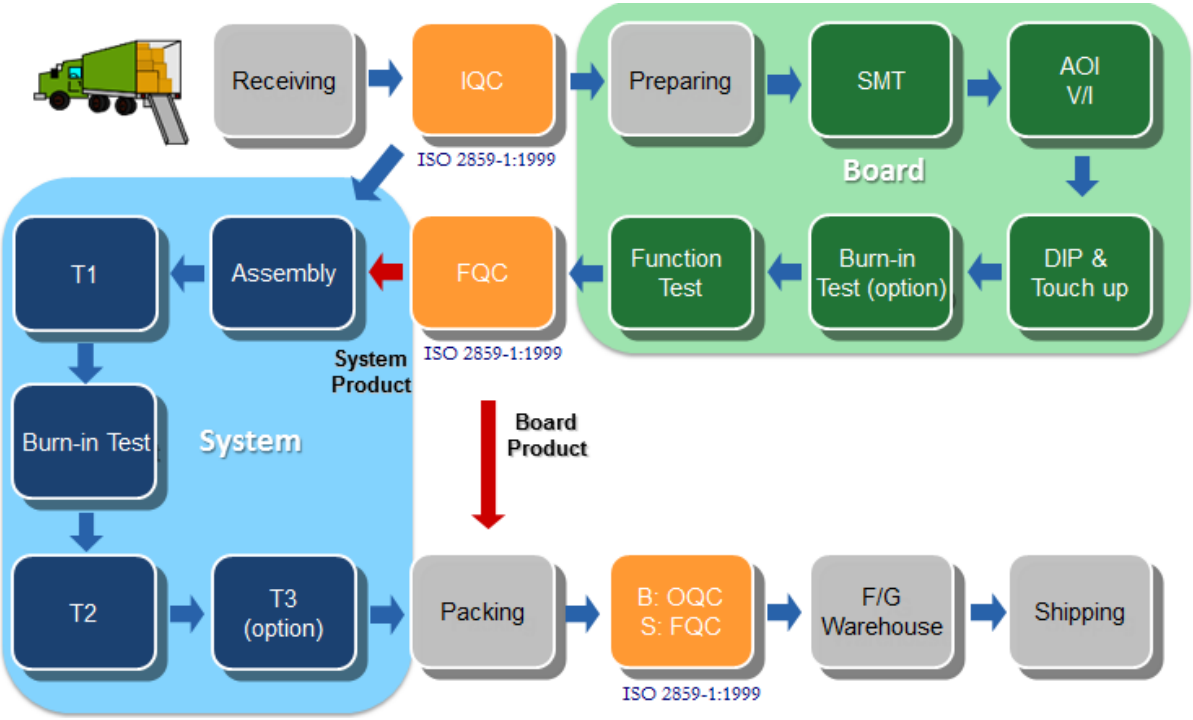
As a leading provider in the industrial computing market, Advantech is committed togiving more value-added solution and services for the implement of IoT development, Data Acquisition (DAQ) & Communication, Industrial Servers & Storage, Intelligent Transportation Systems, Video Solution, modular IPC are included.

(4) Intelligent Services

Advantech not only fulfills customer requirements, but also makes expansion more flexible for various applications. The product lines are well completed, such as Point-of-Care terminals, All-in-one Service Touch Computers, Industrial Mobile Computers, Medical Carts and POS system …etc., are applied in each field of retail information delivery, healthcare environment and logistics management.

5.2.2 The production process of main products:

Advantech Process Control Chart



(1) Board Level Production Flow

After the warehouse receives material from vendors, well-trained IQC personal will do the sampling inspection for the incoming material, only accepted material will be stored and follow the FIFO mechanism for materials preparation under work order requests. Advantech adopts the RoHS standard to perform lead-free solder printing for the SMT process, followed by 100% AOI and homemade AI AOI plus visual inspection for double quality check, followed by machine and manual insertion for the DIP process. Lastly, performing a full function test to ensure the quality is in accord with industrial standards. After packing, OFQC inspection will be performed before shipping worldwide.

(2) System Level Production Flow

Similar to board products, only accepted material will be stored and follow the FIFO mechanism for materials preparation under work order requests. The well-trained operators will follow SOP to assemble the system product with homemade AI AOI and full function test to ensure the assembly quality. The Production Shop Floor Information System will monitor each unit should pass all the rigid tests above before moving to the packing process. FQC inspection will be performed before shipping worldwide.

5.2.3 The Supply of Major Materials

Raw material	Availability
Integrated circuit <including chip>	Well
LCD	Well
Touch screen sensor <Glass>	Well
PCB	Well

Note: The raw material suppliers referred to above are reputable domestic and foreign manufacturers and have been doing business with the Company for years with a stable cooperative relationship held.

5.2.4 The name, purchase (sale) amount, and ratio of the suppliers (customers) accounted for over 10% of the total purchase (sale) in one of the last two years, and the reason for the changes in purchase (sales):

A.List of Major Suppliers with over 10% of the total purchase in one of the last two years:

Unit: NT$ Thousand

	2021				2021			
Item	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer
1	Vendor A	4,527,978	12.98	None	Vendor A	5,217,048	13.93	None
2	Others	30,351,142	87.02		Others	32,239,647	86.07	
3	Total	34,879,120	100		Total	37,456,695	100.00	

B. List of Major Customers with over 10% of the total sales in one of the last two years:

Unit: NT$ Thousand

	2022				2022			
Item	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of the annual net purchase (%)	Relationship with the issuer
1	Others (Note)	58,622,050	100.00	None	Others (Note)	68,744,701	100.00	None
	Net sales amount	58,662,050	100.00		Net sales amount	68,744,701	100.00	

Note: No single customer accounted for more than 10% of total sales amount.

5.2.5 Production, Volume, and Value of the last two years

Unit: Unit/PC; NT$ Thousand

Year / Output / Main Products	2021			2022		
	Production capacity	Production quantity	Production Value	Production capacity	Production quantity	Production Value
Embedded boards and Chassis	2,293,331	1,932,201	11,724,793	3,713,122	3,375,728	19,184,867
Industrial computer and industrial control	3,701,554	3,458,142	13,672,184	3,585,087	3,305,673	14,815,490
After-sales service and others	474,043	424,147	447,135	700,312	628,162	104,956
Total	6,468,928	5,814,490	25,844,112	7,998,521	7,309,563	34,105,313

5.2.6 Sales Volume and Value of the last two years

Unit: Unit/PC; NT$ Thousand

Year / Shipments & Sales / Main Products	2021				2022			
	Domestic Sales		Export Sales		Domestic sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Embedded boards and Chassis	189,274	1,374,982	2,899,760	24,035,713	232,653	1,690,147	3,498,836	32,697,530
Industrial computer and industrial control	331,459	1,719,381	3,448,659	24,519,256	304,733	1,651,392	3,114,848	25,048,025
After-sales service and others	7,062	919,924	104,494	6,052,794	8,663	893,672	89,546	6,763,935
Total	527,795	4,014,287	6,452,913	54,607,763	546,049	4,235,211	6,703,230	64,509,490

5.3 Employee information

March 31, 2023

Year		2021	2022	As of March 31, 2022
No. of Employee	Direct staff	2,949	3,186	3,071
	Indirect staff	5,981	6,292	6,359
	Total	8,930	9,478	9,430
Average age		38.2	38.26	37.96
Average seniority		6.5	6.73	6.43
Academy Ratio	Ph.D	0.3	0.3	0.3
	Master	16.6	16.0	15.9
	College	43.4	49.8	50.5
	Senior High School	28.6	26.6	26.2
	Below Senior High School	11.1	7.4	7.2

5.4 Expenditures on Environment Pollution Control

5.4.1 The amount of penalty/fine (including compensation) imposed due to environmental pollution in the most recent year and up to the publication of the annual report, countermeasures and potential expenditures: None

5.4.2 Advantech adopts an altruistic corporate philosophy that is based on the concept of the "Lita" tree. Under this philosophy, society is like the earth that nurtures the tree and is the foundation upon which that the Company can grow. Therefore, we must give back to society what we have gained. In more than 30 years of hard work, all of Advantech's current achievements have relied upon the continuous supply of resources provided by the environment. As a member of society and having the goal of creating a beautiful life, Advantech is committed to improving the environment and ensuring labor safety. In light of this, Advantech incorporated the ISO 14001 environmental management system in 1996, adopted the OHSAS 18001 occupational safety and health management system in 2005, and has implemented practices in accordance with government regulations for environmental protection, labor safety, and health. To improve the safety and health of the environment, the Company has also worked hard to lessen the impacts of its operations with respect to GHG management, product design and use, and waste disposal. It is through these efforts, in conjunction with the participation of and commitment from employees, that Advantech consistently achieves its goals for environmental protection and corporate sustainable development.

■ **Eco-friendly product design**

Advantech believes in protecting the environment by preventing pollution, using less energy and raw materials, reducing waste, and using clean production technologies.

The Company focuses on modifying production processes to reduce pollution rather than using end-of-pipe treatments to resolve pollution problems. To reduce waste, Advantech adopts a recycle/reuse policy on waste packaging materials. The Company also seeks to minimize the use of raw materials and energy when designing products and selecting production technologies. Cyclic use goals are facilitated through designing products and processes that focus on energy conservation. Advantech adopts the ISO 14000 environmental management system for pollution prevention and product lifecycle assessment to ensure higher environmental performance and profitability.

In recent years, climate change, the use of environmentally hazardous substances in products, labor safety and health, and human rights have become key CSR issues. Advantech has a strong focus on these issues in how the Company conducts its green supply chain management (see Section 3.3 for details). Demonstrating its commitment to addressing these issues, Advantech amends its internal management standards on the management of environment-related substances in accordance with various environmental protection policies.

To ensure compliance with CE/FCC/CCC safety requirements, Advantech requires all product designs and development to be verified for safety and follows international environmental protection laws and regulations on waste management, from natural resource use and hazardous substance restrictions to lifecycle assessment. All of these procedures conform 100% to international declarations for green products. The Company's products are promoted as green products based on the three dimensions safety, energy-saving, and environmental protection.

■ **Environmental protection management**

To sustain human life and the Earth's green environment, Advantech endeavors to lessen the impacts of in both the design of its products and their application. This also includes waste disposal methods that ensure the overall safety and health of the environment. In addition to complying with relevant regulations, the Company encourages all employees to be proactive in protecting the environment and achieving corporate sustainable development.

Overview of Advantech's environmental promotion procedures and actions

Promotion procedure	Management action
Operation guidelines related to environmental protection management, environmental management systems (ISO 14001), greenhouse gas inventory (ISO 14064)	• Pollution prevention and control • Environmental education training • Environmental management system maintenance • Greenhouse gas management

To fulfill the promises of green management and sustainable development, Advantech has been implementing an environmental management system to consolidate the planning of environmental protection topics and to achieve efficient resource use. We regularly inspect our effectiveness in these areas by following our environmental management system and greenhouse gas inventory. In 2022, no issues on environmental protection required amendment, and our per unit revenue for greenhouse gas emissions was reduced by 16.5% compared to the previous year. Our Environmental Safety and Health Committee has established a framework for environmental health and safety concepts, actively promoting energy-saving and improving our energy use efficiency. Energy cost reduction is also included as an annual key auditing item. Including verification fees, the company's investment in environmental protection was more than NTD 667,212 in 2022, as shown in the table.

2022 Advantech Environmental Protection Investment Expenses List

Item	Cost(NT1,000)
ISO 14001/ ISO 45001 Environmental Safety Management System Certification Fees and Pollution Source Monitoring Fees、ISO14064 Certification Fees	667.2

Water resource usage and management

The amount of precipitation in Taiwan during the dry and wet seasons are significantly different. Storing water resource is a challenging task. When bad weather occurs, various industries may face severe water shortage. Advantech has attempted measures such as using water-saving faucets and toilets in order to reduce the average water consumption per capita. Advantech's plants are located in developed industrial zones or parks in urban areas. All of these plants use tap water as their water supply 100% of the time; they are not involved in extracting underground or well water and their water consumption activities exert no negative influence on the surrounding water resources.

- Monitoring and management of cooling water tower
- Monitoring and management of cooling water towers' conductivity
- Installation of water-saving faucets
- Smart irrigation water-saving system
- Monitoring and management of cooling water and chiller systems with smart air-conditioning systems

Waste management and resource recycling

Advantech's ultimate goal in waste management is to achieve zero waste. The path to achieving this is by reducing the amount of total waste produced, recycling waste into other resources, and implementing source management measures (e.g., reduce raw material use). Advantech is always working to produce less waste, shift from end-of-pipe treatment to a recycle/reuse model, convert trash into useful resources, recycle resources, and reduce the energy and cost of waste treatment.

Regarding raw material use, electronic materials accounts for approximately 90% of the total use, with mechanical, packaging, plastics, and other non-metal mechanical materials accounting for the remaining 10%. metric tons which can be divided into four major categories: PCB wastes, tin slag, chemical waste, and others. In the future, Advantech will continue to increase its process yield, reduce the output of electronic waste and tailings, and work to achieve efficient methods to reduce industrial waste.

Greenhouse gas management

Advantech promotes a series of activities related to energy conservation, carbon reduction, and loving our planet in order to strength employee awareness on conserving energy. Concurrently, the implementation of the Environmental Safety and Health Committee's framework helps promote environmental safety and health, energy conservation, and increased energy efficiency. Moreover, the Company includes energy cost reduction as one of its crucial auditing items.

Advantech's plants in Taiwan adhere to ISO 14064-1 and the GSG Protocol. In addition to conducting a self-inventory, starting from 2019, Advantech has employed SGS Taiwan to conduct third-party onsite inspections. The Company's organizational boundary includes Ruiguang Headquarters, the Sunny Building, Donghu Plant, and Linkou Park. The scope of the inventory consists of the qualitative and quantitative inventory of Scope 1 (direct greenhouse gas emissions), Scope 2 (indirect greenhouse gas emissions from energy), and the inventory on items in part of Scope 3 (other indirect greenhouse gas emissions).

Since 2009, Advantech has cooperated in the Carbon Disclosure Project (CDP), which is currently the world's largest database related to global climate change. Each year, questionnaires are distributed to determine how businesses are responding to climate change and reducing their GHG emissions. The survey results are then used to evaluate potential business risks and opportunities caused by climate change. Through annual CDP information disclosure, Advantech carefully reviews climate-related issues such as climate regulations and hazards caused by climate change. To mitigate potential risks in business management, the Company adopts effective reduction and elimination measures and thereby adheres to the GHG management requirements of international clients.

Advantech Taiwan includes our headquarters in Neihu, as well as factories in Donghu and Xindian. The Linkou Smart Technology Park has been in operation since 2014. Park construction has been devided into three phases, with a total area spanning 34,470 m2. Currently, the completed first-phase zone covers an area of 9,983 m2. Its main buildings include an R&D center, production center, and offices. Once completed, the second and third phases will introduce more office space, a production center, and a living area, which will be integrated with the original Linkou Plant to form Advantech's second headquarters, where R&D, production, warehousing, and product distribution will take place. Advantech has developed Linkou Park into an innovative experimental site for smart buildings. The park demonstrates two major smart-building solutions, where smart-building energy management and smart contextual space management are implemented. By cooperating with partners from the smart-building industry, Advantech has established a tight smart-building collaboration system, with consulting teams providing comprehensive sales services. For our partners in the smart-building industry, Linkou Park is an experimental site for collaborative R&D; for clients, it is a place where they can experience smart-building solutions. Linkou Park gives customers a chance to experience a range of smart-building solutions that have been developed through collaboration; this includes the smart central control room, smart parking area, smart reception, and smart conference rooms. All smart sites inside Linkou Park incorporate the concept of smart energy conservation, and the Company continuously engages in innovative development to increase the capabilities of smart green buildings at the park. Relevant design considerations are described below:

I. Smart parking: This smart service system combines various functions, such as reserving parking spaces, identifying license plates and eTags, sending welcome messages to guests, guiding vehicles to parking spaces, parking area control and management, and helping guests locate their vehicle. To conserve energy in providing excellent smart parking services and a clean parking environment, the smart parking system features an automated lighting system that guides vehicles, as well as an automated air conditioning system for air quality control.

II. Smart reception: When visitors arrive to Linkou Park, a large monitor in the lobby displays a welcome message. As soon as they touch the automated visitor registration system, staff are notified of their arrival via mobile phone messages. The visitors are then issued with an electronic identification card that allows them to interact with multimedia facilities in the building. Centralized control management through regional connectivity allows visitors and employees to view park-related information, weather, and traffic data on interactive multimedia signboards, making it easier for branches in other regions to announce management information. The signboards also feature an interactive e-Catalog system for visitors to browse product catalogs and advertisement videos. They can also use their emails to share information or read QR codes to find more information on their mobile phones. At night, the signboards automatically enter sleep mode and turn back on the next day, contributing to our efforts toward energy conservation.

III. Smart conference room: The multimedia signboard in the lobby displays booking information

for the conference room. A signboard is also placed at the entrance of the conference room to display meeting information. Users are allowed to use the conference facilities, and they can automatically switch the situational configuration of the room to suit their needs with just the touch of a button. Air quality sensors and fans are also installed to automatically regulate the indoor air quality. If no one is detected to be present in the room for 15 minutes, the system automatically switches off all power and the air-conditioning system to conserve energy.

IV. Smart office: The air conditioning system automatically detects and regulates the air quality. Additionally, a people-sensing energy conservation system is employed to divide the office area into regions and generate an energy schedule based on work hours and lunch breaks. The smart office is connected to the access control system so that the lights in the room can be automatically controlled when the entry card reader is used during off-peak hours. The system can also be operated via a webpage and a touch screen panel. By monitoring the behavioral characteristics of people in the office, the system automatically switches off lights and air conditioners in each area when rooms are empty.

In addition to introducing smart solutions for reducing energy consumption, Advantech is also constantly involved in promoting energy conservation.

- The Linkou Smart Technology Park's building energy management and people-sensing energy conservation systems make the buildings more intelligent through smart air-conditioning and parking systems, as well as all-in-one access cards. The comprehensive system that is in place can detect human behavior and transmit relevant data to the cloud for processing, and this realization of smart buildings makes life at work more convenient and efficient. This approach to smart management achieves both energy conservation and resource waste prevention goals.
- Smart power management is handled by single-button operation for control of the lights and projectors in the conference room. Different situational settings, such as presentation mode or discussion mode, are also provided. The automated system in these rooms prevents the unnecessary waste of resources should employees forget to switch off the power when they leave.
- Currently, the Linkou Smart Technology Park and Sunshine Building both use energy-saving lightbulbs, whereas Xindian and Donghu plants are in the process of replacing lights with high energy consumption. All new Advantech buildings use energy-saving bulbs.
- Use video conferencing instead of on-site meetings whenever possible
- Prioritize the purchase of Green Label office equipment and electronic products
- Maintain the indoor temperature at 25°C
- Encourage employees to develop the habit of switching off the lights whenever they leave a room

Advantech and caring for nature

Environmental protection is a crucial topic for humankind. In the Lita spirit and in line with the Company's efforts to create a sustainable green industry, Advantech values its relationships with local communities and actively assumes responsibility for environmental protection.

Linkou Park will be transformed into smart parks and IoT demonstration centers. Advantech will cooperate with its partners in the innovation and execution of IoT solutions by reforming the park to promote smart energy saving and carbon reduction concepts, change the way people think about the future of IoT by giving them actual experiences, and promote the implementation of smart cities.

Linkou Park adopts the optimal energy-saving design that is formulated based on the actual needs and behaviors of users. This design enhances the comfort of employees inside the building as well

as their work efficiency. While reducing unnecessary energy consumption, it also improves the quality of the overall work environment. Linkou Park's energy management system is optimized continuously to set the benchmark for green enterprises in Taiwan.

5.5 Labor-Employer Relation

(I) The Company's employee welfare measures, education, training, retirement system and its implementation, as well as the agreement between the employers and the employees, and the implementation of the employee's rights protection:

1.Employee welfare measures:

Uphold the "Perfectionism" business philosophy. The Company values the employee benefits policy. A dedicated unit (Human Resources Department) is setup within the organization to plan a series of welfare measures in order to provide the staff with a stable lifestyle, to protect the interests of employees,pursued Advantech Beautiful Life（ABLE Club），and thus promote employer-employee harmony.

The Company believes that the employee will be able devote to work wholeheartedly and exercise their job strengths to create high quality products and promote the progress and prosperity of the whole enterprise only when their welfares and life security are protected.

(1) The welfare measures directly handled by the Company:

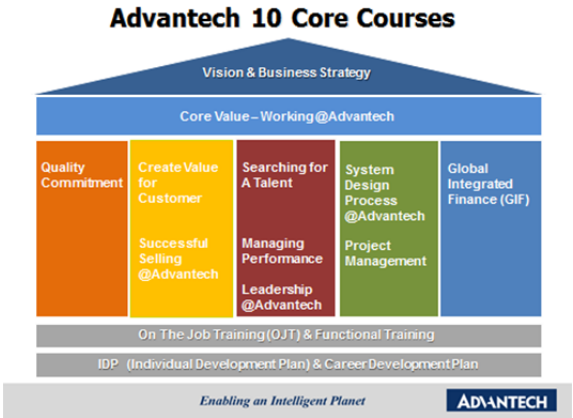
A、Employee bonus;
B、Labor insurance;
C、National health insurance
D、Group insurance
E、Annual health check
F、Marriage, funeral, joy, celebration grants
G、Dragon Boat Festival and Mid-Autumn Festival gifts
H、Yearend banquet dinner
I、Domestic tour
J、Overseas tour
K、Health/Art/Life lectures
L、Sports/LOHAS/Art/Charity Clubs
M、Birthday celebration
N、Departmental function fund
O、Movies
P、Arts and cultural appreciation
Q、Emergency rescue gold

2.Education, training system, and its implementation

With a view to cultivating talents and expanding the horizons, Advantech College has designed a series of talent cultivation programs: starting from On-Job Training, the trainee will be assigned with a work-related task, hoping to develop his/her expertise honed through the task, and with Ten Main Core Curricula, Case Study, Reading Club, E-Learning, LEAP Camp and Elite LEAP Workout. Advantech College provides a global growth platform targeting on learning, creating an environment for continuous learning and development so as to accelerate growth and improvement for all Advantech talents. Each talent cultivation program is outlined as follows:

■ **Advantech 10-Core Program**

Advantech's executives have elaborated the most basic knowledge and skills of Advantech and compiled the Advantech Ten Main Core Curricula, the five categories of which include quality commitment, marketing and sales, talent asset, research and development, and finance and value creation, so as to impart Advantech's systems and regulations. Through the Ten Main Core Curricula, Advantech's core values and systems can be learned.



■ **Case Study**

Advantech management and decision-making levels will select the themes relevant to Advantech future development and invite experts from all fields and scholars from academic circles to discuss on Advantech business cases and offer academic theories and proposals to compose our "Business Case Study," and the discussions and interactions between our colleagues and experts in various fields will jointly help develop the guidelines and strategies for the company's future development and accomplish the tasks of cases, such as "M&A as the Assessment and Management for Advantech Development Strategy", "Under Greater China Homeland strategic approach, Advantech strategic action and managing change in Mainland China", and "Advantech's Operation in Inter-Continental Sales Region"："Action Plan Design on the evolution from Export Business Model to the Operation Model of Market Segmentation", "Advantech Business Leadership Management Process Improvement Study", "The Study on the Pricing Model of Advantech GIE 2.0", "Focus on Excellence, Innovation and the Humanities and be a good corporate citizen- Advantech CSR Case Study", "Advantech's Talent Cultivation and Inheritance", and「"The study on Advantech transnational MD role." Case Study not only stimulates

the trainees' creative thinking and reflections and refines the company's business model and strategies, but it also effectively imparts Advantech's business philosophy and strategic direction.

On the other hand, business cases from domestic enterprises are limited in number, and the ones developed by Advantech in cooperation with academic circles are available not only for teaching purposes, but also for students to integrate theory and practice through Case Study；at the same time, it also allows the industry to observe each other and exchange experience to serve as a heritage.

■ e-Learning

The Advantech e-Learning platform, created for imparting Advantech wisdom, core values and culture, delivering the company's important news and events, and instructing professional knowledge and skills, allows employees around the world to find out Advantech's business philosophy and its corporate culture through online learning. Meanwhile, they are enabled to obtain the latest information according their own needs

to learn, making learning free of geographical and time constraints, and they can learn simultaneously and communicate with colleagues all over the world; accessing information from all over the world in the exclusive field of knowledge effectively broadens Advantechers' global perspective and knowledge profile and makes the most of the learning resources to reach the efficiency collaboration, integration & leverage. Listed below are the website contents:

- Advantech Philosophy:
  Impart Advantech wisdom, core values and culture to enable our employees around the world to enhance the corporate cultural identification and consensus.
- Business Leadership Model：
  Set forth the spirit, the knowledge profile, and the actual practices of Advantech Business Leadership Management Process.
- Professional courses:
  Offer various types of professional knowledge and skills training, expecting our employees will be more proficient at work.

- New employee Orientation:
  Provide a variety of policies and guidelines for the newcomers so that they will know well their work quickly.
- Advantech Scholar:
  It provides the information Advantechers must know, such as the interview articles of Advantech senior level managers, business cases in cooperation with professors, Advantech quarterly and Advantech abbreviation dictionary.
- Advantech Important Events：
  It provides videos and contents of the company's important activities, allowing employees around the world to know about the spirit and the meaning of Advantech important events.

■ **Global Elite LEAP Camp**

LEAP means Jump, signifying the hope that every trainee will make huge progress, and its symbolic connotation refers to" Learn," " Experience, "Alignment" & "Partnership". LEAP Camp will invite new employees from all over the world to Advantech headquarters every year, and the training of a five-day global camp aims to enhance the employees' professional knowledge and skills and make them experience Advantech's culture and core values, allowing them to interact and get into contact with the partners from the world so as to achieve global collaboration. The course design of LEAP Camp is divided into Sales Track, Marketing Track, and AE Track in accordance of the duties of the trainees, and each Track's content focuses on the field of expertise in each Track, enabling the trainees to grow by way of LEAP Camp while experiencing Advantech's culture.

■ **Study Group**

Our CEO is convinced that "all supervisors can build the team consensus by reading a book together." Advantech Reading Club holds reading parties on a regular basis. Outside experts and scholars in the fields of business management, operational planning and others, or mid-to-senior level managers from the affiliated companies are invited to develop concepts and introduce innovative management concepts, which continually refines Advantech's management model and thus leads to the formation of key business strategy. As the prime directive of Advantech towards talent says," Right People on Bus- finding right people before deciding what to do," and this policy is quoted from the book, "Good to Great" written by Jim Collins.

■ **Advantech Executive Talk**

In order to enable the strategies formulated by the Company to be seamlessly, accurately, and immediately communicated to Advantech personnel around the world, Advantech began to prepare its internal platform Advantech Executive Talk in 2015, hoping to reduce the information asymmetry caused by the time and distance difference between the headquarters and the frontline through streamlined video information. In February 2016, the platform officially began to transmit videos to Advantech personnel all over the world, and invited internal senior management according to the topics to present 5-10 minutes of essential information content description in Chinese or English. Topics range from annual

strategic development, financial trend, pre-merger and post-merger explanation, and industry direction explanation. Advantech hopes that in the future, it can develop more customized video information to create real-time and accurate information transmission content for each region, unit and even each employee. Since its launch in 2016, the platform has uploaded 244 videos, and has been viewed by more than 62,000 Advantech personnel.

■ **Elite LEAP Workout**

Outstanding high-potential talent will be assigned to participate in cross-functional, cross-departmental projects highly relevant to the company's strategy, while receiving support from senior executives and mentors. The Elite LEAP Workout program accelerates the personal performance of high-potential talent and supports them in developing the necessary skills for their positions. Meanwhile, Advantech promotes the concept of internal promotion and cultivates the next generation of leaders to advance us. In 2022, a total of 11 high-potential talent participated in the program, with 4 of them being promoted, resulting in a promotion rate of 36.4%. Through Elite LEAP Workout program, we aim to expand the capabilities of experienced high-potential talent, further promote the growth of the enterprise, and enhance the company's management at various levels, including the development of new products and applications, promoting vertical industry deepening, evolving sales and service models, innovating research and development processes, and improving internal digital system functionality, etc.

Average training hours of employees

Year of data: take 2022 as an example	Male	Female	Total
Total hours of E-Learning training	240,729	170,865	411,594
Total number of employees	4,912	3,655	8,567
Average hours of E-Learning training per employee	49.0	46.7	48.0
Data coverage	Taiwan headquarters, China, Japan, Korea, Europe area and North America covered more than 80% of employees in 2022 (2022/1/1-2022/12/31). The total training hours of online courses were 411,594 hours, and the average training hours per person were 48 hours.		

3.Status and implementation of the old and new retirement systems:

(1) Old system: Employees who have reported to duty since June 30, 2005, may choose between the old and new retirement system. In accordance with the provisions of the Labor Standards Law, Advantech provides a retirement plan for all formal employees. As stated in the retirement plan, a pension payment is paid in accordance with the average years of service and the average salary six months prior to retirement. The Company has a pension reserve appropriated monthly and has it handled by the Labor Pension Reserve Committee and then deposited in the name of the Committee with the Bank of Taiwan.

(2) New system: Employees who have reported to duty since July 1, 2005, are subject to

the new system. Those who have reported to duty since before July 1, 2005, may also choose to apply the new system. The Company has an amount equivalent to 6% of the monthly wages and salaries appropriated to the pension account of each employee. Employees may also discretionally set aside an amount equivalent to 0%–6% of their monthly wages and salaries to the pension account and the appropriated amount will be deducted from the monthly paycheck of the respective employee.

4.Agreement between employer and employees:

The Company upholds the concepts of “unified employer and employee” and “coexistence” and applies reasonable and humane management with an “openness” method to establish smooth communication channels, to maintain good labor relations, to work together for higher productivity, to share profits, and to establish stable and harmonious labor relations.

The Company has always upheld the principle of “fairness and impartiality” and “reasonableness and lawfulness” within the consideration of sentiment and legality to communicate and coordinate with the employees. We explain the difficulties and problems faced by the Company adequately and express the position and assertions of the Company. We respect each other and agree with each other so that both parties will be able to resolve disputes and improve labor relations with both parties treated fairly and justly. Due to this comprehensive mechanism, the Company has never suffered any loss due to labor disputes. Most importantly, both parties are able to work together for professional development and positive labor welfare.

5. Protection measures for employee benefits:

The Company has the Labor Welfare Committee and Labor Pension Reserve Committee established lawfully to plan, appropriate, reserve, and apply the benefit funds and pension reserves, and matters regulated by relevant laws and regulations; and to implement the employee benefits and welfare system in accordance with related specifications.

(II) Labor/employer dispute loss incurred in the most recent year and up to the publication of the annual report; also, disclosing estimated current and future loss and its countermeasure: None.

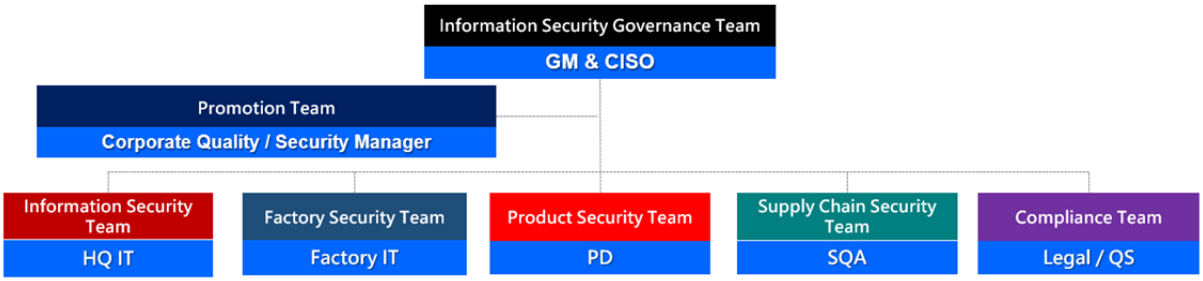
5.6 Information Security management

5.6.1 The Company's Cyber security management framework, Cyber security policies, management plan and investments in resources for cyber security

A. Information Security Governance Organization

Advantech has established an Information Security Governance Team to strengthen the company's information security management and ensure data, system and network security. The team is leaded by the general manager, and includes IT security, OT security, product security, supplier information and regulatory compliance groups. The Information Security Governance Team convenes a meeting every six months and regularly reports the information security status to regularly report the implementation status to the Risk Management Committee.

Organization Chart of the Information Security Governance Team



- Information Security Team
  - Plan the security strategy and guidelines for the company's overall information architecture
  - Establish and maintain the information security protection mechanism of the IT environment of the company
  - IT cybersecurity incident response and handling

- Factory Security Team
  - Plan and implement information security management procedures in the factory
  - Establish and maintain the company's OT environment information security protection mechanism
  - OT cybersecurity incident response and handling

- Product Security Team
  - Plan and implement security measures in the product development life cycle
  - Respond to product's security issues

- Supply Chain Security Team
  - Identify security risks in the production supply chain
  - Plan and implement security measures for related risks

- Compliance Team
  - Ensure that the company's operations and products meet the requirements of information security and privacy protection laws and regulations

B. Information Security Policy and Architecture

1. Information Security Strategy

Based on the plan-do-check-act (PDCA) mechanism, Advantech refines and maintains the company's information security management system, and continue to expand the scope of system coverage. In 2022, the headquarters computer facilities and backbone network management, IT operations of European and North American subsidiaries have achieved ISO 27001 certification.

In terms of information security protection and deployment, Advantech refer to the NIST Cybersecurity Framework (CSF) information security framework to create a multi-level information security protection mechanism. Covers the five aspects of information security, Identify, Protect, Detect, Respond and Recover, and can correspond to the before, during and after the event when managing security risks , providing management strategies for the network security life cycle.

2. Information Security Protection Plan

Category	Measure
Network Security Enhancement	• Deploy network firewalls and strengthen network segment isolation • Firewall rules are regularly reviewed for appropriateness • Enhance domain server protection • Deploy MFA to enhance user authentication
Endpoint Protection	• Deploy endpoint protection and antivirus software • Abnormal behavior monitoring and analysis
System Vulnerability Fixing	• Regularly conduct system vulnerability scans • Continued system updates and bug fixes
Server Security Enhancement	• Deploy new generation VM systems • Deploy server logon protection mechanism
System Recovery and Data Backup Mechanism	• Critical system data backup • Establish a remote system backup mechanism and conduct regular disaster recovery drills
Security Risk Assessment	• Regularly conduct security risk assessment and treatment • Conduct cybersecurity red team drill
Awareness Training	• Conduct security awareness training • Regular social engineering drills
Information Security Management System	• OT operations are ISO 27001 certified • In 2022, the headquarters computer facilities and backbone network management, IT operations of European and North American subsidiaries have achieved ISO 27001 certification

3. 2022 Major Achievements of Information Security

Reduce Attack Surface	• Enabled MFA authentication mechanism for VPN users and cloud service management • Adopted privilege account control mechanism • Enabled Nutanix virtual machine protection mechanism
Strengthen Resilience	• Critical data is backed up with the 3-2-1 principle • Established remote backup mechanism for critical application systems in Linkou
Cyber Risk Assessment	• Conducted information security red team drill for IT and OT operations of the Linkou factory area • Completed two website security inspections and penetration tests • Completed IEC 62443-2-4 compliance check and information security inspection for the RMA operations
Enhance Security Governance and Awareness	• Headquarters computer facilities and backbone network management, IT operations of European and North American subsidiaries have achieved ISO 27001 certification • More than 6,700 employees around the world have completed information security publicity courses • Conducted compliance assessment for personal data protection of headquarters and European subsidiaries

C. Information Security Incident Impact and Response

A total of five information security incidents occurred this year, two incidents were caused by equipment failures, and three incidents were related to human operation. After investigating the root cause of the incident, the monitoring and regular maintenance of the availability of equipment have been strengthened to reduce the possibility of equipment failure affecting business operations. In response to incidents caused by human error, management and control procedures have been set up for related operations, and personnel promotion has been strengthened.

In addition, hacker attacks and ransomware incidents have become increasingly frequent in recent years. In order to reduce the probability and impact of such incidents, the company has deployed endpoint protection tools, continuously scans and repairs system weaknesses, and strengthens monitoring of network behavior and privileged accounts to prevent possible intrusions. The most vulnerable part of personnel information security protection, in order to avoid information security risks introduced by personnel negligence, the company also continues to conduct information security publicity courses and social engineering drills to strengthen personnel's information security awareness.

5.7 Important Contracts: None.

VI. Financial Information

6.1 Condensed Balance Sheet, Income Statement, Name of the Auditors and Audit opinions with the last five years

(I) Condensed Balance Sheet and comprehensive Income Statement

Condensed Balance Sheets

Item \ Year		Financial Data within the last 5 years (Note 1)				
		2022	2021	2020	2019	2018
Current Assets		41,747,348	36,686,300	30,287,536	27,372,911	25,366,573
Property, plant, and equipment		11,039,395	10,246,751	9,916,896	9,732,490	9,782,781
Intangible assets		2,789,279	2,665,425	3,147,346	980,061	1,102,323
Other assets		10,808,916	8,229,761	6,847,607	9,130,617	7,688,284
Total assets		66,384,938	57,828,237	50,199,385	47,216,079	43,939,961
Current Liabilities	Before distribution	18,480,816	16,503,678	12,096,208	11,744,458	12,146,590
	After distribution	Note 2	22,699,388	17,577,021	17,207,656	16,897,719
Noncurrent liabilities		3,620,108	2,961,768	3,056,754	2,740,161	2,249,896
Total liabilities	Before distribution	22,100,924	19,465,446	15,152,962	14,484,619	14,396,486
	After distribution	Note 2	25,661,156	20,633,775	19,947,817	19,147,615
Shareholder's equity attributable to parent company		43,814,702	37,852,527	34,410,156	32,154,099	29,298,039
Capital stock		7,779,769	7,744,638	7,722,545	7,004,100	6,986,955
Additional paid-in capital		9,110,280	8,388,886	7,913,754	7,397,029	7,073,348
Retained earnings	Before distribution	26,858,094	22,274,796	19,605,707	18,598,963	16,036,499
	After distribution	Note 2	16,079,086	14,124,894	13,135,765	11,285,370
Other equity		66,559	(555,793)	(831,850)	(845,993)	(798,763)
Treasury stock		-	-	-	-	-
Non-controlling equity		469,312	510,264	636,267	577,361	245,436
Total equity	Before distribution	44,284,014	38,362,791	35,046,423	32,731,460	29,543,475
	After distribution	Note 2	32,167,081	29,565,610	27,268,262	24,792,346

Note 1: The 2018~2022 financial data were audited by the CPA.

Note 2: The appropriations of earnings for 2022 had been proposed by the Company's board of directors on February 24, 2023.

Condensed Balance Sheet – Proprietary

Item \ Year		Financial Data within the last 5 years (Note 1)				
		2022	2021	2020	2019	2018
Current assets		23,802,917	19,101,465	15,720,953	13,854,690	14,946,607
Property, plant, and equipment		7,329,547	6,926,491	6,549,679	6,597,256	6,752,642
Intangible assets		250,455	247,722	219,585	106,637	105,532
Other assets		28,873,448	26,501,643	23,580,252	22,208,881	19,260,017
Total assets		60,256,367	52,777,321	46,070,469	42,767,464	41,064,798
Current liabilities	Before distribution	13,451,860	12,372,885	8,991,700	8,473,785	9,860,591
	After distribution	Note 2	18,568,595	14,472,513	13,936,983	14,611,720
Noncurrent liabilities		2,989,805	2,551,909	2,668,613	2,139,580	1,906,168
Total liabilities	Before distribution	16,441,665	14,924,794	11,660,313	10,613,365	11,766,759
	After distribution	Note 2	21,120,504	17,141,126	16,076,563	16,517,888
Capital stock		7,779,769	7,744,638	7,722,545	7,004,100	6,986,955
Additional paid-in capital		9,110,280	8,388,886	7,913,754	7,397,029	7,073,348
Retained earnings	Before distribution	26,858,094	22,274,796	19,605,707	18,598,963	16,036,499
	After distribution	Note 2	16,079,086	14,124,984	13,135,765	11,285,370
Other equity		66,559	(555,793)	(831,850)	(845,993)	(798,763)
Total equity	Before distribution	43,814,702	37,852,527	34,410,156	32,154,099	29,298,039
	After distribution	Note 2	31,656,817	28,929,343	26,690,901	24,546,910

Note 1: The 2018~2022 financial data were audited by the CPA.

Note 2: The appropriations of earnings for 2022 had been proposed by the Company's board of directors on February 24, 2023.

Condensed Income Statement

Item \ Year	Financial Data within the last 5 years (Note 1)				
	2022	2021	2020	2019	2018
Operating income	68,744,701	58,622,050	51,119,408	54,144,662	48,726,518
Gross Profit	26,113,103	22,131,576	20,396,261	21,099,362	18,663,448
Operating profit or loss	12,532,177	9,800,423	9,036,553	9,233,502	7,459,625
Non-Operating income and expense	910,683	454,919	91,808	74,378	527,090
Net income before tax	13,442,860	10,255,342	9,128,361	9,307,880	7,986,715
Net income of continuing operations	10,742,559	8,307,363	7,302,987	7,392,855	6,308,974
Net income	10,742,559	8,307,363	7,302,987	7,392,855	6,308,974
Other comprehensive profit and loss (net)	659,439	228,482	(28,913)	(93,275)	(481,668)
Total current comprehensive profit and loss	11,401,998	8,535,845	7,274,074	7,299,580	5,827,306
Net income attributable to parent company's shareholders	10,757,077	8,250,224	7,247,955	7,351,220	6,289,993
Net income attributable to non-controlling equity	(14,518)	57,139	55,032	41,635	18,981
Total comprehensive profit and loss attributable to parent company's shareholders	11,417,894	8,510,806	7,231,759	7,265,801	5,803,295
Total comprehensive profit and loss attributable to non-controlling equity	(15,896)	25,039	42,315	33,779	24,011
Earnings per share	13.85	10.67	9.40	9.56	9.01

Note 1: The 2018-2022 financial data were audited by the CPA.

Condensed Income Statement – Proprietary

Item \ Year	Financial Data within the last 5 years (Note 1)				
	2022	2021	2020	2019	2018
Operating income	49,346,940	41,159,286	34,391,042	36,632,047	35,382,776
Gross profit	14,555,025	12,408,421	11,314,452	11,728,635	10,646,905
Operating profit or loss	8,791,441	7,386,275	6,971,890	7,241,356	5,933,437
Non-Operating income and expense	3,906,475	2,326,525	1,768,750	1,637,061	1,696,039
Net income before tax	12,697,916	9,712,800	8,740,640	8,878,417	7,629,476
Net income	10,757,077	8,250,224	7,247,955	7,351,220	6,289,993
Other comprehensive profit and loss (net)	660,817	260,582	(16,196)	(85,419)	(486,698)
Total current comprehensive profit and loss	11,417,894	8,510,806	7,231,759	7,265,801	5,803,295
Earnings per share	13.85	10.67	9.40	9.56	9.01

Note 1: The 2018~2022 financial data were audited by the CPA.

6.1.2 The name and opinion of the independent auditor within the last 5 year

Year	Name of CPA Firm	Name of CPAs (Certified Public Accountant)	Auditor's opinions
2022	PricewaterhouseCoopers Taiwan	CPA Hua-Ling Liang/CPA Yi-Fan Lin	Standard Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	CPA Hua-Ling Liang/CPA Yi-Fan Lin	Standard Unqualified opinion
2020	Deloitte & Touche	CPA Jr Shian Ke / CPA Kwan-Chung Lai	Standard Unqualified opinion
2019	Deloitte & Touche	CPA Jr Shian Ke / CPA Meng Chieh Chiu	Standard Unqualified opinion
2018	Deloitte & Touche	CPA Jr Shian Ke / CPA Meng Chieh Chiu	Standard Unqualified opinion

6.2 Financial Analysis within the last 5 years

(I) Financial Analysis – consolidated

Year (Note 1) / Analysis item (Note 3)		Financial analysis within the last 5 years				
		2022	2021	2020	2019	2018
Finance structure (%)	Debt to assets ratio	33.29	33.66	30.19	30.68	32.77
	Long term funds to property, plant, and equipment ratio	433.94	403.29	384.22	364.47	324.96
Solvency(%)	Current ratio (%)	225.90	222.29	250.39	233.93	208.84
	Quick ratio (%)	143.78	141.41	181.79	161.80	142.31
	Interest coverage ratio	49,904.97	65,554.06	45,343.66	37,270.56	170,740.11
Operating ability	Receivables turnover (times)	6.42	6.15	5.81	6.30	6.01
	Accounts receivable collecting days	56.85	59.34	62.82	57.93	60.73
	Inventory turnover (times)	3.21	3.59	3.94	4.31	4.36
	Payables turnover (times)	5.83	6.18	6.67	6.23	5.42
	Average inventory turnover on sales	113.70	101.67	92.63	84.68	83.71
	Property, plant, and property turnover (times)	6.46	5.81	5.20	5.55	4.93
	Total asset turnover (times)	1.11	1.09	1.05	1.19	1.15
Profitability	Return on assets (%)	17.33	15.40	15.03	16.26	14.93
	Return on equity (%)	26.00	22.63	21.55	23.74	22.05
	Ratio of net income before tax to paid-in capital (%) (Note 7)	172.79	132.42	118.20	132.89	114.42
	Profit margin (%)	15.63	14.17	14.29	13.65	12.96
	Earnings Per Share (NT$)	13.85	10.67	9.40	9.56	8.19
Cash flow	Cash Flow Ratio (%)	52.66	55.33	66.79	52.75	61.13
	Cash Flow Adequacy Ratio (%)	102.96	90.04	102.90	93.16	92.44
	Cash Flow Re-investment Ratio (%)	7.72	8.92	6.88	4.13	9.29
Leverage	Operating leverage	1.30	2.65	2.58	2.68	3.05
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Note 1: The 2018~2022 financial data were audited by the CPA.

1. Capital Structure Analysis
(1) Debt Ratio = Total Liabilities / Total Assets
(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity +Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
(1) Current Ratio = Current Assets / Current Liabilities
(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
(3) Interest coverage ratio = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
(1) Receivables turnover = Net Sales / Average Trade Receivables
(2) Accounts receivable collecting days = 365 / Average Collection Turnover
(3) Inventory turnover = Cost of Sales / Average Inventory
(4) Payables turnover = Cost of Sales / Average Trade Payables
(5) Average inventory turnover on sales = 365 / Inventory turnover
(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
(7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
(1) Return on Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) /
Average Total Assets
(2) Return on Equity = Net Income Attributable to
Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent
(3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
(4) Profit margin = Net Income / Net Sales
(5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of
Capital Expenditures, Inventory Additions, and Cash Dividend
(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) /
(Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
(2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

Financial Analysis – Proprietary

Analysis item	Year	Financial analysis within the last 5 years				
		2022	2021	2020	2019	2018
Financ e structu re (%)	Debt to assets ratio	27.29	28.28	25.31	24.77	28.6
	Long term funds to property, plant, and equipment ratio	638.57	583.33	566.12	521.05	461.77
Solvency (%)	Current ratio (%)	176.95	154.38	174.84	163.50	151.58
	Quick ratio (%)	127.66	99.73	133.11	120.12	114.32
	Interest coverage ratio	1,075,283.40	4,808,416.83	1,231,176.06	387,296.55	231,338.58
Operating ability	Receivables turnover (times)	6.03	6.01	5.43	5.32	5.27
	Accounts receivable collecting days	60.53	60.73	67.21	68.60	69.25
	Inventory turnover (times)	5.50	5.64	6.31	6.87	7.87
	Payables turnover (times)	5.58	5.49	5.51	4.99	4.83
	Average inventory turnover on sales	66.36	64.71	57.84	53.12	46.37
	Property, plant, and property turnover (times)	6.92	6.11	5.23	5.49	5.2
	Total asset turnover (times)	0.87	0.83	0.77	0.87	0.9
Profitability	Return on assets (%)	19.04	16.69	16.32	17.53	16.03
	Return on equity (%)	26.34	22.83	21.78	23.89	22.13
	Ratio of net income before tax to paid-in capital (%) (Note 7)	163.22	125.41	113.18	126.76	109.26
	Profit margin (%)	21.80	20.04	21.08	20.07	17.79
	Earnings Per Share (NT$)	13.85	10.67	9.40	9.56	8.19
Cash flow	Cash flow ratio (%)	54.74	66.29	63.39	67.72	48.72
	Cash Flow Adequacy Ratio (%)	85.62	77.55	80.10	72.02	71.62
	Cash Flow Re-investment Ratio (%)	2.47	6.79	0.63	2.84	0.64
Lever age	Operating leverage	3.25	3.10	2.95	3.05	3.55
	Financial leverage	1.00	1.00	1.00	1.00	1.00

*Glossary

1. Capital Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Fixed Assets Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets

2. Liquidity Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Receivables turnover = Net Sales / Average Trade Receivables

(2) Accounts receivable collecting days = 365 / Average Collection Turnover

(3) Inventory turnover = Cost of Sales / Average Inventory

(4) Payables turnover = Cost of Sales / Average Trade Payables

(5) Average inventory turnover on sales = 365 / Inventory turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

(1) Return on Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) /
Average Total Assets
(2) Return on Equity = Net Income Attributable to
Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent
(3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
(4) Profit margin = Net Income / Net Sales
(5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of
Capital Expenditures, Inventory Additions, and Cash Dividend
(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) /
(Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
(2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Company's 2022 Financial Statements have been agreed by Audit Committee members of the Company and approved by the by the Board of Directors. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2022 Business Report and proposal for allocation of profits. The 2022 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company.

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

Advantech Co., Ltd. 2023 Shareholders' Meeting

Convener : Benson Liu

February 24, 2023

6.4 Financial Statements of the most recent year: Please refer to above first attachment

6.5 The consolidated financial statements of the parent and subsidiary audited by the CPA in the most recent year : Please refer to above second attachment

6.6 Financial difficulties, if any, encountered by the Company and its affiliated companies in the most recent year and up to the publication of the annual report, and its impact on the Company's financial status: None

VII. Review of Financial Conditions, Operating Results , and Risk Management

7.1 Financial Conditions:

Unit: NT$ Thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	41,747,348	35,121,490	6,625,858	19%
Property, plant, and equipment	11,039,395	10,246,751	792,644	8%
Intangible assets	2,789,279	2,665,425	123,854	5%
Other assets	10,808,916	9,794,571	1,014,345	10%
Total assets	66,384,938	57,828,237	8,556,701	15%
Current liabilities	18,480,816	16,503,678	1,977,138	12%
Noncurrent liabilities	3,620,108	2,961,768	658,340	22%
Total liabilities	22,100,924	19,465,446	2,635,478	14%
Capital stock	7,779,769	7,744,638	35,131	0%
Additional paid-in capital	9,110,280	8,388,886	721,394	9%
Retained earnings	26,858,094	22,274,796	4,583,298	21%
Other equity	66,559	-555,793	622,352	-112%
Non-controlling equity	469,312	510,264	(40,952)	-8%
Total equity	44,284,014	38,362,791	5,921,223	15%

7.2 Analysis of Financial Status

Unit: NT$ Thousand

Item \ Year	2022	2021	Increased or decreased amount	Ratio change (%)
Operating income	68,744,701	58,622,050	10,122,651	17%
Operating cost	42,631,598	36,490,474	6,141,124	17%
Gross profit	26,113,103	22,131,576	3,981,527	18%
Operating expense	13,580,926	12,331,153	1,249,773	10%
Operating profit	12,532,177	9,800,423	2,731,754	28%
Non-operating income and expense	910,683	454,919	455,764	100%
Net income before tax	13,442,860	10,255,342	3,187,518	31%
Income tax expense	2,700,301	1,947,979	752,322	39%
Net income	10,742,559	8,307,363	2,435,196	29%
Annual other comprehensive profit and loss (Net)	659,439	228,482	430,957	189%
Annual total comprehensive net income	11,401,998	8,535,845	2,866,153	34%
Net income attributable to the shareholder's equity of the parent company	10,757,077	8,250,224	2,506,853	30%
Total comprehensive profit and loss attributable to the shareholder's equity of the parent company	11,417,894	8,510,806	2,907,088	34%

7.3 Cash Flow

7.3.1 Liquidity Analysis within the last 2 years

Cash balance – beginning	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Cash balance (deficit) -	Contingency plans for insufficient cash	
				Investment plan	Financial Plan
9,301,152	9,731,274	(7,002,641)	12,029,785	--	--

7.3.2 Cash liquidity analysis for next year

Cash balance – beginning	Estimated annual net cash flow from operating activities	Estimated annual cash outflow	Cash balance (deficit) -	Contingency plans for insufficient cash	
				Investment plan	Financial Plan
12,029,785	11,348,111	(10,292,519)	13,085,377	--	--

7.4 The impact of material capital expenditure on financial business in the most recent year:

Project	Actual or intended financing	Actual or intended completion date	Total funds needed	Actual or intended use of funds				
				2023	2024	2025	2026	2027
Plant purchase (construction) –Linkou Campus Phase 3	Equity fund	2023.6	1,410,000	482,082	-	-	-	-
Right-of-use assets-Land-ANA	Equity fund	2023~2034	1,000,000	547,300	558,250	569,400	580,790	592,410
Plant purchase (construction) –ANA	Equity fund	TBD	2,100,000	TBD				

(I) Advantech Linkou Campus: In response to the global carbon reduction requirements and the development of networking technology, the Advantech Campus in Linkou was built into a pioneering experimental field of smarter buildings so as to realize the two iBuilding Solutions composed of intelligent energy management and intelligent space management.

7.5 Reinvestment policy in the most recent year, the reasons for profit or loss resulted, its improvement plan, and next year's investment plan:

Advantech adopts reinvestment of equity method with all focusing on long-term strategic purposes;in 2022, the profits of Advantech reinvestment of equity method reached NT$447,404 thousands.

with an increase of NT$ 183,464 thousands, compared to the previous year.In the future,Advantech will hold the principle of long-term strategic investment and continue assessingcarefully reinvestment plans.

7.6 Risk analysis and evaluation

(I) Interest rates, exchange rates, and inflation, their impact on the Company's profit or loss, and future countermeasures:

The Company has sufficient proprietary capital and sound financial structure; therefore, is from the risk of increasing capital cost.

The capital planning is based on a conservative and sound principle with the focus on the security and mobility; also, regularly evaluate money market rates and financial information.

In terms of exchange rate, the Company has a clear foreign exchange policy stipulated; also, a strict control of the procedures is for hedging risk instead of adopting active operation to gain profits.

In terms of inflation, the main sales markets of the Company are without any sign of inflation in recent years, which has not significant impact on the Company's operations.

(II) Engage in the policies of high-risk, highly-leveraged investments, loaning of funds, endorsements and guarantees, and derivative transactions, the reasons for profit or loss resulted, and the future countermeasures:

The Company has each investment project evaluated prudently and handled in accordance with the "Procedures for the Acquisition and Disposal of Assets" and the limits of authority without engaging in any high-risk and highly-leveraged investments.

In terms of loaning of funds and making of endorsements/guarantees, it is mainly arranged for the subsidiaries and sub-subsidiaries of the Company; also, it is to be processed in accordance with the Company's "Procedures for Loaning of Funds" and "Procedures for Making of Endorsements/Guarantees."

In terms of financial derivatives, the purpose is to hedge the exchange rate risks arising from business operation; also, it is to be processed in accordance with the Company's "Procedures for the Trading of Financial Derivatives."

(III) Future R&D plans and the projected R&D investment:

1. The keys to developing IoT industries lie in boosting efforts for corporations to shift toward Digital Transformation 2.0, and in corporations converting from a process-driven model to a data-driven "smart" model. The past few decades have provided the foundation for Digital Transformation 1.0, resulting in substantial improvements in production efficiency across virtually every manufacturing industry. Nonetheless, many problems continue to emerge. On one hand, the inadequacy of data collection and cohesion by enterprises prevents massive information islands from forming a closed loop. On the other hand, the insufficiency of data mining by enterprises is a barrier to AI applications being widely used in various industrial domains. This has stopped enterprises from realizing breakthroughs in their process flow, product quality inspection, predictability analysis, and other tangible business demands.

   The optimal path for Digital Transformation 1.0 to upgrade to 2.0 is realized through the industrial IoT cloud platform. The digital base of enterprises features sufficient resilience, agility, cohesion capacity, and price–performance ratio. Advantech's WISE-PaaS is applicable to the Cloud Native PaaS platform of IoT properties. Advantech will continue to invest in improving the platform's foundation and empowering IoT industry applications.

   (1) Deploy and maintain the operation through containers, micro services, and continuous lightweight implementation to reach the same framework of cloud-edge collaboration, thereby engaging in primary development, multi-terminal deployment, and unified operation.

   (2) Based on Digital Twin, WISE /InsightAPM asset performance development tool controls the real equipment conditions using virtual models, which analyzes current asset performance, predicts the future, assess decision in advance, and facilitate enterprises with precision forecast on the upgrade of operation efficiency and revolution in a

business model.

(3) WISE/AIFS one-stop industrial AI industrialization platform offers AI management, development, model training and deployment, retraining and redevelopment, as well as other complete services. Supported by flexible deployment solutions and cloud-edge collaboration management, the platform accelerates the operation of multiple AI models in all fields, in addition to developing zero code and minimal operating procedures. The platform integrates AutoML and focus-field Pre-Trained model to lower the introductory threshold for AI to the field.

(4) WISE/IoTSuite supports easy and flexible development of domain-application. By working with domain experts, Advantech is dedicated in expanding domain focused solution and application to delever concrete business outcome.

2.The projected R&D investment: 7% of the annual turnover.

(IV) Impact of significant domestic and foreign policy and law changes on the Company's financial operations and related countermeasures:

There had not any significant changes in domestic and foreign policies and law that had a significant impact on the Company in the most recent year. In addition to irregularly collect and assess the impact of significant changes in domestic and foreign policies and law on the Company's finance and business operation, the Company will consult relevant professionals to take countermeasures in a timely manner.

(V) The impact of changes in technology and industry on the Company's financial operations and the countermeasures:

According to Gartner[1], The sale of IoT platforms represents an opportunity growing at a 5 year CAGR of 33% to reach $11.3 billion in 2025. However, the buyer demand will shift from seeing IoT platform as "a set of integrated software capabilities (that) improve(s) product or asset management decision making, and operational visibility and control" to domain and process applications enabled by IoT platforms with concrete business outcomes. The implications for IoT platfrom providers, including Advantech, are,

- A repositioning of platforms to clients
- The development or partnership with providers of applications enabled by the platform
- A challenge around data interoperability in which applications are designed around data models
- A possible change in pricing models from stand-alone platform sales to app-led sales

Ecosystem plays critical role to the success of Application-led IIoT Market. Unlike traditional one-to-one partnership, Gartner has defined the IIoT ecosystem as a complex and dynamic network of entities interacting with each other. Among four types of ecosystem defined by Gartner(application-centric, vertical-centric, platform-centric and data-centric), Application-centric and vertical-centric ecosystems are now dominant in the market. And the key is whether the vendor provides whole product integrating various IIoT modules and provide the clients with clear business outcome. Therefore, Advantech has recently been devoted in building IIoT ecosystems through investment, alliances and co-creation, in domains of smart manufacturing, smart city and etc.. We aim to provide clients with domain focused whole product by integrating the capabilityies of system integrators, solution providers and professional consultants. As for new product and techonolgies, we implement emerging business opportunity (EBO) process and introduce external R&D resources by working with universitites, aiming to build key modules, innovative business models and development raodmaps of IIoT platform.

(VI) The impact of changes in corporate image on the crisis management of the Company and

the countermeasures:

The Company is with a good corporate image. In addition to irregularly receive domestic and international juristic persons, technical symposium and corporate seminars are held on a regular basis to help the investors and customers understand the Company.

(VII) The expect benefit of initiating acquisition, the possible risks, and the countermeasures: None.

(VIII) Expected benefits of a plant expansion, possible risks, and countermeasures:

In 2022, the company experienced strong growth in operations and a steady increase in orders. To meet the need of customers, manufacturing centers in Taipei and Kunshan actively expanded their capacity and continued to introduce process automation and lean manufacturing. These proactive measures helped to increase capacity and efficiency, supporting the momentum of business growth.

In 2022, Taipei and Kunshan each added a new SMT line to expand capacity while introducing Intelligent Material Racks, Machine Insertion Equipment, and X-ray Counting Machines to continue forward with a lean manufacturing model. In addition, the Chassis factory introduced Large-tonnage Stamping Machines and Robotic Arms in continuous operation in 2022 to more quickly and flexibly meet the delivery requirements.

Plans for 2023 include increasing SMT production lines, completing the third phase of the Taipei manufacturing center, and continuing construction of the sixth phase of the Kunshan plant. These measures are expected to meet market demand for the next three years.

In response to potential economic risks in 2023, we will adopt proactive strategies and closely monitor market conditions and competition to quickly adjust investment and expansion plans. At the same time, we will train and recruit outstanding technical personnel to ensure that new production lines and equipment can be run quickly and stably, to ensure product delivery and quality. Finally, we will optimize maintenance processes and methods to reduce costs and improve production efficiency. We believe these measures will lay a solid foundation for future development.

(IX) Risks faced by the centralized purchase or sales and the countermeasures:

The Company's main source of raw materials is from the well-known domestic and international manufacturers that have a good reputation and product quality; also, have maintained a stable relation of cooperation with the Company and provide a stable supply of raw materials. In terms of sales, the Company is a market leader in brand with a smooth sales channel I service; therefore, the Company is free of any risk from the centralized purchase and sale.

(X) The impact of the massive equity transfer or exchange by the directors, supervisors, or shareholders holding more than 10% shareholding on the Company, the risk, and the countermeasures: None

(XI) The impact of the changes in the ownership on the Company, the risk, and the countermeasures: None

(XII) For litigation or non-litigation events, the closed or in-pending material litigation, non-litigation, or administrative contentious events, which may have a significant impact on the shareholder's equity or security price, of the Company, the Company's directors, supervisors, President, responsible person, shareholders holding more than 10% shareholding, and the subsidiaries should be illustrated: None

(XIII) Other important risks and countermeasures: None.

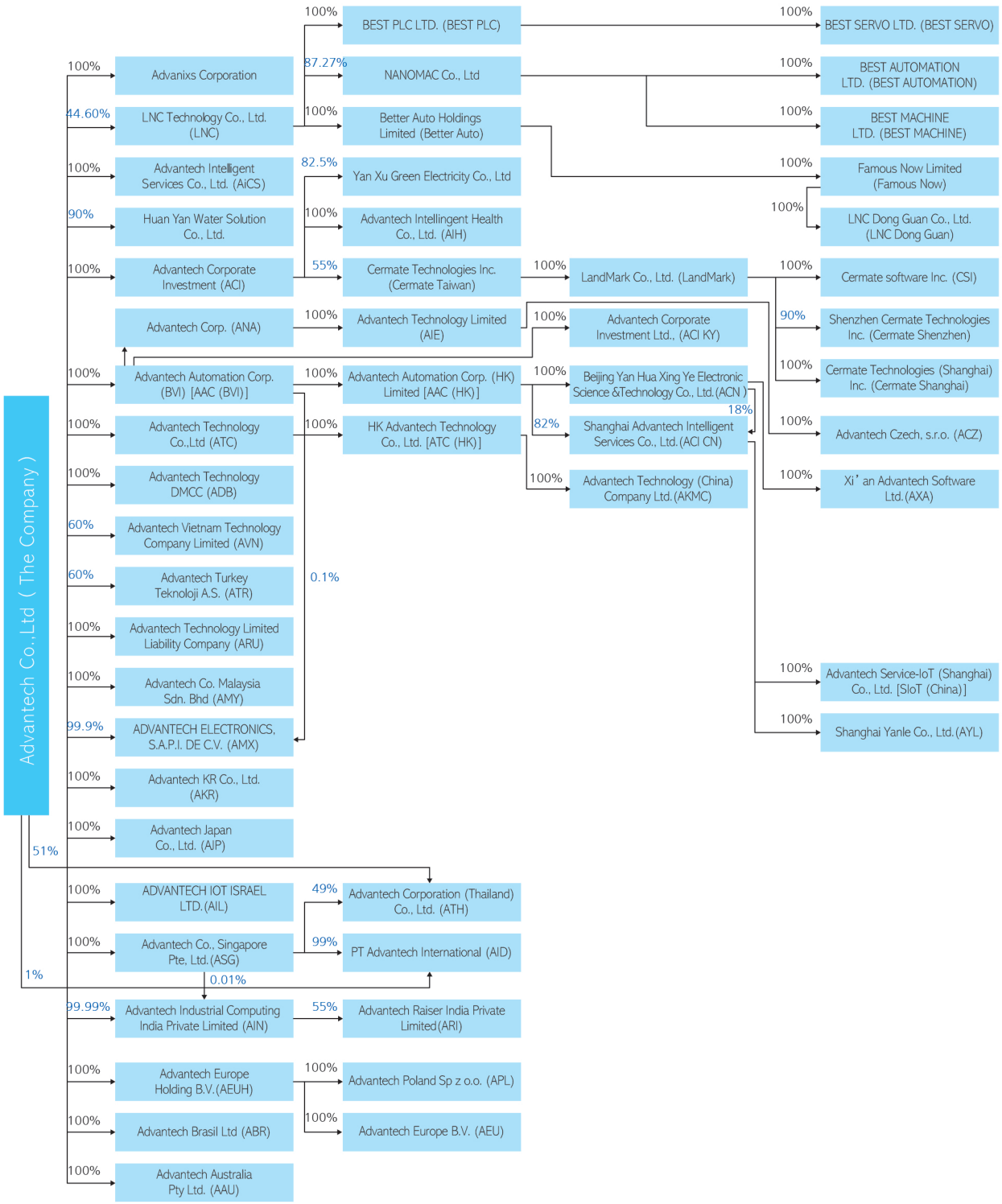
VII. Other Important matters: None.

VIII. Special Disclosure

8. Affiliated company's information

8.1 Affiliated company's Consolidated Business Report

Organization Chart of the Affiliated Companies



8.1.2 Basic information of affiliated companies

Unit: NT$ Thousand

No.	Name	Establishing Date	Address	Paid-in capital	Main Business or Production Items
01	Advantech Automation Corp.(AAC BVI)	Mar 2000	British Virgin Islands	USD126,593	Overseas investment in manufacturing and services industries
02	Advantech Automation Corp.(HK) Limited (AAC HK)	Dec 2007	Hong Kong	USD15,230	Overseas investment in manufacturing and services industries
03	Advantech Corporation.(ANA)	Aug 1987	Milpitas, U.S.	USD66,650	Marketing, trade and assembly of industrial use computers
04	Advantech Technology Limited (AIE)	May 1998	Galway, Ireland	EUR555	Trading of industrial network communication systems
05	Advantech Czech s.r.o. (ACZ)	Aug 2011	Usti, Czech Republic	CZK300	Manufacturing of automation control
06	Beijing Yan Hua Xing Ye Electronics Science &Technology Co., Ltd. (ACN)	Apr.1994	Beijing City	USD4,230	Marketing and trade of industrial use computers
07	Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Sep.2008	Shanghai City	USD8,000	Marketing and trade of industrial use computers
08	Shanghai Yanle Co., Ltd. (AYL)	May 2018	Shanghai City	RMB 2,200	Application and retail of intelligent technology
09	Xi'an Advantech Software Ltd. (AXA)	Sep.2008	Xi'an	RMB6,845	Development and manufacturing of software products
10	Advantech Corporate Investment Ltd.(ACI KY)	Jan.2018	Cayman	USD30,000	Design, research and development and trade of IoT intelligent system services
11	Advantech Service-IoT (Shanghai) Co., Ltd.	May.2018	Shanghai City	RMB15,000	Technology development, consluting and services in the field of intelligent technology
12	Advantech Intelligent Health Co., Ltd. (AIH)	Junr.2019	Taipei	NTD11,000	Service of software
13	Advantech Technology DMCC. (ADB)	Nov 2015	Dubai, UAE	AED50	Trading of industrial network communication systems
14	Advantech Europe Holding B.V. (AEUH)	Dec.1995	Eindhoven, The Netherlands	EUR39,914	Overseas investment in manufacturing and services industries
15	Advantech Europe B.V. (AEU)	Jun.1998	Eindhoven,The Netherlands	EUR41,823	Marketing and trade of industrial use computers
16	Advantech Poland Sp z.o.o. (APL)	Nov.2005	Warsaw,Poland	PLN1,000	Marketing and trade of industrial use computers
17	Advantech Co. Singapore Pte, Ltd. (ASG)	Oct.1995	Singapore	SGD1,450	Marketing and trade of industrial use computers
18	PT Advantech International. (AID)	Mar.2012	Jakarta,Indonesia	USD300	Marketing and trade of industrial use computers
19	Advantech Corporation (Thailand) Co.,Ltd. (ATH)	Aug.2004	Bangkok,Thailand	THB100,000	Marketing and trade of industrial use computers
20	Advantech Technology Co.,Ltd. (ATC)	Sep.1998	British Virgin Islands	USD33,850	Overseas investment in manufacturing and services industries
21	HK Advantech Technology Co.,Limited. (ATC HK)	Apr.2008	Hong Kong	USD57,891	Overseas investment in manufacturing and services industries

No.	Name	Establishing Date	Address	Paid-in capital	Main Business or Production Items
22	Advantech Technology (China) Company Ltd. (AKMC)	Nov.2000	Jiangsu Province	USD43,750	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories
23	Advantech Brazil Ltda. (ABR)	Apr.2000	Sao Paulo,Brazil	BRL17,617	Marketing and trade of industrial use computers
24	Advantech Australia Pty Ltd. (AAU)	Apr.1983	Melboume, Australia	AUD500	Marketing and trade of industrial use computers
25	Advantech IoT Israel Ltd. (AIL)	Jul.2020	Tel Aviv,Israel	ILS1,000	Trading of industrial network communications systems
26	Advantech Industrial Computing India Pvt. Ltd. (AIN)	Jul,.2012	Bangalore,India	INR90,000	Marketing and trade of industrial use computers
27	Advantech Japan Co.,Ltd. (AJP)	May.1997	Tokyo,Japan	JPY1,714,990	Marketing and trade of industrial use computers
28	Advantech KR Co., Ltd. (AKR）	Feb.2009	Seoul Korea	KRW2,353,458	Marketing and trade of industrial use computers
29	ADVANTECH ELECTRONICS, S.A.P.I. DE C.V. (AMX)	May.2012	Guadalajara, Mexico	MXN52,652	Marketing and trade of industrial use computers
30	Advantech Co.,Malaysia Sdn. Bhd (AMY)	Dec.2005	Penang,Malaysia	MYR2,000	Marketing and trade of industrial use computers
31	Advantech Technology Limited Liability Company (ARU)	Jul.2018	Moscow, Russia	RUB107,045	Marketing and trade of industrial use computers
32	Advantech Turkey Technology A.S. (ATR)	Sep.2011	Istanbul,Turkey	TRL5,550	Wholesale of computers and peripheral devices
33	Advantech Vietnam Technology Company Limited(AVN)	Mar.2018	Hanoi,Vietnam	VND13,500,000	Marketing and trade of industrial use computers
34	Advantech Corporate Investment. (ACI)	Feb.2000	Taipei City	NTD3,300,000	Investment in marketable securities
35	Cermate Technologies Inc.	Mar.2003	Taipei City	NTD100,000	Electronic Components Manufacturing Industry
36	LandMark Co.,Ltd.	May.2007	Samoa	USD977	Holding company
37	Cermate Technologies (Shanghai) Inc.	Aug.2007	Shanghai City	RMB3,903	Networking Electronic Equipment for industrial use
38	Shenzhen Cermate Technologies Inc.	Nov.2003	Shenzhen City	RMB2,000	The production of LCD touch screen, USB data cable, and industrial use PC
39	Advantech Intelligent Services Co., Ltd.(AiCs)	Dec.2002	Taipei City	NTD10,000	Marketing and trade of industrial use PC
40	LNC Technology Co., Ltd. (LNC)	Aug.2007	Taichung City	NT300,000	manufacturing and trading of controllers
41	LNC Dong Guan Co., Ltd.	Sep.2009	Dongguan City	USD4,000	The manufacturing and trading of controllers
42	Better Auto Holdings Limited	Jul.2007	British Virgin Islands	USD7,425	Investment company
43	Famous Now Limited	Nov.2007	Hong Kong	USD4,000	Investment company
44	Advanixs Corporation	Jan.2006	Taipei City	NTD100,000	Manufacturing, marketing, and trade of industrial use PC
45	Huan Yan Water Solution Co., Ltd.	Dec. 2020	Taipei City	NT30,000	Combination of water treatment related technologies and Internet of Things applications
46	Advantech Raiser India Private Limited(ARI)	May.2021	Bangalore,India	INR22,500	Marketing and trade of industrial use computers

No.	Name	Establishing Date	Address	Paid-in capital	Main Business or Production Items
47	NANOMAC Co.,Ltd	Mar.2022	Taichung City	NTD73,000	System integration and application,system furniture intelligent design, production, and sales
48	Best Plc Ltd. (BEST PLC)	Feb.2022	British Virgin Islands	USD0.001	Holding company
49	BEST SERVO LTD. (BEST SERVO)	Feb.2022	British Virgin Islands	USD0.001	Holding company
50	BEST MACHINE LTD. (BEST MACHINE)	Jul.2022	British Virgin Islands	-	Holding company
51	BEST AUTOMATION LTD. (BEST AUTOMATION)	Nov.2022	Samoa	-	Holding company
52	Yan Xu Green Electricity Co.,Ltd	Mar.2022	Hsinchu City	NTD101,000	Green energy power plant development
53	Cermate Software Inc.	Feb.2010	Canada	CAD10	Software development

8.1.3 The Company does not have any other affiliated companies with a presumed controlling and ependency relationship according to Article 369.3 of the Company Law.

8.1.4 The overall affiliated company's business operation covers the assembly of the computer,the marketing and sales, the trade of electronic control automation system equipment, the manufacturing, trade, and production of automation control equipment engineering, and the overseas investment of the service industry.

The division of labor among the affiliated companies is as follows:

A. Purchase of finished goods (including three-way trade)

B. Purchasing raw materials

8.1.5 Each affiliated company's Director, Supervisor, and President:

Unit: NT$ housand, except shareholding

No.	Company Name	Title	Name or representative	Shareholding	
				Shares or investment amount	Shareholding or investment ratio (%)
01	Advantech Automation Corp. (AAC BVI)	Director	K.C. Liu	ACL investment $126,593	100
02	Advantech Automation Corp.(HK) Limited. (AAC HK)	Director	K.C. Liu	AAC BVI investment US$15,230	100
03	Advantech Corporation. (ANA)	Director	K.C. Liu	AAC BVI investment US$66,650	100
		President	Ween Niu		
04	Advantech Technology Limited (AIE)	Director	Jerry Martin O Gorman, Marie O'Brien	ANA investment EUR 555	100
05	Advantech Czech s.r.o. (ACZ)	Director	Linda Tsai	AIE investment CZK 300	100
06	Beijing Yan Hua Xing Ye Electronics Science &Technology Co., Ltd (ACN)	Director	K.C. Liu, Chaney Ho, Shih-Yang Tsai	AAC HK investment USD4,230	100
		President	Paul Lo		
07	Shanghai Advantech Intelligent Services Co., Ltd.(AiSC)	Director	K.C. Liu, Wesley Liu, Paul Lo	AAC HK investment USD8,000	100
		Supervisor	Eric Chen		
08	Shanghai Yanle Co., Ltd.	Director	Wesley Liu	ACI CN RMB2,200	100
		Supervisor	Peng Lin		
09	Xi'An Advantech Software Co., Ltd.(AXA)	Director	K.C. Liu	ACN investment USD6,845	100
		Supervisor	shi.jun		
10	Advantech Corporate Investment Ltd.(ACI KY)	Director	Advantech Automation Corp.	AAC(BVI) holds 30,000,000 shares	100
11	ADVANTECH SERVICE-IOT (SHANGHAI) CO., LTD.	Director	K.C. Liu ,MC Chiang	ACI CN investment RMB15,000	100
		Supervisor	Paul Lo		
12	Advantech Intelligent Healehcare Co.,Ltd. (AIH)	Director	Representatives of SIoT: MC Chiang , HS Su, Wesley Liu	ACI holds 1,100,000 shares	100
		Supervisor	Tony Liu		
13	Advantech Technology DMCC. (ADB)	Director	Uwe Hohmann Wesley Liu	AAC(BVI) holds 50 shares	100
14	Advantech Europe Holding B.V. (AEUH)	Director	K.C. Liu	ACL holds 25,961,250 shares	100
15	Advantech Europe B.V.(AEU)	Director	K.C. Liu	AEUH holds 32,315,215 shares	100
		President	Jash Bansidhar		
16	Advantech Poland Sp.z.o.o(APL)	Director	Jeff Shih	AEUH investment PLN1,000	100
17	Advantech Co. Singapore Pte, Ltd. (ASG)	Director	Wesley Liu , Irene Foo	ACL holds 1,450,000 shares	100
18	PT Advantech International . (AID)	Director	Wesley Liu ,Satish Allampalli	ASG holds 2970 shares ACL holds 30 shares	100
		Supervisor	Eric Chen		
19	Advantech Corporation (Thailand) Co., Ltd.	Director	Wesley Liu ,Matrix Choong	ACL holds 51,000shares ASG holds 49,000shares	51 49
20	Advantech Technology Co., Ltd. (ATC)	Director	K.C. Liu	ACL holds 33,850,000 shares	100
21	HK Advantech Technology Co., Limited (ATC HK)	Director	K.C. Liu	ATC(BVI) holds 57,890,679 shares	100

No.	Company Name	Title	Name or representative	Shareholding	
				Shares or investment amount	Shareholding or investment ratio (%)
22	Advantech Technology (China) Company., Ltd. (AKMC)	Director	K.C. Liu, Shun-Long Chen, Jamie Lin	ATC HK investment USD43,750	100
		Supervisor	Eric Chen		
		President	Jamie Lin		
23	Advantech Brazil Ltda.(ABR)	Director	Rosane Roverelli	ACL holds17,616,777 shares	100
24	Advantech Australia Pty Ltd. (AAU)	Director	William Ho	ACL holds 500,204 shares	100
25	ADVANTECH IOT ISRAEL LTD. (AIL)	Director	Wesley Liu,Ilan Bercovich	ACL holds 100 shares	100
26	Advantech Industrial Computing India Pvt. Ltd. (AIN)	Director	Wesley Liu,B.N. Vijayakumar	ACL holds 4,999,999 Shares ASG holds 1 Shares	99.99 0.01
27	Advantech Japan Co., Ltd. (AJP)	Director	K.C. Liu, Takahiro Ishida , Eric Chen	ACL holds 1,200 shares	100
		Supervisor	May Tang		
28	Advantech KR Co., Ltd.	Director	K.C. Liu, Linda Tsai , Charlie Chung	ACL holds 600,000 shares	100
		Supervisor	Eric Chen		
29	Advantech Electronics, S.A.P.I. de C.V. (AMX)	Director	Wesley Liu, Vincent Chang	ACL holds 16,650,003 shares AAC(BVI) holds 16,667 shares	99.9 0.1
30	Advantech Co. Malaysia Sdn. Bhd (AMY)	Director	Wesley Liu , Elvin Ng	ACL holds 2,000,000 shares	100
31	Advantech Technology Limited Liability Company (ARU)	Director	Olga Alioshina	ACL investment RUB 33,200	100
32	Advantech Turkey Technology A.S. (ATR)	Director	Vincent Chang ,Eric Chen,Cem Celik	ACL holds 260,870 shares Cem Celik holds173,913 shares	60 40
33	Advantech Vietnam Technology Company Limited (AVN)	Director	Vincent Chang, Eric Chen, Do Duc Hau	ACL investment VND 8,100,000 Do Duc Hau investment VND 5,400,000	60 40
34	Advantech Corporate Investment .	Director	Representatives of Advantech: K.C. Liu, Tony Liu, Eric Chen	ACL holds 330,000,000 shares	100
		Supervisor	Representatives of Advantech: Jessica Tsai		
35	Cermate Technology Inc.	Director	Representatives of Advantech Corporate Investment.:Jonney Chang,Allan Tsai, Tony Liu Representative of Wen Xin International Investment Company:Sunny.Lee, JIANG,SHIH-SHENG	ACI holds 5,500,000 shares	55
		Supervisor	Yuzhen Liu		
36	LandMark Co., Ltd.	Director	Yuling Liu	Cermate holds 972,284 shares	100
37	Cermate Technologies (Shanghai) Inc.	Director	Sunny.Lee	LandMark investment USD520	100
		Supervisor	Jun Shi		
38	Shenzhen Cermate Technologies Inc.	Director	Sunny.Lee	LandMark investment CNY1,800	90
		Supervisor	Chris Chiang		

No.	Company Name	Title	Name or representative	Shareholding	
				Shares or investment amount	Shareholding or investment ratio (%)
39	Advantech Intelligent Service. (AiCs)	Director	Representatives of Advantech: K.C. Liu, MC Chiang , Eric Chen	ACL holds 1,000,000 shares	100
		Supervisor	Representatives of Advantech: Jessica Tsai		
040	LNC Technology Co., Ltd	Director	Michael Kuo, HSIEH,CHENG-HUI. Representative of Advantech: May Tang Ethan Huang	ACL holds 13,380,000 shares	44.60
		Independent Director	Alan Hung、Grace Wang、CHU,CHIH-PING		
41	LNC DONG GUAN CO., LTD.	Director	Perry Chen、Tom Chen、Less Huang	Famous Now investment USD4,000	100
		Supervisor	Jessica Lin		
42	Better Auto Holdings Limited	Director	Michael Kuo	LNC holds7,425,000 shares	100
43	Famous Now Limited	Director	Michael Kuo	Better Auto holds 4,906,096 shares	100
44	Advanixs Corporation.	Director	Representatives of Advantech: K.C. Liu , Miller Chang , Eric Chen	ACL holds 10,000,000 shares	100
		Supervisor	Representatives of Advantech: Jessica Tsai		
45	Huan Yan Water Solution Co., Ltd.	Director	Representatives of Advantech Corporate Investment.: ChingPo Lin, Tony Liu,Michael Huang	ACL holds2,700,000 shares	90
		Supervisor	Representatives of Advantech: Jessica Tsai		
46	Advantech Raiser India Private Limited(ARI)	Director	Wesley Liu, Mark Yang, Amit Tirthraj Singh	AIN holds 1,237,500shares	55
47	NANOMAC Co.,Ltd	Director	Representative of LNC: Michael Kuo、Perry Chen、Jessica Lin、Ellen Lu、LIN,HSIAO-TING	LNC holds2,880,000 shares	87.27
		Supervisor	Tom Chen		
48	Best Plc Ltd. (BEST PLC)	Director	Michael Kuo	Lnc hold 1 shares	100
49	BEST SERVO LTD. (BEST SERVO)	Director	Michael Kuo	BEST PLC hold 1shares	100
50	BEST MACHINE LTD. (BEST MACHINE)	Director	Michael Kuo	-	-
51	BEST AUTOMATION LTD. (BEST AUTOMATION)	Director	Michael Kuo	-	-
52	Yan Xu Green Electricity Co., Ltd.	Director	Representatives of RFD Micro Electricity Co. Ltd.人:Mindi Wang Representatives of Advantech Corporate Investment.: Tony Liu, Michael Huang	ACI holds 8,332,500 shares	82.5
		Supervis	Juana Chiu		
53	Cermate Software Inc.	Director	Chiang,Chris Shih-Chian	LandMark CAD10	100

8.1.6 Affiliated company's Operating Results

Unit: NT$ Thousand, Except Earnings per Share in NT$

No.	Company Name	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Net Income (Loss)	EPS (Loss) / NT$ (after tax)
01	Advantech Automation Corp. (AAC(BVI))	3,752,564	12,425,829	0	12,425,829	0	16,023	1,563,597	12.35
02	Advantech Technology(HK) Co., Limited.(ATC HK)	461,088	3,431,291	11,367	3,419,925	35,468	(1,029)	479,072	31.46
03	Advantech Corporation.(ANA)	337,232	10,161,493	3,306,583	6,854,910	21,094,389	1,355,381	1,089,751	99.50
04	Advantech Technology Limited (AIE)	1,273,262	78,019	5,288	72,731	18,813	2,183	64,532	-
05	Advantech Czech s.r.o (ACZ)	-	378,134	60,216	317,918	458,905	82,656	66,645	-
06	Beijing Yan Hua Xing Ye Electronic Science &Technology Co., Ltd.	164,856	4,852,084	2,565,930	2,286,154	14,886,329	417,021	470,737	-
07	Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	252,065	1,551,346	14,165	1,537,181	11,893	(34,238)	4,555	-
08	Shanghai Yanle Co., Ltd.	9,476	1,952	0	1,952	0	(38)	(4)	-
09	Xi'an Advantech Software Ltd.	31,589	29,937	71	29,866	0	(740)	257	-
10	Advantech Coporate Investment Ltd.,	1,366,780	2,140,512	0	2,140,512	0	(449)	(21,593)	(0.72)
11	Advantech Service-IoT (Shanghai) Co., Ltd.	70,184	53,654	1,374	52,281	0	(112)	622	-
12	Advantech Intelligent Health Co., Ltd.	11,000	6,019	4,074	1,945	15,352	(1,273)	(1,269)	(1.15)
13	Advantech Technology DMCC.	-	7,179	3,789	3,390	9,880	515	470	-
14	Advantech Europe Holding B.V.	1,013,325	1,779,867	2,476	1,777,391	0	(471)	316,989	12.21
15	Advantech Europe B.V.	1,138,092	4,945,046	3,262,709	1,682,337	11,418,400	434,060	306,640	9.49
16	Advantech Poland Sp z.o.o	10,145	70,659	18,159	52,500	109,934	12,033	10,820	1,539.16
17	Advantech Co. Singapore Pte, Ltd.	32,959	301,108	121,439	179,669	731,161	74,857	70,562	48.66
18	PT Advantech International .	5,465	48,049	39,861	8,188	78,601	1,858	263	0.88
19	Advantech Corporation (Thailand) Co.,Ltd.	93,215	147,756	40,822	106,934	291,252	8,535	9,605	96.05
20	Advantech Technology Co.,Ltd.	964,739	4,985,871	0	4,985,871	0	(106)	532,717	13.04
21	HK Advantech Technology Co.,Limited	1,790,224	4,984,351	0	4,984,351	0	0	532,823	9.20
22	Advantech Technology (China) Company Ltd.	1,475,414	7,803,259	3,015,021	4,788,238	16,754,464	642,799	532,823	-
23	Advantech Brazil Ltda	153,549	143,025	37,520	105,505	238,604	(10,241)	3,166	0.25
24	Advantech Australia Pty Ltd.	14,846	178,203	130,147	48,055	540,243	35,338	23,242	46.47
25	Advantech IoT Israel Ltd. (AIL)	8,653	14,089	3,714	10,375	27,051	670	678	6,777.57
26	Advantech Industrial Computing India Pvt. Ltd. (AIN)	39,747	93,511	58,892	34,619	154,995	(11,963)	(9,261)	(1.85)
27	Advantech Japan Co.,Ltd. (AJP)	657,493	2,204,656	1,268,360	936,296	3,604,033	276,310	184,634	153,861.49
28	Advantech KR Co., Ltd. (AKR）	7,800	1,232,389	616,901	615,488	2,552,792	180,257	124,303	207.17

No.	Company Name	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Net Income (Loss)	EPS (Loss) / NT$ (after tax)
29	ADVANTECH ELECTRONICS, S.A.P.I. DE C.V. (AMX)	103,299	125,657	42,076	83,582	160,587	8,886	10,587	0.64
30	Advantech Co., Malaysia Sdn.Bhd (AMY)	18,138	151,807	79,644	72,163	333,587	36,977	26,379	13.19
31	Advantech Technology Limited Liability Company (ARU)	44,676	9,422	409	9,012	22,445	(20,103)	(23,599)	(23,598,700)
32	Advantech Turkey Technology A.S. (ATR)	2,502	48,960	14,281	34,679	212,244	18,397	13,270	30.52
33	Advantech Vietnam Technology Company Limited(AVN)	17,550	85,453	49,580	35,874	255,864	22,262	15,693	1,162.47
34	Advantech Corporate Investment	3,300,000	3,910,236	11,223	3,899,013	0	(725)	136,992	0.42
35	Cermate Technologies Inc.	100,000	279,510	83,921	195,589	232,483	6,926	30,226	3.02
36	LandMark Co.,Ltd.	27,057	140,706	0	140,706	0	0	26,737	27.50
37	Cermate Technologies (Shanghai) Inc.	18,760	43,038	10,512	32,526	77,977	11,918	11,974	-
38	Shenzhen Cermate Technologies Inc.	9,320	155,296	40,594	114,702	268,454	11,978	12,907	-
39	Advantech Intelligent Services Co., Ltd. (AiCs)	10,000	9,733	12,136	(2,403)	42,023	(7,170)	(7,130)	(7.13)
40	LNC Technology Co., Ltd.	300,000	534,007	236,572	297,435	466,010	(43,909)	(70,917)	(2.36)
41	LNC Dong Guan Co., Ltd.	122,840	312,699	239,502	73,197	664,690	(33,028)	(28,560)	-
42	Better Auto Holdings Limited	229,907	73,282	-	73,282	-	-	(29,071)	(3.92)
43	Famous Now Limited.	150,666	73,202	-	73,202	-	-	(29,071)	(5.93)
44	Advanixs Corporation.	100,000	450,148	184,294	265,854	1,021,262	144,416	123,519	12.35
45	Huan Yan Water Solution Co., Ltd.	27,000	29,202	3,382	25,820	8,224	(539)	(423)	(0.14)
46	Advantech Raiser India Private Limited(ARI)	8,456	84,886	74,816	10,070	157,559	7,076	1,688	0.75
47	NANOMAC Co.,Ltd	33,000	74,754	50,819	23,935	1,010	(11,263)	(9,065)	(5.62)
48	BEST PLC LTD.	-	-	-	-	-	-	-	-
49	BEST SERVO LTD.	-	-	-	-	-	-	-	-
50	BEST MACHINE LTD.	-	-	-	-	-	-	-	-
51	BEST AUTOMATION LTD.	-	-	-	-	-	-	-	-
52	Yan Xu Green Electricity Co.,Ltd	101,000	100,433	85	100,348	0	(777)	(652)	(0.06)
53	Cermate Software Inc.	229	4,066	1,025	3,041	36,710	425	442	-

A. The companies to be included in the affiliate's consolidated financial statements are same as the companies to be included in the parent company-subsidiary consolidated financial statements in accordance with Article 7 of the "Taiwan's Financial Accounting Standards;" therefore, the affiliate's consolidated financial statements will not be prepared separately.

B. The Company is not a subsidiary of other companies; therefore, it is not necessary to have the relationship report prepared.

8.2 The status of issuing private placement securities in the most recent year and up to the publication of the annual report: None

8.3. Acquisition or disposal of the Company's stock shares by subsidiaries in the most recent year and up to the publication of the annual report: None

8.4 Other necessary supplementary notes: None

IX. The occurrence of any events as stated in Section 3 Paragraph 2 in Article 36 of the Securities Exchange Act that had significant impact on shareholders' equity or securities prices in the most recent year and up to the publication of the annual report: None

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, 2022 and 2021, 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the 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 in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgements, were of most significance in our audit of ADVANTECH CO., LTD.'s 2022 financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for ADVANTECH CO., LTD.'s 2022 financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(12) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(5) for the details for inventory valuation. ADVANTECH CO., LTD.'s inventory and allowance for inventory valuation as at December 31, 2022 are $6,746,023 thousand and $459,247 thousand, respectively.

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

How our audit addressed the matter

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

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

Appropriateness of sales cut-off

Description

Refer to Note 4(29) for the related accounting policies on the recognition of sales revenue.

The sales revenue of ADVANTECH CO., LTD. is spread all over the world, with a large number of customers and different transaction conditions. Therefore, if the sales revenue is not properly recorded in the correct period, it may have a significant impact on the financial statements. Thus, we considered the appropriateness of sales cut-off 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 internal controls in relation to sales revenue, and validated the operating effectiveness of those above-mentioned internal controls.
2. Tested the sales for a specific period prior to and after the balance sheet date, including confirming transaction terms, checking supporting documents and validating the proper timing of recognizing movements of inventories and respective transfer of cost of goods sold.
3. Inspected contents and relevant evidences to confirm whether there were any significant or unusual sales returns and discounts occurring subsequent to the reporting period.

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 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 of parent financial statements.

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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liang, Hua-Ling　　Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 5,657,737	9	$ 3,608,918	7
1110	Financial assets at fair value through profit or loss - current	6(2)	2,682,957	4	1,081,067	2
1150	Notes receivable, net	6(4)	29,392	-	65,229	-
1170	Accounts receivable, net	6(4)	1,557,919	3	1,408,798	3
1180	Accounts receivable - related parties	7	7,165,182	12	6,127,176	12
1200	Other receivables		59,442	-	30,803	-
1210	Other receivables - related parties	7	20,334	-	17,966	-
130X	Inventories	6(5)	6,286,776	10	6,496,451	12
1470	Other current assets		343,178	1	265,057	-
11XX	**Total current assets**		23,802,917	39	19,101,465	36
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	101,050	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,394,345	2	1,981,237	4
1550	Investments accounted for under equity method	6(6)	26,804,475	45	23,744,210	45
1600	Property, plant and equipment	6(7) and 7	7,329,547	12	6,926,491	13
1755	Right-of-use assets	6(8)	4,627	-	7,541	-
1780	Intangible assets	6(9)	250,455	1	247,722	1
1840	Deferred income tax assets	6(22)	499,008	1	720,411	1
1915	Prepayments for business facilities		53,240	-	38,393	-
1990	Other non-current assets		16,703	-	9,851	-
15XX	**Total non-current assets**		36,453,450	61	33,675,856	64
1XXX	**Total assets**		$ 60,256,367	100	$ 52,777,321	100

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ 21,634	-	$ 2,687	-
2130	Contract liabilities - current	6(17)	455,619	1	108,896	-
2170	Notes and accounts payable		3,937,922	6	4,589,558	9
2180	Accounts payable - related parties	7	2,144,907	4	1,924,592	4
2200	Other payables	6(10)	3,411,536	6	3,075,486	6
2220	Other payables - related parties	7	90,664	-	123,036	-
2230	Current income tax liabilities		3,188,785	5	2,340,847	4
2250	Provision for liabilities - current		72,773	-	70,859	-
2280	Lease liabilities - current	6(8)(24)	3,355	-	5,174	-
2300	Other current liabilities		124,665	-	131,750	-
21XX	**Total current liabilities**		13,451,860	22	12,372,885	23
	Non-current liabilities					
2560	Current income tax liabilities - non-current		659,969	1	97,320	-
2570	Deferred income tax liabilities	6(22)	2,110,111	4	2,110,111	4
2580	Lease liabilities - non-current	6(8)(24)	506	-	2,262	-
2600	Other non-current liabilities	6(11)	219,219	-	342,216	1
25XX	**Total non-current liabilities**		2,989,805	5	2,551,909	5
2XXX	**Total liabilities**		16,441,665	27	14,924,794	28
	Equity					
	Share capital	6(13)				
3110	Common share		7,778,434	13	7,738,228	15
3140	Advance receipts for share capital		1,335	-	6,410	-
	Capital surplus	6(14)				
3200	Capital surplus		9,110,280	15	8,388,886	15
	Retained earnings	6(15)				
3310	Legal reserve		8,552,226	14	7,737,236	15
3320	Special reserve		555,794	1	831,850	2
3350	Unappropriated retained earnings		17,750,074	30	13,705,710	26
	Other equity	6(16)				
3400	Other equity		66,559	-	(555,793)	(1)
3XXX	**Total equity**		43,814,702	73	37,852,527	72
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 62,256,367	100	$ 52,777,321	100

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			For the years ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	$ 49,346,940	100	$ 41,159,286	100
5000	Operating costs	6(5)(7)(8)(9)(11)(12)(21) and 7	(34,791,915)	(70)	(28,750,865)	(70)
5900	Gross profit		14,555,025	30	12,408,421	30
5910	Unrealised profit from sales		(1,071,832)	(2)	(691,983)	(2)
5920	Realised profit from sales		691,983	1	612,224	2
5950	Gross profit		14,175,176	29	12,328,662	30
	Operating expenses	6(7)(8)(9)(11)(12)(21) and 7				
6100	Selling expenses		(826,677)	(2)	(760,407)	(2)
6200	General and administrative expenses		(1,204,322)	(2)	(1,110,599)	(3)
6300	Research and development expenses		(3,346,921)	(7)	(3,070,694)	(7)
6450	Expected credit impairment loss		(5,815)	-	(687)	-
6000	Total operating expenses		(5,383,735)	(11)	(4,942,387)	(12)
6900	Operating profit		8,791,441	18	7,386,275	18
	Non-operating income and expenses					
7100	Interest income		6,299	-	178	-
7010	Other income	6(18) and 7	346,749	1	302,570	1
7020	Other gains and losses	6(2)(6)(19)	285,920	-	(215,052)	-
7050	Finance costs	6(8)(20)	(1,181)	-	(202)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	3,268,688	7	2,239,031	5
7000	Total non-operating income and expenses		3,906,475	8	2,326,525	6
7900	**Profit before income tax**		12,697,916	26	9,712,800	24
7950	Income tax expense	6(22)	(1,940,839)	(4)	(1,462,576)	(4)
8200	**Profit for the year**		$ 10,757,077	22	$ 8,250,224	20

(Continued)

ADVANTECH CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			For the years ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurements of defined benefit plans	6(11)	$ 30,796	-	($ 4,716)	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	(586,892)	(1)	648,802	2
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(6)(16)	362,096	-	184,855	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(6,159)	-	943	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(200,159)	(1)	829,884	2
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	1,010,517	2	(653,773)	(1)
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(6)(16)	65,703	-	(57,855)	-
8399	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(215,244)	-	142,326	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		860,976	2	(569,302)	(1)
8300	**Total other comprehensive income for the year**		$ 660,817	1	$ 260,582	1
8500	**Total comprehensive income for the year**		$ 11,417,894	23	$ 8,510,806	21
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(23)	$ 13.85		$ 10.67	
9850	Diluted earnings per share	6(23)	$ 13.70		$ 10.51	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Share Capital			Retained Earnings			Other Equity Interest			
	Notes	Common share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total equity
For the year ended December 31, 2021											
Balance at January 1, 2021		$ 7,719,455	$ 3,090	$ 7,913,754	$ 7,020,201	$ 845,993	$ 11,739,513	($ 1,006,635)	$ 173,308	$ 1,477	$ 34,410,156
Profit for the year		-	-	-	-	-	8,250,224	-	-	-	8,250,224
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	(4,040)	(569,302)	833,924	-	260,582
Total comprehensive income (loss) for the year		-	-	-	-	-	8,246,184	(569,302)	833,924	-	8,510,806
Appropriations of 2020 earnings	6(15)										
Legal reserve		-	-	-	717,035	-	(717,035)	-	-	-	-
Reversal of special reserve		-	-	-	-	(14,143)	14,143	-	-	-	-
Common share cash dividends		-	-	-	-	-	(5,480,813)	-	-	-	(5,480,813)
Recognition of employee share options	6(12)(13)	18,773	3,320	185,822	-	-	-	-	-	-	207,915
Compensation costs recognized for employee share options	6(12)(21)	-	-	291,441	-	-	-	-	-	-	291,441
Changes in associates and joint ventures accounted for under equity method	6(14)	-	-	(25,474)	-	-	(80,199)	-	-	-	(105,673)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(14)	-	-	23,128	-	-	(3,401)	-	-	-	19,727
Changes in ownership interests in subsidiaries	6(14)	-	-	215	-	-	(1,247)	-	-	-	(1,032)
Disposal of financial assets at fair value through other comprehensive income	6(16)	-	-	-	-	-	(11,435)	-	11,435	-	-
Balance at December 31, 2021		$ 7,738,228	$ 6,410	$ 8,388,886	$ 7,737,236	$ 831,850	$ 13,705,710	($ 1,575,937)	$ 1,018,667	$ 1,477	$ 37,852,527
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 7,738,228	$ 6,410	$ 8,388,886	$ 7,737,236	$ 831,850	$ 13,705,710	($ 1,575,937)	$ 1,018,667	$ 1,477	$ 37,852,527
Profit for the year		-	-	-	-	-	10,757,077	-		-	10,757,077
Other comprehensive income (loss) for the year	6(16)	-	-	-	-	-	31,990	860,976	(232,149)	-	660,817
Total comprehensive income (loss) for the year		-	-	-	-	-	10,789,067	860,976	(232,149)	-	11,417,894
Appropriations of 2021 earnings	6(15)										
Legal reserve		-	-	-	814,990	-	(814,990)	-	-	-	-
Reversal of special reserve		-	-	-	-	(276,056)	276,056	-	-	-	-
Common share cash dividends		-	-	-	-	-	(6,195,710)	-	-	-	(6,195,710)
Recognition of employee share options	6(12)(13)	40,206	(5,075)	401,139	-	-	-	-	-	-	436,270
Compensation costs recognized for employee share options	6(12)(21)	-	-	233,442	-	-	-	-	-	-	233,442
Changes in associates and joint ventures accounted for under equity method	6(14)(16)	-	-	78,071	-	-	(6,403)	-	-	(5,517)	66,151
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(14)	-	-	8,428	-	-	(4,614)	-	-	-	3,814
Changes in ownership interests in subsidiaries	6(14)	-	-	314	-	-	-	-	-	-	314
Disposal of financial assets at fair value through other comprehensive income owned by associates	6(16)	-	-	-	-	-	958	-	(958)	-	-
Balance at December 31, 2022		$ 7,778,434	$ 1,335	$ 9,110,280	$ 8,552,226	$ 555,794	$ 17,750,074	($ 714,961)	$ 785,560	($ 4,040)	$ 43,814,702

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		$ 12,697,916	$ 9,712,800
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(21)	252,051	234,036
Amortisation	6(9)(21)	111,609	130,281
Expected credit impairment loss		5,815	687
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(19)	32,934	(66,881)
Finance costs	6(8)(20)	1,181	202
Interest income		(6,299)	(178)
Dividend income	6(18)	(206,257)	(131,626)
Compensation costs of employee share options	6(12)(21)	233,442	291,441
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		(3,268,688)	(2,239,031)
Loss (gain) on disposal of property, plant and equipment	6(19)	18	(71,945)
Unrealised profit from sales		1,071,832	691,983
Realised profit from sales		(691,983)	(612,224)
Others		-	(22,469)
Impairment loss	6(19)	-	215,068
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(1,635,874)	2,638,632
Notes receivable		35,837	(44,721)
Notes receivable - related parties		-	6,775
Accounts receivable		(154,936)	(277,899)
Accounts receivable - related parties		(1,038,006)	(1,190,756)
Other receivables		(9,718)	101,147
Other receivables - related parties		(2,368)	8,389
Inventories		209,675	(2,798,952)
Other current assets		(69,349)	(210,611)
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		18,947	(18,357)
Contract liabilities - current		346,723	29,565
Notes and accounts payable		(660,408)	2,419,057
Accounts payable - related parties		220,315	131,220
Other payables		336,050	583,288
Other payables - related parties		(32,372)	58,863
Provision for liabilities - current		1,914	10,196
Other current liabilities		(7,085)	(4,862)
Other non-current liabilities		1,130	802
Net defined benefit liabilities		(93,331)	(4,416)
Cash inflow generated from operations		7,700,715	9,569,504
Dividends received		206,257	131,626
Interest received		6,299	178
Income tax paid		(549,175)	(1,499,559)
Interest paid		(1,091)	(68)
Net cash flows provided by operating activities		7,363,005	8,201,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		(100,000)	-
Acquisition of investments accounted for under equity method		(34,740)	(1,166,690)
Dividends received from subsidiaries and associates		1,328,036	384,280
Proceeds from disposal of subsidiaries		43,875	92,123
Cash received from liquidation of subsidiaries		-	10,059
Acquisition of property, plant and equipment	6(7)	(642,067)	(644,863)
Proceeds from disposal of property, plant and equipment		121	127,217
Acquisition of intangible assets	6(9)	(114,342)	(151,097)
Increase in prepayments for business facilities		(21,937)	(13,084)
Increase in refundable deposits		(6,852)	(3,719)
Net cash flows provided by (used in) investing activities		452,094	(1,365,774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		-	(700)
Payments of lease liabilities	6(8)(24)	(6,840)	(7,937)
Payments of cash dividends	6(15)	(6,195,710)	(5,480,813)
Employee share options exercised		436,270	199,865
Net cash flows used in financing activities		(5,766,280)	(5,289,585)
Net increase in cash and cash equivalents		2,048,819	1,546,322
Cash and cash equivalents at beginning of year		3,608,918	2,062,596
Cash and cash equivalents at end of year		$ 5,657,737	$ 3,608,918

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, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

1. HISTORY AND ORGANISATION

(1) Advantech Co., Ltd. (the "Company") was incorporated in September 1981. The Company is primarily engaged in the manufacture and sales of embedded computing boards, industrial automation products, applied computers and industrial computers.

(2) The Company's shares have been listed on the Taiwan Stock Exchange since December 1999.

(3) To improve the entire operating efficiency of the Company and its subsidiaries (collectively referred herein as the "Group"), the Company's Board of Directors during its meeting on June 30, 2009 resolved to have a short-form merger with its wholly-owned subsidiary, Advantech Investment and Management Service ("AIMS"). The effective date was set on July 30, 2009. As the surviving entity, the Company assumed all assets and liabilities of AIMS. On June 26, 2014, the Company's Board of Directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. ("Netstar"), an indirectly 95.51%-owned subsidiary through a wholly-owned subsidiary, Advantech Corporate Investment. The effective date for the merger was set on July 27, 2014. As the surviving entity, the Company assumed all assets and liabilities of Netstar.

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 24, 2023.

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") 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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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 IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - Comparative Information'	January 1, 2023
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

The above standards and interpretations have no significant impact to the Company's financial

condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT 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 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 consolidated 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 and associates 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.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) <u>Classification of current and non-current items</u>

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 realised, 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 realised 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) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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 and debt instruments which meet all of the following criteria:
(a) The objective of the Company's business model is achieved both by collecting contractual

cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

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) 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.

(9) 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 receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes 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.

(11) 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.

(12) Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost to complect the sale.

(13) Investments accounted for under 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. Unrealised 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 under 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. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised 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 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. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus 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 still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

L. When the Company disposes of an affiliated company and loses its significant influence on the affiliated company, it will transfer the capital reserve related to the affiliated company to profit and loss; if it still has a significant impact on the affiliated company, it will be transferred to profit and loss according to the disposition ratio.

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.

(14) 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	20 ~ 51 years
Electronic equipment	5 years
Engineering systems	5 years
Machinery and equipment	2 ~ 8 years
Office equipment	2 ~ 8 years
Other equipment	2 ~ 10 years

(15) 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.

(16) Intangible assets

A. Goodwill

Goodwill arise 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.

(17) 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 recognising 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.

(18) 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.

(19) 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.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial assets and liabilities

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 realise the asset and settle the liability simultaneously.

(22) 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.

(23) Provisions for liabilities

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.

(24) 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.

(25) 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.

(26) 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 shareholders 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 income 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income 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 income 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 realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income 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 realise the asset and settle the liability simultaneously.

(27) 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.

(28) 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.

(29) 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.

(30) 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.

(31) 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 at balance sheet date 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. Valuation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company valuates 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 realisable value. Such an valuation 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 valuation.

As of December 31, 2022, the carrying amount of inventories was $6,286,776.

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, 2022, the Company recognized goodwill, net of impairment loss, amounting to $111,599.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 135	$ 215
Checking accounts and demand deposits	5,260,882	3,608,703
Cash equivalents (time deposits with original maturities less than three months)	396,720	-
	$ 5,657,737	$ 3,608,918

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

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	$ 936	$ 11,966
Non-derivative financial assets		
Convertible corporate bonds	29,100	36,975
Beneficiary certificates	2,652,921	1,032,126
	$ 2,682,957	$ 1,081,067
Financial assets - non-current		
Mandatorily measured at fair value through profit or loss		
Corporate bonds	$ 101,050	$ -
Financial liabilities - current		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	$ 21,634	$ 2,687

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

	For the years ended December 31,	
	2022	2021
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	($ 472)	$ 13,888
Derivative instruments	(32,462)	52,993
	($ 32,934)	$ 66,881

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

Derivative financial assets:

December 31, 2022	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	CNY/NTD	2023.01~2023.02	CNY 37,000/NTD 164,020
	JPY/NTD	2023.01	JPY 20,000/NTD 4,652

December 31, 2021	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	EUR/NTD	2022.01~2022.05	EUR 12,300/NTD 395,896
	USD/NTD	2022.01	USD 800/NTD 22,219
	JPY/NTD	2022.01~2022.03	JPY 240,000/NTD 59,071

Derivative financial liability:

December 31, 2022	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	CNY/NTD	2023.03~2023.04	CNY 27,000/NTD 118,081
	EUR/NTD	2023.01~2023.05	EUR 16,700/NTD 529,476
	JPY/NTD	2023.01~2023.06	JPY 260,000/NTD 57,747
	USD/NTD	2023.01~2023.03	USD 6,000/NTD 183,082

December 31, 2021	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	CNY/NTD	2022.01~2022.04	CNY 68,000/NTD 292,705

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

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

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

	December 31, 2022	December 31, 2021
Listed and OTC stocks	$ 1,394,345	$ 1,981,237

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:

	For the years ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 586,892)	$ 648,802
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -	$ -

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

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 29,392	$ 65,229
Less: Allowance for uncollectible accounts	-	-
	$ 29,392	$ 65,229
Accounts receivable	$ 1,572,953	$ 1,418,434
Less: Allowance for uncollectible accounts	(15,034)	(9,636)
	$ 1,557,919	$ 1,408,798

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

	December 31, 2022	December 31, 2021
Not past due	$ 1,374,851	$ 1,273,930
Less than 90 days past due	210,224	198,546
Between 91 to 180 days past due	2,037	2,031
Over 181 days past due	15,233	9,156
	$ 1,602,345	$ 1,483,663

The above aging 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 $1,161,043 as at January 1, 2021.

C. The Company does not hold collateral as security for accounts receivable.

D. As of December 31, 2022 and 2021, 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 $29,392 and $65,229, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $1,557,919 and $1,408,798, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,996,743	($ 318,090)	$ 2,678,653
Work in progress	1,181,828	(54,777)	1,127,051
Finished goods	2,453,366	(86,380)	2,366,986
Inventory in transit	114,086	-	114,086
	$ 6,746,023	($ 459,247)	$ 6,286,776

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,469,716	($ 291,081)	$ 3,178,635
Work in progress	985,823	(41,339)	944,484
Finished goods	2,287,223	(75,911)	2,211,312
Inventory in transit	162,020	-	162,020
	$ 6,904,782	($ 408,331)	$ 6,496,451

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	$ 34,394,613	$ 28,439,528
Loss on decline in market value	50,916	145,407
Others	346,386	165,930
	$ 34,791,915	$ 28,750,865

(6) Investments accounted for under equity method

	December 31, 2022		December 31, 2021	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:				
Advantech Automation Corp. (BVI) [AAC (BVI)]	$ 11,937,107	100.00	$ 10,058,205	100.00
Advantech Technology Co., Ltd. (ATC)	4,925,151	100.00	4,332,709	100.00
Advantech Corporate Investment (ACI)	3,898,859	100.00	4,003,595	100.00
Advanixs Corporation	328,785	100.00	235,010	100.00
Advantech Europe Holding B.V. (AEUH)	1,396,820	100.00	1,202,407	100.00
LNC Technology Co., Ltd. (LNC)	232,125	44.60	299,709	48.10
AdvanPOS Technology Co., Ltd. (AdvanPOS)	-	-	14,565	100.00
Advantech KR Co., Ltd. (AKR)	518,506	100.00	445,256	100.00
Advantech Japan Co., Ltd. (AJP)	998,261	100.00	411,417	100.00
Advantech Co., Singapore Pte, Ltd. (ASG)	155,576	100.00	114,531	100.00
Advantech Technologies Japan Corp. (ATJ)	-	-	467,000	71.39
Advantech Brasil Ltd. (ABR)	103,280	100.00	84,753	100.00
Others	465,795	-	427,733	-
	24,960,265		22,096,890	
Associates:				
Axiomtek Co., Ltd. (Axiomtek)	1,004,985	27.97	830,007	26.61
Winmate Inc. (Winmate)	610,406	16.39	572,568	16.54
Nippon RAD Inc. (Nippon RAD)	212,247	16.08	216,414	16.08
AIMobile Co., Ltd. (AIMobile)	16,572	27.00	28,331	27.00
	1,844,210		1,647,320	
	$ 26,804,475		$ 23,744,210	

A. Subsidiaries

(a) Information on the Company's subsidiaries is provided in Note 4(3) of the 2022 consolidated financial statements.

(b) Due to business considerations, the Company decided to liquidate the subsidiary- AdvanPOS. Based on the Company's assessment, the recoverable amount was less than the carrying amount, therefore the Company recognized all the acquisition premium as impairment loss in 2021.

(c) In the first quarter of 2022, ATJ merged with AJP, with AJP as the surviving company and ATJ as the dissolved company.

B. Associates

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,	
	2022	2021
Profit for the year	$ 236,447	$ 146,409
Other comprehensive income (loss) for the year (net of income tax)	26,433	(33,320)
Total comprehensive income for the year	$ 262,880	$ 113,089

The changes in the Company's shareholding ratio or having significant influence due to capital increase of its investments are as follows:

In 2021, the Company invested in Axiomtek for a cash consideration of $262,313, which resulted to an increase in its equity interest from 24.17% to 26.61%.

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

	December 31, 2022	December 31, 2021
Fair value of associates	$ 2,589,410	$ 2,459,613

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.

(7) Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2022							
Cost	$ 2,619,900	$ 4,162,789	$ 1,122,701	$ 387,989	$ 830,892	$ 447,577	$ 9,571,848
Accumulated depreciation and impairment	-	(794,380)	(883,520)	(315,700)	(651,757)	-	(2,645,357)
	$ 2,619,900	$ 3,368,409	$ 239,181	$ 72,289	$ 179,135	$ 447,577	$ 6,926,491
Balance at January 1, 2022	$ 2,619,900	$ 3,368,409	$ 239,181	$ 72,289	$ 179,135	$ 447,577	$ 6,926,491
Additions	-	-	70,499	18,945	37,146	515,477	642,067
Disposals	-	-	(18)	(121)	-	-	(139)
Depreciation	-	(81,163)	(69,606)	(34,658)	(60,535)	-	(245,962)
Reclassifications	-	-	5,790	-	6,066	(4,766)	7,090
Balance at December 31, 2022	$ 2,619,900	$ 3,287,246	$ 245,846	$ 56,455	$ 161,812	$ 958,288	$ 7,329,547
Balance at December 31, 2022							
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)
	$ 2,619,900	$ 3,287,246	$ 245,846	$ 56,455	$ 161,812	$ 958,288	$ 7,329,547

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2021							
Cost	$ 2,651,443	$ 4,201,713	$ 1,052,442	$ 358,947	$ 759,248	$ 38,525	$ 9,062,318
Accumulated depreciation and impairment	-	(729,442)	(860,435)	(289,056)	(633,706)	-	(2,512,639)
	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679
Balance at January 1, 2021	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679
Additions	-	-	94,820	36,129	105,123	408,791	644,863
Disposals	(31,543)	(23,579)	(48)	-	(102)	-	(55,272)
Depreciation	-	(81,222)	(62,769)	(38,102)	(44,107)	-	(226,200)
Reclassifications	-	939	15,171	4,371	(7,321)	261	13,421
Balance at December 31, 2021	$ 2,619,900	$ 3,368,409	$ 239,181	$ 72,289	$ 179,135	$ 447,577	$ 6,926,491
Balance at December 31, 2021							
Cost	$ 2,619,900	$ 4,162,789	$ 1,122,701	$ 387,989	$ 830,892	$ 447,577	$ 9,571,848
Accumulated depreciation and impairment	-	(794,380)	(883,520)	(315,700)	(651,757)	-	(2,645,357)
	$ 2,619,900	$ 3,368,409	$ 239,181	$ 72,289	$ 179,135	$ 447,577	$ 6,926,491

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

(8) 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 7 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, 2022	December 31, 2021
Carrying amount		
Buildings	$ 2,960	$ 3,220
Machinery and equipment	1,211	1,871
Office equipment	456	2,450
	$ 4,627	$ 7,541

	For the years ended December 31,	
	2022	2021
Depreciation		
Buildings	$ 4,340	$ 2,309
Machinery and equipment	762	759
Office equipment	987	4,768
	$ 6,089	$ 7,836

C. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount		
Current	$ 3,355	$ 5,174
Non-current	506	2,262
	$ 3,861	$ 7,436

D. In 2022 and 2021, the additions to right-of-use assets arising from the renewal of the lease were $3,175 and $7,517, respectively.

E. Other lease information

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	$ 90	$ 134
Expense on short-term lease contracts	$ -	$ 389
Total cash outflow for leases	$ 6,840	$ 8,326

(9) Intangible assets

	Goodwill	Others	Total
Balance at January 1, 2022			
Cost	$ 111,599	$ 377,464	$ 489,063
Accumulated amortisation and impairment	-	(241,341)	(241,341)
	$ 111,599	$ 136,123	$ 247,722
Balance at January 1, 2022	$ 111,599	$ 136,123	$ 247,722
Additions	-	114,342	114,342
Amortisation	-	(111,609)	(111,609)
Balance at December 31, 2022	$ 111,599	$ 138,856	$ 250,455
Balance at December 31, 2022			
Cost	$ 111,599	$ 484,109	$ 595,708
Accumulated amortisation and impairment	-	(345,253)	(345,253)
	$ 111,599	$ 138,856	$ 250,455

	Goodwill	Others	Total
Balance at January 1, 2021			
Cost	$ 111,599	$ 356,168	$ 467,767
Accumulated amortisation and impairment	-	(248,182)	(248,182)
	$ 111,599	$ 107,986	$ 219,585
Balance at January 1, 2021	$ 111,599	$ 107,986	$ 219,585
Additions	-	151,097	151,097
Amortisation	-	(130,281)	(130,281)
Reclassifications	-	7,321	7,321
Balance at December 31, 2021	$ 111,599	$ 136,123	$ 247,722
Balance at December 31, 2021			
Cost	$ 111,599	$ 377,464	$ 489,063
Accumulated amortisation and impairment	-	(241,341)	(241,341)
	$ 111,599	$ 136,123	$ 247,722

A. The details of goodwill are as follows:

	December 31, 2022	December 31, 2021
AIMS	$ 11,599	$ 111,599

B. The 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.

(10) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries and bonuses payable	$ 2,826,960	$ 2,525,886
Employee benefits payable	60,312	58,765
Others	524,264	490,835
	$ 3,411,536	$ 3,075,486

(11) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, 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 not enough 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:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 374,178	$ 402,001
Fair value of plan assets	(213,607)	(117,303)
Net defined benefit liability ("recognised as other non-current liabilities")	$ 160,571	$ 284,698

(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
2022			
Balance at January 1	$ 402,001	($ 117,303)	$ 284,698
Current service cost	2,347	-	2,347
Interest expense (income)	2,513	(760)	1,753
	406,861	(118,063)	288,798
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(10,057)	(10,057)
Change in demographic assumptions	246	-	246
Change in financial assumptions	(15,479)	-	(15,479)
Experience adjustments	(5,506)	-	(5,506)
	(20,739)	(10,057)	(30,796)
Pension payment	(11,944)	11,944	-
Pension fund contribution	-	(97,431)	(97,431)
	(11,944)	(85,487)	(97,431)
Balance at December 31	$ 374,178	($ 213,607)	$ 160,571

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 409,674	($ 125,276)	$ 284,398
Current service cost	2,802	-	2,802
Interest expense (income)	2,048	(648)	1,400
	414,524	(125,924)	288,600
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,593)	(1,593)
Change in demographic assumptions	10,627	-	10,627
Change in financial assumptions	(5,493)	-	(5,493)
Experience adjustments	1,175	-	1,175
	6,309	(1,593)	4,716
Pension payment	(18,832)	18,832	-
Pension fund contribution	-	(8,618)	(8,618)
	(18,832)	10,214	(8,618)
Balance at December 31	$ 402,001	($ 117,303)	$ 284,698

(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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 securitization 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, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used are as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	1.500%	0.625%
Future salary increases rate	3.750%	3.250%

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:

	Discount rate		Future salary increases rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 9,375)	$ 9,718	$ 9,349	($ 9,070)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 10,913)	$ 11,339	$ 10,870	($ 10,523)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheets are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to $8,619.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 10.7 years.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension 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 were $156,112 and $144,599 for the years ended December 31, 2022 and 2021, respectively.

(12) Share-based payment

A. Qualified employees of the Company were granted 7,500 options in 2020, 8,000 options in 2018 and 6,500 options in 2016. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. 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 2020, 2018 and 2016 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 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. The exercise price of options granted in 2016 was $100 (in dollars) per share. 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,			
	2022		2021	
	Unit of options	Weighted-average exercise price (in dollars)	Unit of options	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	17,022	$ 172.74	19,404	$ 175.66
Options exercised	(3,513)	124.18	(2,209)	90.47
Options forfeited	(130)	-	-	-
Options expired	-	-	(173)	-
Options outstanding at the end of the year	13,379	179.19	17,022	172.74
Options exercisable at the end of the year	10,378	175.77	9,521	151.26

C. The weighted-average stock price of share options at exercise dates for the years ended December 31, 2022 and 2021 was $269~407 (in dollars) and $329 ~ $387 (in dollars), respectively.

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

	December 31, 2022		December 31, 2021	
	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)	Exercise price (in dollars)	Weighted-average remaining contractual life (in years)
Issuance in 2020	$ 191.00	3.58	$ 200.00	4.58
Issuance in 2018	167.10	1.58	171.20	2.58
Issuance in 2016	-	-	72.3~73.9	0.45

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 2020	Issuance in 2018	Issuance in 2016
Grant-date stock price (in dollars)	$ 309	$ 202.5	$ 235
Exercise price (in dollars)	$ 200	$ 202.5	$ 100
Expected price volatility	23.28~26.55%	28.42~28.73%	31.42~32.48%
Expected option life (in years)	4~5.5 years	4~4.5 years	4~5.5 years
Expected dividends yield	0%	0%	0%
Risk-free interest rate	0.31~0.35%	0.67~0.69%	0.52~0.65%
Fair value per unit	121.61~133.07	47.91~50.38	140.97~144.36

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

F. The Company recognized compensation cost of $233,442 and $291,441 for the years ended December 31, 2022 and 2021, respectively.

(13) Share capital

As of December 31, 2022, 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 shares options and corporate bonds with warrant), and the paid-in capital was $7,779,769 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):

	2022	2021
At January 1	774,464	772,255
Employee share options exercised	3,513	2,209
At December 31	777,977	774,464

(14) 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.

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
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 issuance of ordinary shares for employee share options	3,580,335	2,714,285
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	23,128
Changes in equity of associates accounted for under equity method	674	674
Employees' share compensation	78,614	78,614
May be used to offset a deficit only		
Changes in ownership interests in subsidiaries	529	215
Changes in equity of associates accounted for under equity method	107,479	29,408
Employee share options forfeited	96,258	96,258
Not to be used for any purpose		
Employee share options	886,098	1,117,567
	$ 9,110,280	$ 8,388,886

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.

(15) 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. The remainder, if any, shall be distributed as dividends to be proposed by the Board of Directors. The distribution of cash dividends shall be resolved by the Board of Directors while stock dividends shall be resolved by the shareholders during their meeting.

B. The Company's dividend policy which takes into consideration the Company's future funding requirements and long-term financial planning as well as the interest of shareholders is to distribute at least 30% of the available profits as dividends to shareholders annually. The distribution of cash dividends shall not be less than 20% of the total dividends distributed.

The Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividends policy, the Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interests, and the sustainability of the Company's growth. The policy also requires that share dividends shall be less than 75% of total dividends to retain internally generated cash within the Company to finance future capital expenditures and working capital requirements.

C. An appropriation of earnings for legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset against deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 2021 and 2020 have been approved by the shareholders during their meeting on May 26, 2022 and August 19, 2021, respectively. Details are summarized as follows:

	For the years ended December 31,	
	2021	2020
Legal reserve	$ 814,990	$ 717,035
Reversal of special reserve	($ 276,056)	($ 14,143)
Cash dividends	$ 6,195,710	$ 5,480,813
Cash dividends per share (in dollars)	$ 8.0	$ 7.1

F. The appropriations of 2022 earnings had been proposed by the Board of Directors on February 24, 2023. Details are summarized as follows:

	For the year ended December 31, 2022
Legal reserve	$ 1,077,901
Reversal of special reserve	($ 555,794)
Cash dividends	$ 7,779,770
Stock dividends	$ 777,977
Cash dividends per share (in dollars)	$ 10.0
Stock dividends per share (in dollars)	$ 1.0

As of February 24, 2023, the appropriations of 2022 earnings stated above have not yet been resolved by the shareholders.

(16) Other equity items

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	($ 1,575,937)	($ 1,006,635)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	808,414	(523,018)
Share of profit (loss) of associates accounted for under equity method	52,562	(46,284)
Other comprehensive income (loss) recognised for the year	860,976	(569,302)
Balance at December 31	($ 714,961)	($ 1,575,937)

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 1,018,667	$ 173,308
Recognized for the year		
Unrealized gain or loss		
Equity instrument	(586,892)	648,802
Share of profit of subsidiaries and associates accounted for under equity method	354,743	185,122
Other comprehensive (loss) income	(232,149)	833,924
Realised gain or loss		
Transfer of valuation adjustments to retained earnings - subsidiaries	-	11,435
Transfer of valuation adjustments to retained earnings - share of loss of associates accounted for under equity method	(958)	-
Other comprehensive (loss) income	(958)	11,435
Balance at December 31	$ 785,560	$ 1,018,667

C. Unearned employee benefits compensation

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 1,477	$ 1,477
Share of profit of associates accounted for under equity method	(5,517)	-
Balance at December 31	($ 4,040)	$ 1,477

(17) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 49,346,940	$ 41,159,286

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, 2022

	Industrial Internet of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	$ 14,630,869	$ 12,563,352	$ 13,709,310	$ 5,543,996	$ 3,116,173	($ 216,760)	$ 49,346,940

For the year ended December 31, 2021

	Industrial Internet of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Timing of revenue recognition							
At a point in time	$ 13,872,641	$ 10,108,135	$ 9,412,711	$ 4,575,609	$ 2,965,541	$ 224,649	$ 41,159,286

B. Contract liabilities

The Company recognized contract liabilities related to the contract revenue from sales and warranty amounting to $455,619, $108,896 and $79,331 as of December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

(18) Other income

	For the years ended December 31,	
	2022	2021
Rental income	$ 1,684	$ 2,324
Dividend income	206,257	131,626
Others (Note)	138,808	168,620
	$ 346,749	$ 302,570

Note: For the years ended December 31, 2022 and 2021, the Company received government grants of $0 and $212 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to $0 and $64 for the years ended December 31, 2022 and 2021, respectively, and were deducted from the recorded expenses.

(19) Other gains and losses

	For the years ended December 31,	
	2022	2021
(Losses) gains on disposal of property, plant and equipment	($ 18)	$ 71,945
Currency exchange gains (losses)	318,986	(138,709)
(Losses) gains on financial assets / liabilities at fair value through profit or loss	(32,934)	66,881
Impairment loss (Note)	-	(215,068)
Others	(114)	(101)
	$ 285,920	($ 215,052)

Note: Please refer to Note 6(6).

(20) Finance costs

	For the years ended December 31,	
	2022	2021
Bank loan interest	$ 1,091	$ -
Interest expense on lease liabilities	90	134
Others	-	68
	$ 1,181	$ 202

(21) Expenses by nature

A. Depreciation and amortisation expenses

	For the years ended December 31,	
	2022	2021
Depreciation categorised by function		
Operating costs	$ 85,588	$ 71,641
Operating expenses	166,463	162,395
	$ 252,051	$ 234,036
Amortisation of intangible assets categorised by function		
Operating costs	$ 1,356	$ 279
Operating expenses	110,253	130,002
	$ 111,609	$ 130,281

B. Employee benefit expense

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 4,407,972	$ 3,987,928
Post-employment benefits		
Defined contribution plan	156,112	144,599
Defined benefit plan	4,100	4,202
	160,212	148,801
Share-based payment		
Equity-settled	233,442	291,441
Other employee benefits	182,172	159,983
Total employee benefit expense	$ 4,983,798	$ 4,588,153
An analysis of employee benefits expense by function		
Operating costs	$ 1,096,641	$ 946,330
Operating expenses	3,887,157	3,641,823
	$ 4,983,798	$ 4,588,153

(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, 2022 and 2021, 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,	
	2022	2021
Employees' compensation	$ 740,000	$ 600,000
Directors' remuneration	$ 14,100	$ 13,600

(b) Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors on February 25, 2022 were in agreement with those amounts recognized in the 2021 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.

(22) Income taxes

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current income tax:		
Current income tax on profits for the year	$ 2,023,998	$ 1,425,671
Additional tax on unappropriated earnings	70,763	49,332
Difference between prior year's income tax estimation and assessed results	(153,922)	-
Total current tax	1,940,839	1,475,003
Deferred income tax:		
Origination and reversal of temporary differences	-	(12,427)
Income tax expense	$ 1,940,839	$ 1,462,576

(b) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Translation of foreign operations	$ 215,244	($ 142,326)
Remeasurement of defined benefit plan	6,159	(943)
	$ 221,403	($ 143,269)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Income tax calculated based on profit before tax and statutory tax rate	$ 2,539,583	$ 1,942,560
Tax exempt income by tax regulation	(141,002)	(113,425)
Taxable temporary differences associated with investment in foreign subsidiaries not recognized as deferred tax liability	(224,583)	(270,454)
Effect from investment tax credits	(150,000)	(145,594)
Additional tax on unappropriated earnings	70,763	49,332
Difference between prior year's income tax estimation and assessed results	(153,922)	-
Land value increment tax	-	157
	$ 1,940,839	$ 1,462,576

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Unrealised profit from sales	$ 141,009	$ 48,314	$ -	$ 189,323
Unrealised decline in value of inventories	81,666	10,183	-	91,849
Defined benefit pension plan	15,304	(15,304)	-	-
Unrealised provisions of warranty	14,172	383	-	14,555
Impairment loss	43,013	(43,013)	-	-
Unrealised foreign exchange losses	563	(563)	-	-
Exchange differences on translation of the financial statements of foreign operations	393,985	-	(215,244)	178,741
Remeasurement of defined benefit obligation	30,699	-	(6,159)	24,540
	$ 720,411	$ -	($ 221,403)	$ 499,008
Deferred income tax liabilities				
Temporary differences:				
Unappropriated earnings of subsidiaries	$ 2,104,525	($ 3,362)	$ -	$ 2,101,163
Defined benefit pension plan	-	3,362	-	3,362
Remeasurement of defined benefit obligation	3,990	-	-	3,990
Financial assets at fair value through profit or loss	1,596	-	-	1,596
	$ 2,110,111	$ -	$ -	$ 2,110,111

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Unrealised profit from sales	$ 122,445	$ 18,564	$ -	$ 141,009
Unrealised decline in value of inventories	52,585	29,081	-	81,666
Defined benefit pension plan	16,187	(883)	-	15,304
Unrealised provisions of warranty	12,133	2,039	-	14,172
Impairment loss	-	43,013	-	43,013
Unrealised foreign exchange losses	-	563	-	563
Exchange differences on translation of the financial statements of foreign operations	251,659	-	142,326	393,985
Remeasurement of defined benefit obligation	29,756	-	943	30,699
	$ 484,765	$ 92,377	$ 143,269	$ 720,411
Deferred income tax liabilities				
Temporary differences:				
Undistributed earnings of subsidiaries	$ 2,023,549	$ 80,976	$ -	$ 2,104,525
Remeasurement of defined benefit obligation	3,990	-	-	3,990
Financial assets at fair value through profit or loss	542	1,054	-	1,596
Unrealised exchange gains	2,080	(2,080)	-	-
	$ 2,030,161	$ 79,950	$ -	$ 2,110,111

D. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary differences unrecognized as deferred tax liabilities were $712,783 and $332,188, respectively.

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(23) Earnings per share

Unit: Expressed in dollars per share

	For the years ended December 31,	
	2022	2021
Basic earnings per share	$ 13.85	$ 10.67
Diluted earnings per share	$ 13.70	$ 10.51

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,	
	2022	2021
Earnings used in the computation of basic earnings per share	$ 10,757,077	$ 8,250,224
Earnings used in the computation of diluted earnings per share	$ 10,757,077	$ 8,250,224

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the years ended December 31,	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	776,408	773,018
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,061	9,833
Employees' compensation	2,521	1,791
Weighted average number of ordinary shares used in the computation of diluted earnings per share	784,990	784,642

(24) Changes in liabilities from financing activities

	2022	2021
	Lease liabilities	Lease liabilities
At January 1	$ 7,436	$ 7,722
Changes in cash flow from financing activities	(6,840)	(7,937)
Others	3,265	7,651
At December 31	$ 3,861	$ 7,436

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

Names of related parties	Related Party Category
Advantech Automation Corp. (HK) [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

Names of related parties	Related Party Category
Advantech Technology DMCC (ADB)	Subsidiary
Advantech Europe B.V. (AEU)	Subsidiary
Advantech International PT. (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 Service-IoT GmbH (A-SIoT)	Subsidiary
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Subsidiary
Advantech Technologies Japan Corp. (ATJ)	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
Advantech Service - IoT Co., Ltd. [ACI (Cayman)] (ACI KY)	Subsidiary
Advantech Intelligent Health Co., Ltd. (AIH)	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
LNC Technology Co., Ltd. (LNC)	Subsidiary
Advanixs Corporation	Subsidiary
Huan Yan Water Solution Co., Ltd.	Subsidiary
Nippon RAD Inc.	Associate
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
AzureWave Technologies, Inc.	Associate
DotZero Co., Ltd.	Associate
I-Link Co., Ltd.	Associate (Note)
Mildex Optical Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate

Names of related parties	Related Party Category
VSO Electronics Co., Ltd.	Associate
International Integrated Systems, Inc.	Associate
Feng Sang Enterprise Co., Ltd.	Associate
Expetech Co., Ltd.	Associate
Freedom System Inc.	Associate
Isap Solution Corp.	Associate
Honghua Electronic Technology (shanghai) Co., Ltd.	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: In March 2022, the Company's subsidiary-Advantech Corporate Investment disposed a portion of its investment and lost significant influence. Accordingly, the entity was not anymore considered an associate after the disposal.

(3) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2022	2021
Subsidiaries		
ANA	$ 15,461,711	$ 11,423,878
ACN	9,672,117	9,943,092
AEU	7,665,788	5,333,875
Others	6,176,957	5,565,765
Associates	125,284	109,320
Other related parties	3,896	5,467
	$ 39,105,753	$ 32,381,397

The terms of 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,	
	2022	2021
Purchases of goods:		
Subsidiaries		
AKMC	$ 15,905,787	$ 13,474,796
Others	459,086	227,295
Associates	322,486	268,979
Purchases of services:		
Subsidiaries		
Aics	41,095	10,697
Others	2,137	750
Associates	2,169	-
Other related parties	30	-
	$ 16,732,790	$ 13,982,517

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)

	December 31, 2022	December 31, 2021
Accounts receivable - retated parties		
Subsidiaries		
ANA	$ 1,997,591	$ 2,008,177
AEU	1,954,777	1,467,137
ACN	1,407,243	1,209,891
Others	1,776,680	1,408,259
Associates	28,791	33,712
Other related parties	100	-
	7,165,182	6,127,176
Other receivables - related parties		
Subsidiaries		
ANA	5,989	5,337
AEU	3,933	2,327
ABR	1,136	2,311
Advanixs	210	2,294
Others	8,176	5,697
Other related parties	890	-
	20,334	17,966
	$ 7,185,516	$ 6,145,142

Receivables due from related parties are unsecured and no allowance for uncollectible accounts was recognized.

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

	December 31, 2022	December 31, 2021
Notes and accounts payable - related parties		
Subsidiaries		
AKMC	$ 2,085,674	$ 1,819,335
Others	17,913	39,960
Associates	41,320	65,297
	2,144,907	1,924,592
Other payables - related parties		
Subsidiaries		
AEU	57,505	93,541
AIL	11,253	10,646
Others	12,359	6,804
Associates	2,732	3,808
Other related parties	6,815	8,237
	90,664	123,036
	$ 2,235,571	$ 2,047,628

The outstanding payables to related parties are unsecured.

E. Acquisitions of property, plant and equipment

	Purchase Price	
	For the years ended December 31,	
	2022	2021
Associates	$ 484	$ 182

F. Disposals of property, plant and equipment

	For the year ended December 31, 2022
Category of related party	Disposal proceeds
Subsidiaries	$ 127

There was no property, plant and equipment transaction with related parties for the year ended December 31, 2021.

G. Other transactions with related parties

(a) Operating expenses

	For the years ended December 31,	
	2022	2021
Selling expense		
Subsidiaries	$ 46,749	$ 45,690
Associates	44	65
	$ 46,793	$ 45,755
General and administration expense		
Subsidiaries	$ -	$ 497
Associates	8,422	3,288
	$ 8,422	$ 3,785
Research and development expense		
Subsidiaries	$ 139,388	$ 110,889
Associates	8,838	6,669
	$ 148,226	$ 117,558

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) Other income

	For the years ended December 31,	
	2022	2021
Rental income		
Subsidiaries	$ 36	$ 636
Other related parties	1,431	1,431
	$ 1,467	$ 2,067
Other income		
Subsidiaries	$ 112,572	$ 128,741
Associates	64	600
Other related parties	10,434	4,952
	$ 123,070	$ 134,293

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.

(4) Key management compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 37,130	$ 37,320
Post-employment benefits	423	466
Share-based payment	18,474	32,045
	$ 56,027	$ 69,831

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Company has signed a contract amounting to $482,082 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of December 31, 2022.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6(15). 6.

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, 2022, the Company's strategy, which was unchanged from 2021, was to maintain the gearing ratio within reasonable range.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 2,784,007	$ 1,081,067
Financial assets at amortised cost (Note 1)	14,506,708	11,268,740
Financial assets at fair value through other comprehensive income		
Equity instruments	1,394,345	1,981,237
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	21,634	2,687
Financial assets at amortised cost (Note 2)	9,585,029	9,712,672
Lease liabilities	3,861	7,436

Note 1: The balances included cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties 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, 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. Please 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, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 255,723	30.71	$ 7,853,263
CNY:NTD	605,680	4.408	2,669,836
EUR:NTD	51,929	32.72	1,699,104
Non-monetary items			
USD:NTD	549,080	30.71	16,862,258
EUR:NTD	42,690	32.72	1,396,820
JPY:NTD	5,217,707	0.232	1,210,508
KRW:NTD	21,337,695	0.0243	518,506
SGD:NTD	6,800	22.88	155,576
Financial liabilities			
Monetary items			
USD:NTD	108,996	30.71	3,347,276
CNY:NTD	344,771	4.408	1,519,751
EUR:NTD	126	32.72	4,132

	For the year ended December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 222,447	27.68	$ 6,157,333
CNY:NTD	423,657	4.344	1,840,366
EUR:NTD	46,582	31.32	1,458,948
Non-monetary items			
USD:NTD	519,903	27.680	14,390,914
EUR:NTD	38,391	31.320	1,202,407
JPY:NTD	4,542,867	0.241	1,094,831
KRW:NTD	19,358,956	0.023	445,256
SGD:NTD	5,598	20.460	114,531
Financial liabilities			
Monetary items			
USD:NTD	136,918	27.68	3,789,890
CNY:NTD	242,329	4.344	1,052,677
EUR:NTD	454	31.32	14,219

For the years ended December 31, 2022 and 2021, realised and unrealised net foreign exchange gains (losses) were $318,986 and ($138,709), respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the 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, 2022		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 78,533	$ -
CNY:NTD	1%	26,698	-
EUR:NTD	1%	16,991	-
Financial liabilities			
Monetary items			
USD:NTD	1%	33,473	-
CNY:NTD	1%	15,198	-
EUR:NTD	1%	41	-

	For the year ended December 31, 2021		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 61,573	$ -
CNY:NTD	1%	18,404	-
EUR:NTD	1%	14,589	-
Financial liabilities			
Monetary items			
USD:NTD	1%	37,899	-
CNY:NTD	1%	10,527	-
EUR:NTD	1%	142	-

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:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 396,720	$ -
- Financial liabilities	3,861	7,436
Cash flow interest rate risk		
- Financial assets	5,260,882	3,605,825

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, 2022 and 2021 would have increased by $26,304 and $18,029, 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, 2022 and 2021 would have increased by $13,943 and $19,812, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax 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 custromers, 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, 2022 and 2021 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
December 31, 2022						
Expected credit loss rate	-	0~5%	20%	40%	100%	
Total book value	$ 1,374,851	$ 210,224	$ 2,037	$ 2,206	$ 13,027	$ 1,602,345
Loss allowance (lifetime expected credit losses)	-	(718)	(407)	(882)	(13,027)	(15,034)
Amortised cost	$ 1,374,851	$ 209,506	$ 1,630	$ 1,324	$ -	$ 1,587,311

	Not past due	1~90 days past due	91~180 days past due	181~360 days past due	Over 360 days past due	Total
December 31, 2021						
Expected credit loss rate	-	0~5%	20%	40%	100%	
Total book value	$ 1,273,930	$ 198,546	$ 2,031	$ 634	$ 8,522	$ 1,483,663
Loss allowance (lifetime expected credit losses)	-	(454)	(406)	(254)	(8,522)	(9,636)
Amortised cost	$ 1,273,930	$ 198,092	$ 1,625	$ 380	$ -	$ 1,474,027

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 9,636	$ 8,949
Impairment loss	5,815	687
Amounts written off (Note)	(417)	-
Balance at December 31	$ 15,034	$ 9,636

Note: The Company wrote off accounts receivable and related loss allowance for the years ended December 31, 2022 and 2021 amounting to $417 and $0, respectively, as the customers' accounts receivable have been aged 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 fair value through profit or loss, the credit rating levels are presented below:

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial liability at fair value through profit or loss				
-Convertible corporate bond	$ 29,100	$ -	$ -	$ 29,100
-Corporate bond	101,050	-	-	101,050
	$ 130,150	$ -	$ -	$ 130,150

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial liability at fair value through profit or loss				
-Convertible corporate bond	$ 36,975	$ -	$ -	$ 36,975

Investments in debt instruments at fair value through profit or loss held by the Company are convertible corporate bond issued by OTC companies and corporate bond issued by public companies. There is no significant abnormality in the credit risk rating levels.

(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, 2022 and 2021, the Company's undrawn bank borrowing facilities are as follows:

	December 31, 2022	December 31, 2021
Unsecurred borrowing facilities		
- Amount used (Note)	$ 381,330	$ 175,700
- Amount unused	5,623,070	5,022,900
	$ 6,004,400	$ 5,198,600

Note: The amount used on December 31, 2022 and 2021 is the amount of endorsemnts 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, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 7,095,608	$ 1,419,416	$ 1,070,005	$ -
Lease liability	304	607	2,733	511
	$ 7,095,912	$ 1,420,023	$ 1,072,738	$ 511

December 31, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 5,352,415	$ 2,664,261	$ 1,695,996	$ -
Lease liability	-	2,248	4,571	2,583
	$ 5,352,415	$ 2,666,509	$ 1,700,567	$ 2,583

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, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Gross settled				
Forward foreign exchange contracts				
- Inflows	$ 292,245	$ 552,494	$ 212,319	$ 1,057,058
- Outflows	(298,977)	(563,211)	(215,568)	(1,077,756)
	($ 6,732)	($ 10,717)	($ 3,249)	($ 20,698)

December 31, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Gross settled				
Forward foreign exchange contracts				
- Inflows	$ 230,726	$ 392,111	$ 147,054	$ 769,891
- Outflows	(226,608)	(387,208)	(146,796)	(760,612)
	$ 4,118	$ 4,903	$ 258	$ 9,279

vi. The Company does not expect the timing of occurence 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 receivables - related parties, other receivables, other receivables - related parties, refundable deposits, notes payable, 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, 2022				
Assets - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 936	$ -	$ 936
Fund beneficiary certificates	2,652,921	-	-	2,652,921
Convertible corporate bonds	29,100	-	-	29,100
Corporate bonds	101,050	-	-	101,050
	2,783,071	936	-	2,784,007
Financial assets at fair value through other comprehensive income				
Listed, OTC and emerging stocks	$ 1,394,345	$ -	$ -	$ 1,394,345
	$ 4,177,416	$ 936	$ -	$ 4,178,352
Liabilities - recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 21,634	$ -	$ 21,634

December 31, 2021				
Assets - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 11,966	$ -	$ 11,966
Fund beneficiary certificates	1,032,126	-	-	1,032,126
Convertible corporate bonds	36,975	-	-	36,975
	1,069,101	11,966	-	1,081,067
Financial assets at fair value through other comprehensive income				
Listed, OTC and emerging stocks	$ 1,981,237	$ -	$ -	$ 1,981,237
	$ 3,050,338	$ 11,966	$ -	$ 3,062,304
Liabilities - recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 2,687	$ -	$ 2,687

(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:

	Listed and OTC stocks	Open-end fund	Corporate bond
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 and 2 for the years ended December 31, 2022 and 2021.

E. 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.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: Refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 6.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2) and 12.

J. Significant inter-company transactions during the reporting periods: Refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

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

Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealised gains or losses: Refer to tables 6, 7 and 8.

(4) Major shareholders information

Major shareholders information: Refer to table 11.

14. SEGMENT INFORMATION

Not applicable.

ADVANTECH CO., LTD.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand and revolving funds		$ 135
Checking accounts		2,612
Deposit account	NTD	1,387,151
	FCY (Note 1)	3,871,119
Demand deposits	FCY (Note 2)	396,720
		$ 5,657,737

Note 1: USD$106,884 thousand @30.71；EUR$5,370 thousand @32.72；JPY$236,070 thousand @0.232 ；CNY$81,230 thousand @4.408；GBP$5 thousand @37.09.
Note 2: CNY$90,000 thousand @4.408.

ADVANTECH CO., LTD.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 2

Client Name	Amount	Note
Client A	$ 225,390	
Client B	86,600	
Others	1,260,963	The balance of individual customers is under 5% of this account's balance.
	1,572,953	
Less: Allowance for uncollectible accounts	(15,034)	
	$ 1,557,919	

ADVANTECH CO., LTD.
DETAILS OF INVENTORIES
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount	
	Net Amount	Market Price (Note)
Raw materials	$ 2,678,653	$ 3,089,643
Work in progress	1,127,051	1,709,058
Finished goods	2,366,986	3,364,801
Inventory in transit	114,086	114,086
Total	$ 6,286,776	$ 8,277,588

Note: Net realisable 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.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 4

	Beginning Balance			Addition		Decrease				Ending Balance			Market Value or Net Assets Value			
Name	Shares	Ownership	Amount	Shares	Amount	Shares	Amount	Investment (loss) gain	Others (Note 3)	Shares	Ownership	Amount	Unit Price (dollar)	Total Amount	Guarantee or collateral	Note
Axiomtek Co., Ltd. (Axiomtek)	25,542,984	26.61%	$ 830,007	-	$ -	-	$ -	$ 168,843	$ 6,135	25,542,984	27.97%	$ 1,004,985	59.00	$ 1,507,036	None	
Winmate Inc. (Winmate)	12,000,000	16.54%	572,568	-	-	-	-	74,643	(36,805)	12,000,000	16.39%	610,406	83.00	996,000	None	
Nippon RAD Inc. (Nippon RAD)	850,000	16.08%	216,414	-	-	-	-	4,844	(9,011)	850,000	16.08%	212,247	101.62	86,374	None	
Advantech Intelligent Services Co., Ltd. (AiCS)	1,000,000	100.00%	81,415	-	-	-	-	(7,130)	3	1,000,000	100.00%	74,288	-	(2,403)	None	
Advanixs Corporation	10,000,000	100.00%	235,010	-	-	-	-	123,519	(29,744)	10,000,000	100.00%	328,785	-	265,854	None	
Advantech Corporate Investment	330,000,000	100.00%	4,003,595	-	-	-	-	138,598	(243,334)	330,000,000	100.00%	3,898,859	-	3,899,013	None	
Advanpos Technology Co., Ltd.	1,000,000	100.00%	14,565	-	-	(1,000,000)	(14,564)	(1)	-	-	0.00%	-	-	-	None	
LNC Technology Co., Ltd.	14,430,000	48.10%	299,709	-	-	(1,050,000)	(20,365)	(32,058)	(15,161)	13,380,000	44.60%	232,125	24.20	323,796	None	
Huan Yan Water Solution Co., Ltd.	2,700,000	90.00%	23,618	-	-	-	-	(380)	-	2,700,000	90.00%	23,238	-	25,820	None	
AKR	600,000	100.00%	445,256	-	-	-	-	124,095	(50,845)	600,000	100.00%	518,506	-	615,488	None	
AMY	2,000,000	100.00%	59,311	-	-	-	-	26,328	(16,998)	2,000,000	100.00%	68,641	-	72,163	None	
AJP	1,200	100.00%	878,417	-	-	-	-	179,241	(59,397)	1,200	100.00%	998,261	-	936,296	None	
AAU	500,204	100.00%	31,963	-	-	-	-	23,115	(16,864)	500,204	100.00%	38,214	-	48,055	None	
ABR	12,723,038	100.00%	84,753	-	-	-	-	3,166	15,361	12,723,038	100.00%	103,280	-	105,505	None	
AIN	4,999,999	99.99%	38,896	-	-	-	-	(9,295)	(10,636)	4,999,999	99.99%	18,965	-	34,619	None	
AMX	10,000,002	60.00%	35,884	6,650,001	31,428	-	-	10,059	2,553	16,650,003	99.90%	79,924	-	83,582	None	
AAC (BVI)	126,592,273	100.00%	10,058,205	-	-	-	-	1,558,568	320,334	126,592,273	100.00%	11,937,107	-	12,425,852	None	
ATC	40,850,000	100.00%	4,332,709	-	-	-	-	509,947	82,495	40,850,000	100.00%	4,925,151	-	4,985,888	None	
ASG	1,450,000	100.00%	114,531	-	-	-	-	70,424	(29,379)	1,450,000	100.00%	155,576	-	176,311	None	
AEUH	25,961,250	100.00%	1,202,407	-	-	-	-	316,079	(121,666)	25,961,250	100.00%	1,396,820	-	1,777,417	None	
AIMobile	6,750,000	27.00%	28,331	-	-	-	-	(11,883)	124	6,750,000	27.00%	16,572	-	61,378	None	
ATH	51,000	51.00%	47,868	-	-	-	-	4,855	1,230	51,000	51.00%	53,953	-	106,934	None	
AVN	8,100	60.00%	59,040	-	-	-	-	9,340	(4,883)	8,100	60.00%	63,497	-	35,874	None	
ADB	-	0.00%	-	81,000	3,312	-	-	126	(48)	81,000	100.00%	3,390	-	3,390	None	
ARU	1	100.00%	27,258	-	-	-	-	(23,599)	5,310	1	100.00%	8,969	-	9,012	None	
ATR	260,870	60.00%	12,530	-	-	-	-	6,566	3,245	260,870	60.00%	22,341	-	34,679	None	
AIL	100	100.00%	9,950	-	-	-	-	678	(253)	100	100.00%	10,375	-	10,375	None	
			$ 23,744,210		$ 34,740		($ 34,929)	$ 3,268,688	($ 208,234)			$ 26,804,475				

Note 1: The increase in investment in this period was $34,740.

Note 2: The decrease in investment was $34,929 in the current period.

Note 3: Accumulated exchange adjustments of $1,076,220, unrealized sales gains and losses of ($379,849), changes in capital reserves of $77,866, unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses of $353,785, changes in retained earnings of ($10,059), cash dividends of ($1,328,036) and other adjustments of $1,839.

Note 4: The net equity value is based on the net equity value of each unlisted counter company audited by the accountant.

ADVANTECH CO., LTD.
DETAILS OF NOTES AND ACCOUNTS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 5

Supplier Name	Amount	Note
Manufacturer C	$ 648,732	
Others	3,289,190	The balance of individual supplier is under 5% of this account's balance.
Total	$ 3,937,922	

ADVANTECH CO., LTD.
SUMMARY OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Quantities (thousand pieces)	Amount	Note
Net sales			
Embedded computer boards and systems	3,271,354	$ 22,649,993	
Industrial computers and automation products	2,750,972	20,316,800	
After-sales service and others	43,127	3,472,659	
		46,439,452	
Other operating income		2,907,488	
		$ 49,346,940	

ADVANTECH CO., LTD.
SUMMARY OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement 7

Item		Amount
Beginning raw materials (Total cost $3,482,016, Allowance for valuation loss $226,549)	$	3,482,016
Add: Raw materials purchased		9,550,658
Inventory surplus		3,019
Less: Ending raw materials	(	3,014,940)
Transfers to operating expenses	(	51,639)
Sale of materials	(	480,211)
Losses on write-off	(	51,048)
Direct materials used		9,437,855
Direct labor		478,115
Manufacturing expense		1,092,313
Manufacturing cost		11,008,283
Add: Beginning work in progress (Total cost $1,017,362, Allowance for valuation loss $74,355)		1,017,362
Work in progress put in storage		2,314,436
Less: Ending work in progress	(	1,221,261)
Transfers to operating expenses	(	53,493)
Work in progress out of storage	(	734,324)
Inventory shorts	(	2)
Losses on write-off	(	25,680)
Cost of finished goods		12,305,321
Add: Beginning finished goods (Total cost $2,405,404, Allowance for valuation loss $107,427)		2,405,404
Acquisition of finished goods		21,160,941
Transfers to manufacturing expense		20,219
Inventory surplus		77
Less: Ending finished goods	(	2,509,822)
Transfers to operating expenses	(	169,905)
Losses on write-off	(	15,433)
Finished goods inventories cost		33,196,802
Raw materials and work in progress inventories cost		1,197,811
Cost of services and maintenance		257,319
Loss on decline in market value		50,916
Losses on write-off inventories		92,161
Inventory surplus	(	3,094)
Total operating costs	$	34,791,915

ADVANTECH CO., LTD.
SUMMARY OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Items	Selling expense	General and administration expense	Research and development expense	Total
Employee benefit expense	$ 697,205	$ 767,984	$ 2,421,968	$ 3,887,157
Research Expense	2,912	16,608	516,839	536,359
Depreciation and amortisation expenses	3,541	174,663	98,512	276,716
Marketing expenses	47,435	27,959	7,760	83,154
Professional service fee	3,077	79,234	9,887	92,198
Freight expenses	45,474	65	11,024	56,563
Others (Note)	27,033	137,809	280,931	445,773
	$ 826,677	$ 1,204,322	$ 3,346,921	$ 5,377,920

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, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Function / Nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Salary expense	$ 909,339	$ 3,414,776	$ 4,324,115	$ 786,273	$ 3,195,897	$ 3,982,170
Labour and health insurance fees	90,412	212,787	303,199	77,635	205,963	283,598
Pension expense	35,885	124,327	160,212	31,131	117,670	148,801
Directors' remuneration	-	14,100	14,100	-	13,600	13,600
Other employee benefit expense	61,005	121,167	182,172	51,290	108,693	159,983
Depreciation Expense	85,588	166,463	252,051	71,641	162,395	234,036
Amortization Expense	1,356	110,253	111,609	279	130,002	130,281
	1,183,585	4,163,873	5,347,458	1,018,249	3,934,220	4,952,469

Note:

1. The number of employees for this year and the previous year was 3,327 and 3,108 respectively, among which the number of directors who were not concurrently employees was 5 and
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 $1,496. The average employee benefit expense for the prior year was $1,475.
   (2) The average employee salary cost for the year is $1,302. The average employee salary cost for the previous year was $1,284.
   (3) The average employee salary adjustment changes by 1.37%.
3. The company adopts 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, company manager salary structure and standards, company profit status and manager performance, and 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, it 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, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note C)	Ending Balance (Note C)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note B)
													Item	Value		
1	LNC	LNC Dong Guan	Accounts receivable - related parties	Yes	$ 30,000	$ -	$ -	-	Short-term financing	$ -	Operating need	$ -	None	-	$ 118,974 (Note B)	$ 118,974 (Note B)
1	LNC	NANOMAC Co., Ltd.	Other receivable - related parties	Yes	30,000	30,000	-	Note D	Short-term financing	-	Operating need	-	None	-	118,974 (Note B)	118,974 (Note B)

Note A: Investee companies are numbered sequentially from 1.
Note B: 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 C: The maximum balance for the period and ending balance are approved by the board of directors of financiers.
Note D: The interest rate is calculated according to the actual bank borrowing rate based on mutual agreement.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	$ 4,381,470	$ 644,300 USD 20,000	$ 614,200 USD 20,000	$ -	$ -	1.40	$ 13,144,411	Y	N	Y
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,381,470	644,300 USD 20,000	614,200 USD 20,000	-	-	1.40	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AJP (Note F)	Subsidiary	4,381,470	364,500 JPY 1,500,000	348,000 JPY 1,500,000	208,800 JPY 900,000	-	0.79	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,381,470	193,290 USD 6,000	184,260 USD 6,000	-	-	0.42	13,144,411	Y	N	Y
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,381,470	193,290 USD 6,000	184,260 USD 6,000	172,530 USD 5,618	-	0.42	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,381,470	96,645 USD 3,000	92,130 USD 3,000	-	-	0.21	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,381,470	96,645 USD 3,000	92,130 USD 3,000	-	-	0.21	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,381,470	48,323 USD 1,500	46,065 USD 1,500	-	-	0.11	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	Y
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,381,470	16,108 USD 500	15,355 USD 500	-	-	0.04	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,381,470	16,108 USD 500	15,355 USD 500	-	-	0.04	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,381,470	16,108 USD 500	15,355 USD 500	-	-	0.04	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,381,470	6,443 USD 200	6,142 USD 200	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,381,470	3,222 USD 100	3,071 USD 100	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,381,470	3,222 USD 100	3,071 USD 100	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,381,470	3,222 USD 100	3,071 USD 100	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,381,470	1,611 USD 50	1,536 USD 50	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ATJ (Note F)	Subsidiary	4,381,470	243,000 JPY 1,000,000	-	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	4,381,470	31,920 EUR 1,000	-	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,381,470	14,313 USD 500	-	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,381,470	5,725 USD 200	-	-	-	0.00	13,144,411	Y	N	N
1	LNC	NANOMAC Co., Ltd.	Subsidiary	29,744	30,000 NTD 30,000	30,000 NTD 30,000	25,000 NTD 25,000	-	10.09	89,231	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, 2022 were USD$1= NT$30.71, EUR$1= NT$32.72, and JPY$1=NT$0.232.
Note D: The net equity is from the latest audited or reviewed report.
Note E: On July 12, 2021, ACI IOT Investment Fund-I Corporation filed for liquidation.
Note F: In the first quarter of 2022, ATJ merged with AJP, with AJP as the surviving company, and ATJ as the dissolved company.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

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, 2022				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,739,461	$ 1,272,545	0.64	$ 1,272,545	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	121,800	2.34	121,800	Note A
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	29,100	-	29,100	Note A
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	101,050	-	101,050	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	51,489,673	800,680	-	800,680	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	145,321,670	1,852,241	-	1,852,241	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	136,123	6.94	136,123	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	464,695	56,000	0.65	56,000	Note C
ACI	Stock	TXC CORPORATION	None	Financial assets at fair value through profit or loss - non-current	300,000	24,810	0.10	24,810	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	26,775	0.04	26,775	Note A
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,501,000	253,852	4.88	253,852	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,758	7.50	3,758	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,509	10.33	8,509	Note C
ACI	Stock	i-Link	None	Financial assets at fair value through other comprehensive income or loss - non-current	616,938	327	15.42	327	Note C
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	19,044,347	262,149	-	262,149	Note B
ACI	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,572,995	20,049	-	20,049	Note B
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	None	Financial assets at fair value through profit or loss - non-current	30,000,000	232,500	-	232,500	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	87,264	4.38	87,264	Note B
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,466,890	97,462	-	97,462	Note B
Advanixs Corporation	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	7,021,838	89,499	-	89,499	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	319,707	4,818	-	4,818	Note B
Huan Yan Water Solution Co., Ltd.	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	1,371,115	20,664	-	20,664	Note B
AIH	Beneficiary certificates	Capital Money Market	None	Financial assets at fair value through profit or loss - current	91,551	1,500	-	1,500	Note B
Cermate	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,517,235	32,084	-	32,084	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	868,909	-	868,909	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	733,717	-	733,717	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	-	538,765	8.33	538,765	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	-	436,283	-	436,283	Note B

Note A: Market value was based on the closing price on December 31, 2022.
Note B: Market value was based on the net asset values of the open-ended mutual funds on December 31, 2022.
Note C: The fair values are estimated from the net worth from the latest financial statements.

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, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

	Marketable Securities					Balance as at January 1, 2022		Acquisition		Disposal					Balance as at December 31, 2022	
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation (Note C)	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	56,818,161	$ 879,050	187,034,566	$ 2,900,015	192,363,054	$ 2,981,603	$ 2,979,061	$ 2,542	$ 676	51,489,673	$ 800,680
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Money Market Fund	Note A	None	None	-	-	8,033,542	1,450,007	8,033,542	1,450,408	1,450,007	401	-	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	12,074,507	153,076	212,255,144	2,700,013	79,007,981	1,003,583	1,003,080	503	2,232	145,321,670	1,852,241

Note A: It is recorded as financial assets at fair value through profit or loss - current.
Note B: It is recorded as financial assets at fair value through profit or loss - non-current.
Note C: It is included gain (loss) on valuation and effect of exchange rate changes.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching $300 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Information on previous title transfer, if counterparty is a related party						
							Property Terms						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Payment Status	Counterparty	Relationship	Owner	Relationship	Transfer date	Amount	Pricing Reference	Purpose of Acquisition	Other Property Terms
ADVANTECH CO., LTD.	Real estate	2020.10.30	$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of $927,918 should be made by December 31, 2022 which had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction Details				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total sales/(purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	$ 15,461,711	31.33%	30 days after month-end	Contract price	No significant difference	$ 1,997,591	22.82%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	9,672,117	19.60%	30 days after month-end	Contract price	No significant difference	1,407,243	16.08%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	7,665,788	15.53%	45 days after month-end	Contract price	No significant difference	1,954,777	22.33%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,629,267	3.30%	90 days after month-end	Contract price	No significant difference	171,829	1.96%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	1,164,561	2.36%	30 days after month-end	Contract price	No significant difference	296,497	3.39%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	869,623	1.76%	30 days after month-end	Contract price	No significant difference	141,344	1.61%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	380,953	0.77%	45 days after month-end	Contract price	No significant difference	91,642	1.05%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	410,668	0.83%	45 days after month-end	Contract price	No significant difference	64,194	0.73%
ADVANTECH CO., LTD.	ATR	Subsidiary	Sales	130,795	0.27%	45 days after month-end	Contract price	No significant difference	5,605	0.06%
ADVANTECH CO., LTD.	AVN	Subsidiary	Sales	166,141	0.34%	45 days after month-end	Contract price	No significant difference	30,058	0.34%
ADVANTECH CO., LTD.	ABR	Subsidiary	Sales	107,552	0.22%	30 days since invoice date	Contract price	No significant difference	15,419	0.18%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	200,547	0.41%	45 days after month-end	Contract price	No significant difference	49,746	0.57%
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	Sales	475,414	0.96%	30 days after month-end	Contract price	No significant difference	-	0.00%
ADVANTECH CO., LTD.	AMX	Subsidiary	Sales	105,425	0.21%	30 days after month-end	Contract price	No significant difference	28,106	0.32%
ADVANTECH CO., LTD.	ATH	Subsidiary	Sales	175,173	0.35%	45 days after month-end	Contract price	No significant difference	29,752	0.34%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	374,955	1.78%	30 days since invoice date	Contract price	No significant difference	15,750	0.54%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	15,958,490	95.25%	30 days after month-end	Contract price	No significant difference	1,839,772	94.19%
AKMC	ACN	Fellow subsidiary	Sales	607,685	3.63%	30 days after month-end	Contract price	No significant difference	87,695	4.49%
ACZ	AEU	Fellow subsidiary	Sales	368,125	80.22%	60 days since invoice date	Contract price	No significant difference	53,724	87.16%
ACN	AKMC	Fellow subsidiary	Sales	171,418	1.15%	60 days after month-end	Contract price	No significant difference	29,384	1.16%
LNC	LNC Dong Guan	Sub-subsidiary	Sales	363,120	77.92%	150 days after month-end	Contract price	No significant difference	183,091	93.46%

Note: All intercompany transactions have been eliminated during consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Counterparty	Relationship	Ending balance	Turnover rate	Overdue receivables		Amounts received in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
ADVANTECH CO., LTD.	ACN	Subsidiary	$ 1,407,243	7.39	$ -	-	$ 683,240	$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,003,580	7.70	-	-	1,392,251	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,958,710	4.47	-	-	925,016	-
ADVANTECH CO., LTD.	AJP	Subsidiary	297,867	5.27	-	-	290,408	-
ADVANTECH CO., LTD.	AKR	Subsidiary	173,296	11.15	-	-	39,761	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	697,401	Note	-	-	483,368	-
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	141,554	6.24	-	-	131,717	-
AKMC	ADVANTECH CO., LTD.	Parent company	1,839,772	10.25	-	-	1,607,242	-
LNC	LNC Dong Guan	Sub-subsidiary	183,091	1.86	-	-	37,381	-

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, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note C)
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	$ 380,953	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ABR	1	Sales revenue	107,552	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	1,407,243	30 days after month-end	2%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	9,672,117	Usual trade terms	14%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,954,777	45 days after month-end	3%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	7,665,788	Usual trade terms	11%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	296,497	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	1,164,561	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	697,401	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	171,829	90 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,629,267	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AMX	1	Sales revenue	105,425	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	200,547	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	1,997,591	30 days after month-end	3%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	15,461,711	Usual trade terms	22%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	410,668	Usual trade terms	1%
0	ADVANTECH CO., LTD.	A-SIoT	1	Sales revenue	475,414	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ATH	1	Sales revenue	175,173	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ATR	1	Sales revenue	130,795	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AVN	1	Sales revenue	166,141	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Receivables from related parties	141,344	30 days after month-end	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	869,623	Usual trade terms	1%
1	ANA	ADVANTECH CO., LTD.	2	Sales revenue	374,955	Usual trade terms	1%
2	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	1,839,772	30 days after month-end	3%
2	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	15,958,490	Usual trade terms	23%
2	AKMC	ACN	3	Sales revenue	607,685	Usual trade terms	1%
3	ACN	AKMC	3	Sales revenue	171,418	Usual trade terms	0%
4	ACZ	AEU	3	Sales revenue	368,125	Usual trade terms	1%
5	LNC	LNC Dong Guan	3	Receivables from related parties	183,091	150 days after month-end	0%
5	LNC	LNC Dong Guan	3	Sales revenue	363,120	Usual trade terms	1%

Note A: The parent company and its subsidiaries are numbered as follows:
1. “0” for Advantech Co., Ltd.
2. Subsidiaries are numbered from “1”.

Note B: The flow of related-party transactions is as follows:(If it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed repeatedly；Subsidiary-to-subsidiary transactions, if one of its subsidiaries has been disclosed, the other subsidiary does not need to disclose repeatedly)：
1. From the parent company to its subsidiary.
2. From the subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of December 31, 2022, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2022.

Note D: All inter-company transactions have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at January 1, 2022	Balance as of December 31, 2022: Shares	Balance as of December 31, 2022: Ownership (%)	Balance as of December 31, 2022: Carrying Value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note D)	Footnote
ADVANTECH CO., LTD.	AAC (BVI)	British Virgin Islands	Overseas investment in manufacturing and services industries	$ 3,875,214	$ 3,875,214	126,592,273	100.00	$ 11,937,107	$ 1,567,876	$ 1,558,568	Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	4,925,151	532,717	509,947	Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	328,785	123,519	123,519	Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	3,898,859	90,125	138,598	Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	25,542,984	27.97	1,004,985	602,637	168,843	Investments accounted for under equity method
ADVANTECH CO., LTD.	AdvanPOS	Taiwan	Manafacturing and trade of endpoint sales system	-	266,192	-	-	-	(1)	(1)	Subsidiary
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	188,826	209,191	13,380,000	44.60	232,125	(70,917)	(32,058)	Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	93,338	61,909	16,650,003	99.90	79,924	10,587	10,059	Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,396,820	316,989	316,079	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	155,576	70,665	70,424	Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	53,953	9,815	4,855	Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	38,214	23,485	23,115	Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	15,472	1,200	100.00	998,261	189,129	179,241	Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	68,641	26,379	26,328	Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	518,506	130,113	124,095	Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	103,146	103,146	12,723,038	100.00	103,280	3,166	3,166	Subsidiary
ADVANTECH CO., LTD.	Advantech Innovative Design Co., Ltd.	Taiwan	Product design	-	10,000	-	-	-	-	-	Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	74,288	(7,130)	(7,130)	Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	18,965	(13,771)	(9,295)	Subsidiary
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use mobile systems	180,000	180,000	2,970,000	27.00	16,572	(44,010)	(11,883)	Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.39	610,406	445,317	74,643	Investments accounted for under equity method
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	8,100	60.00	63,497	15,693	9,340	Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	212,247	13,416	4,844	Investments accounted for under equity method
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	72,416	72,416	1	100.00	8,969	(23,599)	(23,599)	Subsidiary
ADVANTECH CO., LTD.	ATJ	Japan	Production and sale of electronic and mechanical devices	-	451,364	-	-	-	-	-	Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	22,341	12,795	6,566	Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,375	678	678	Subsidiary
ADVANTECH CO., LTD.	Huan Yan Water Solution Co., Ltd.	Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	27,000	27,000	2,700,000	90.00	23,238	(423)	(380)	Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	-	-	100.00	3,390	126	126	Subsidiary
AJP	ATJ	Japan	Production and sale of electronic and mechanical devices	-	184,649	-	-	-	-	-	Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	140,325	30,226	-	Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	13,610	(591)	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	286,711	212,433	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	578,563	578,563	29,599,000	19.38	697,753	295,122	-	Investments accounted for under equity method
ACI	Yun Yan, Wu-Lian Co., Ltd.	Taiwan	Industrial equipment networking in Greater China	-	5,000	-	-	-	-	-	Subsidiary
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,940	-	-	Investments accounted for under equity method
ACI	i-Link	Taiwan	Integration of intelligent medical	-	9,091	-	-	-	(9,191)	-	NOTE D
ACI	DotZero	Taiwan	Intelligent metal processing integration	10,928	10,928	1,092,750	10.38	2,131	(19,785)	-	Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	11,947,313	15.37	164,948	64,122	-	Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	147,444	147,444	5,084,273	18.61	160,480	55,523	-	Investments accounted for under equity method
ACI	Samsoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	33,270	20,220	561,955	25.63	21,872	(20,858)	-	Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	20.00	8,816	(2,338)	-	Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	120,000	4,268,000	12.55	185,187	370,934	-	Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	18.99	456,377	138,943	-	Investments accounted for under equity method
ACI	AIH	Taiwan	Servicing of information software and data processing	15,369	15,369	1,100,000	100.00	1,945	(1,269)	-	Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	115,820	24,770	-	Investments accounted for under equity method
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	7,840	2,407	-	Investments accounted for under equity method
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	286,522	191,150	-	Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note D)	Footnote
				Balance as at December 31, 2022	Balance as at January 1, 2022	Shares	Ownership (%)	Carrying Value			
ACI	Freedom Systems	Taiwan	Electronic information service	$ 37,500	$ 37,500	1,500,000	20.00	$ 38,209	$ 4,914	$ -	Investments accounted for under equity method
ACI	Yan Xu Green Electricity Co., Ltd.	Taiwan	Green energy power plant development	83,325	-	8,332,500	82.50	82,787	(652)	-	Subsidiary
ACI	Expetech Co., Ltd.	Taiwan	Computer system integration service	40,000	-	4,000,000	43.01	37,416	(6,008)	-	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	4,961,580	532,823	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	6,861,912	1,094,034	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	3,418,638	479,072	-	Subsidiary
AAC (BVI)	ADB	United Arab Emirates	Trading of industrial network communications systems	-	-	-	-	-	344	-	Subsidiary
AAC (BVI)	ACI KY	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,535,500	1,535,500	30,000,000	100.00	2,140,529	(21,593)	-	Subsidiary
AAC (BVI)	AMX	Mexico	Marketing and trade of industrial use computers	85	-	16,667	0.10	88	-	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,681,427	306,640	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	53,230	10,820	-	Subsidiary
AEU	A-SIoT	Germany	Design, research and develop and trade of industrial on-board computer products	-	436,259	-	-	324	33,233	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	53,165	9,815	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,797	4,797	300,000	100.00	8,117	259	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	135,226	24,032	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	-	-	100.00	3,042	442	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	67,097	(29,071)	-	Subsidiary
LNC	NANOMAC Co., Ltd.	Taiwan	System integration and application,system furniture intelligent design, production, and sales	28,800	-	2,880,000	87.27	20,888	(9,065)	-	Subsidiary
LNC	BEST PLC	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	Subsidiary
Better Auto	Famous Now	Hong Kong	Holding company	150,663	150,663	4,906,096	100.00	72,691	(29,071)	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	Subsidiary
NANOMAC Co., Ltd.	BEST MACHINE	British Virgin Islands	Holding company	-	-	-	100.00	-	-	-	Subsidiary
NANOMAC Co., Ltd.	BEST AUTOMATION	Samoa	Holding company	-	-	-	100.00	-	-	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	395,108	72,377	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	317,907	66,647	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	5,957	2,362	-	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: The Group disposed partial equity interest in i-Link, and accordingly, the Group's equity interest decreased from 20.13% to 15.42%. As the Group lost significant influence over i-Link, the investment in i-Link accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2022

Table 10

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

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows Outflow	Investment Flows Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net profit (loss) of the investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	$ 1,343,563 USD 43,750 （Note D）	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	$ 1,145,483 USD 37,300	$ -	$ -	$ 1,145,483 USD 37,300	$ 532,823	100.00	$ 510,052	$ 4,961,580	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	129,903 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	163,746 USD 5,332	-	-	163,746 USD 5,332	470,734	100.00	469,444	2,285,160	1,156,385 USD 37,655
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	466,080 USD 8,000 CNY 50,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	245,680 USD 8,000	-	-	245,680 USD 8,000	4,555	100.00	4,558	1,537,290	-
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	30,710 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	257	100.00	257	29,866	-
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	122,840 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	98,088 USD 3,194	-	-	98,088 USD 3,194	(28,560)	100.00	(29,071)	72,686	-
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,816 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	9,459 USD 308	-	-	9,459 USD 308	12,907	90.00	5,607	100,443	83,576
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	15,969 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	17,566 USD 572	-	-	17,566 USD 572	11,974	100.00	8,418	37,261	29,404
Advantech Service-IoT (Shanghai) Co., Ltd. [(SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	66,120 CNY 15,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note E	-	-	Note E	622	100.00	622	52,281	-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,698 CNY 2,200	Other	Note F	-	-	Note F	(4)	100.00	(4)	1,111	-
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	13,224 CNY 3,000	Other	Note F	-	-	Note F	2	20.00	-	2,642	-
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	14,987 CNY 3,400	Other	Note F	-	-	Note F	(12,088)	25.36	(12,790)	7,754	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 1,704,067 (USD 55,489 thousand) （Note H）	$2,431,618 (USD 79,180 thousand)	$ 26,288,821 （Note I）

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 (BVI) 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: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company.
Note J: The exchange rate was US$1=NT$30.71 and CNY$1=NT$4.408.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.26%
K&M Investment Co., Ltd.	91,369,108	11.74%
AIDC Investment Corp.	90,295,663	11.60%

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.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

In connection with the Consolidated Financial Statements of Affiliated Enterprises of ADVANTECH CO., LTD. (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2022 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of ADVANTECH CO., LTD. and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, ADVANTECH CO., LTD. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
ADVANTECH CO., LTD.
By

K.C. Liu , Chairman
February 24, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of ADVANTECH CO., LTD. and its subsidiaries (the "Group") as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgements, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(14) for the accounting policies on the valuation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for the valuation of inventories, and Note 6(6) for the details of inventory valuation. The Group's inventory and allowance for inventory valuation as at December 31, 2022 are $15,005,734 thousand and $997,969 thousand, respectively.

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

How our audit addressed the matter

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

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

Appropriateness of sales revenue cut-off

Description

Refer to Note 4(32) for the related accounting policies of sales revenue.

The Group's sales revenue is spread all over the world, with a large number of customers and different transaction terms. Therefore, if the sales revenue is not properly recorded in the correct period, it may have a significant impact on the financial statements. Thus, we considered the appropriateness of the sales revenue cut-off as one of the key audit matters.

How our audit addressed the matter

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

1. Obtained an understanding of and assessed internal controls in relation to sales revenue, and validated its operating effectiveness.
2. Tested the sales for a specific period prior to and after the balance sheet date, including confirming transaction terms, checking supporting documents and validating the proper timing of recognising movements of inventories and respective transfer of cost of goods sold.
3. Inspected contents and relevant evidence to confirm whether there were any significant or unusual sales returns and discounts occurring subsequent to the reporting period.

Other matter

We have audited and expressed an unqualified opinion on the parent company only financial statements of ADVANTECH CO., LTD. as at and for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Liang, Hua-Ling　　Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2023

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 12,029,785	18	$ 9,301,152	16
1110	Financial assets at fair value through profit or loss - current	6(2)	3,211,182	5	2,011,279	4
1136	Financial assets at amortised cost - current	6(4) and 8	139,910	-	113,548	-
1150	Notes receivable	6(5)	1,434,823	2	2,038,948	4
1170	Accounts receivable	6(5)	9,641,564	15	8,215,075	14
1180	Accounts receivable - related parties	7	32,400	-	37,920	-
1200	Other receivables		80,598	-	54,497	-
1210	Other receivables - related parties	7	890	-	-	-
130X	Inventories	6(6)	14,007,765	21	12,517,416	22
1470	Other current assets	7	1,168,431	2	831,655	1
11XX	**Total current assets**		41,747,348	63	35,121,490	61
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,703,431	4	1,659,120	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	2,199,556	3	2,516,420	4
1550	Investments accounted for under equity method	6(7)	4,383,238	7	3,856,835	7
1600	Property, plant and equipment	6(8) and 8	11,039,395	17	10,246,751	18
1755	Right-of-use assets	6(9)	614,655	1	594,368	1
1780	Intangible assets	6(10)	2,789,279	4	2,665,425	4
1840	Deferred income tax assets	6(26)	700,239	1	985,675	2
1915	Prepayments for business facilities		127,024	-	116,347	-
1990	Other non-current assets	8	80,773	-	65,806	-
15XX	**Total non-current assets**		24,637,590	37	22,706,747	39
1XXX	**Total assets**		$ 66,384,938	100	$ 57,828,237	100

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 531,330	1	$ 255,700	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)	21,634	-	2,687	-
2130	Current contract liabilities	6(21)	1,313,695	2	950,692	2
2170	Notes and accounts payable	7	7,126,418	11	7,486,975	13
2200	Other payables	6(12) and 7	5,146,661	8	4,587,492	8
2230	Current income tax liabilities		3,588,177	5	2,485,660	4
2250	Provision for liabilities - current		252,434	-	196,498	-
2280	Lease liabilities - current	6(9)	168,012	-	250,338	-
2300	Other current liabilities		332,445	1	287,636	1
21XX	**Total current liabilities**		18,480,816	28	16,503,678	29
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	121,500	-	-	-
2560	Current tax liabilities - non-current		659,969	1	97,320	-
2570	Deferred income tax liabilities	6(26)	2,137,306	3	2,178,209	4
2580	Lease liabilities - non-current	6(9)	175,846	-	67,068	-
2600	Other non-current liabilities	6(14)	525,487	1	619,171	1
25XX	**Total non-current liabilities**		3,620,108	5	2,961,768	5
2XXX	**Total liabilities**		22,100,924	33	19,465,446	34
	Equity attributable to shareholders of the parent					
	Share capital	6(16)				
3110	Common shares		7,778,434	11	7,738,228	13
3140	Advance receipts for share capital		1,335	-	6,410	-
	Capital surplus	6(17)				
3200	Capital surplus		9,110,280	14	8,388,886	15
	Retained earnings	6(18)				
3310	Legal reserve		8,552,226	13	7,737,236	13
3320	Special reserve		555,794	1	831,850	1
3350	Unappropriated retained earnings		17,750,074	27	13,705,710	24
	Other equity	6(19)				
3400	Other equity		66,559	-	(555,793)	(1)
31XX	**Equity attributable to shareholders of the parent**		43,814,702	66	37,852,527	65
36XX	Non-controlling interest	6(20)	469,312	1	510,264	1
3XXX	**Total equity**		44,284,014	67	38,362,791	66
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 66,384,938	100	$ 57,828,237	100

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			For the years ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	$ 68,744,701	100	$ 58,622,050	100
5000	Operating costs	6(6)(8)(9)(10)(14)(15)(25) and 7	(42,631,598)	(62)	(36,490,474)	(62)
5950	Gross profit		26,113,103	38	22,131,576	38
	Operating expenses	6(8)(9)(10)(14)(15)(25) and 7				
6100	Selling expenses		(5,766,048)	(9)	(5,180,175)	(9)
6200	General and administrative expenses		(2,996,431)	(4)	(2,877,312)	(5)
6300	Research and development expenses		(4,767,745)	(7)	(4,269,809)	(7)
6450	Expected credit impairment loss		(50,702)	-	(3,857)	-
6000	Total operating expenses		(13,580,926)	(20)	(12,331,153)	(21)
6900	Operating profit		12,532,177	18	9,800,423	17
	Non-operating income and expenses					
7100	Interest income	7	43,487	-	27,467	-
7010	Other income	6(22) and 7	413,475	1	373,993	-
7020	Other gains and losses	6(2)(10)(23)	33,308	-	(194,813)	-
7050	Finance costs	6(9)(11)(13)(24)	(26,991)	-	(15,668)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	447,404	1	263,940	-
7000	Total non-operating income and expenses		910,683	2	454,919	-
7900	**Profit before income tax**		13,442,860	20	10,255,342	17
7950	Income tax expense	6(26)	(2,700,301)	(4)	(1,947,979)	(3)
8200	**Profit for the year**		$ 10,742,559	16	$ 8,307,363	14

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			For the years ended December 31,			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(14)	$ 34,507	-	($ 3,577)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)	(310,640)	-	766,066	2
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(7)(19)	83,446	-	66,515	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(7,472)	-	790	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(200,159)	-	829,794	2
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	1,009,139	1	(685,783)	(1)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(7)(19)	65,703	-	(57,855)	-
8399	Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(26)	(215,244)	-	142,326	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		859,598	1	(601,312)	(1)
8300	**Total other comprehensive income for the year**		$ 659,439	1	$ 228,482	1
8500	**Total comprehensive income for the year**		$ 11,401,998	17	$ 8,535,845	15
	Profit attributable to:					
8610	Shareholders of the parent		$ 10,757,077	16	$ 8,250,224	14
8620	Non-controlling interest		(14,518)	-	57,139	-
			$ 10,742,559	16	$ 8,307,363	14
	Total comprehensive income attributable to:					
8710	Shareholders of the parent		$ 11,417,894	17	$ 8,510,806	15
8720	Non-controlling interest		(15,896)	-	25,039	-
			$ 11,401,998	17	$ 8,535,845	15
	Basic earnings per share					
9750	Profit for the year	6(27)	$ 13.85		$ 10.67	
	Diluted earnings per share					
9850	Profit for the year	6(27)	$ 13.70		$ 10.51	

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Share Capital			Retained Earnings			Other Equity Interest					
	Notes	Common shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefits compensation	Total	Non-controlling interest	Total equity
For the year ended December 31, 2021													
Balance at January 1, 2021		$ 7,719,455	$ 3,090	$ 7,913,754	$ 7,020,201	$ 845,993	$ 11,739,513	($ 1,006,635)	$ 173,308	$ 1,477	$ 34,410,156	$ 636,267	$ 35,046,423
Consolidated profit for the year		-	-	-	-	-	8,250,224	-	-	-	8,250,224	57,139	8,307,363
Other comprehensive income (loss) for the year	6(19)(20)	-	-	-	-	-	(4,040)	(569,302)	833,924	-	260,582	(32,100)	228,482
Total comprehensive income (loss) for the year		-	-	-	-	-	8,246,184	(569,302)	833,924	-	8,510,806	25,039	8,535,845
Appropriations of 2020 earnings	6(18)												
Legal reserve		-	-	-	717,035	-	(717,035)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(14,143)	14,143	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(5,480,813)	-	-	-	(5,480,813)	-	(5,480,813)
Cash dividends distributed by subsidiaries		-	-	-	-	-	-	-	-	-	-	(25,675)	(25,675)
Recognition of employee share options	6(15)(16)	18,773	3,320	185,822	-	-	-	-	-	-	207,915	-	207,915
Compensation costs recognized for employee share options	6(15)	-	-	291,441	-	-	-	-	-	-	291,441	-	291,441
Changes in associates and joint ventures accounted for under equity method		-	-	(25,474)	-	-	(80,199)	-	-	-	(105,673)	-	(105,673)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(28)	-	-	23,128	-	-	(3,401)	-	-	-	19,727	-	19,727
Changes in non-controlling interest	6(20)	-	-	-	-	-	-	-	-	-	-	(75,664)	(75,664)
Changes in ownership interests in subsidiaries	6(20)(28)	-	-	215	-	-	(1,247)	-	-	-	(1,032)	(49,703)	(50,735)
Disposal of financial assets at fair value through other comprehensive income	6(3)(19)	-	-	-	-	-	(11,435)	-	11,435	-	-	-	-
Balance at December 31, 2021		$ 7,738,228	$ 6,410	$ 8,388,886	$ 7,737,236	$ 831,850	$ 13,705,710	($ 1,575,937)	$ 1,018,667	$ 1,477	$ 37,852,527	$ 510,264	$ 38,362,791
For the year ended December 31, 2022													
Balance at January 1, 2022		$ 7,738,228	$ 6,410	$ 8,388,886	$ 7,737,236	$ 831,850	$ 13,705,710	($ 1,575,937)	$ 1,018,667	$ 1,477	$ 37,852,527	$ 510,264	$ 38,362,791
Consolidated profit for the year		-	-	-	-	-	10,757,077	-	-	-	10,757,077	(14,518)	10,742,559
Other comprehensive income (loss) for the year	6(19)(20)	-	-	-	-	-	31,990	860,976	(232,149)	-	660,817	(1,378)	659,439
Total comprehensive income (loss) for the year		-	-	-	-	-	10,789,067	860,976	(232,149)	-	11,417,894	(15,896)	11,401,998
Appropriations of 2021 earnings	6(18)												
Legal reserve		-	-	-	814,990	-	(814,990)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	(276,056)	276,056	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(6,195,710)	-	-	-	(6,195,710)	-	(6,195,710)
Cash dividends distributed by subsidiaries	6(20)	-	-	-	-	-	-	-	-	-	-	(40,607)	(40,607)
Recognition of employee share options	6(15)(16)	40,206	(5,075)	401,139	-	-	-	-	-	-	436,270	-	436,270
Compensation costs recognized for employee share options	6(15)	-	-	233,442	-	-	-	-	-	-	233,442	-	233,442
Changes in associates and joint ventures accounted for under equity method	6(19)	-	-	78,071	-	-	(6,403)	-	-	(5,517)	66,151	-	66,151
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(28)	-	-	8,428	-	-	(4,614)	-	-	-	3,814	-	3,814
Changes in non-controlling interest	6(20)	-	-	-	-	-	-	-	-	-	-	17,675	17,675
Changes in ownership interests in subsidiaries	6(28)	-	-	314	-	-	-	-	-	-	314	(2,124)	(1,810)
Disposal of financial assets at fair value through other compenhensive income owned by associates	6(3)(19)	-	-	-	-	-	958	-	(958)	-	-	-	-
Balance at December 31, 2022		$ 7,778,434	$ 1,335	$ 9,110,280	$ 8,552,226	$ 555,794	$ 17,750,074	($ 714,961)	$ 785,560	($ 4,040)	$ 43,814,702	$ 469,312	$ 44,284,014

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		$ 13,442,860	$ 10,255,342
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	873,114	828,168
Amortisation	6(10)(25)	183,966	268,703
Expected credit impairment loss		50,702	3,857
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(23)	189,415	(131,863)
Finance costs	6(24)	26,991	15,668
Interest income		(43,487)	(27,467)
Dividend income	6(22)	(249,959)	(185,473)
Compensation costs of employee share options	6(15)(25)	233,443	291,468
Share of profit of associates accounted for under equity method		(447,404)	(263,940)
Loss (gain) on disposal of property, plant and equipment	6(23)	987	(58,183)
Gain on disposal of investment	6(23)	(8,367)	(1,426)
Others		-	(22,469)
Impairment loss	6(10)(23)	-	292,574
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(1,432,673)	3,575,237
Notes receivable		604,159	(146,689)
Accounts receivable		(1,477,223)	(1,362,058)
Accounts receivable – related parties		5,520	(9,170)
Other receivables (including related parties)		(26,991)	2,021
Inventories		(1,490,349)	(4,703,866)
Other current assets		(328,004)	(347,916)
Changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		18,947	(18,357)
Contract liabilities - current		363,003	193,640
Notes and accounts payable		(369,329)	3,160,528
Other payables		559,101	658,097
Provision for liabilities - current		55,936	32,412
Other current liabilities		44,819	109,211
Other non-current liabilities		(59,057)	81,724
Cash inflow generated from operations		10,720,120	12,489,773
Interest received		43,487	27,467
Dividends received		249,959	185,473
Interest paid		(26,923)	(1,024)
Income taxes paid		(1,255,369)	(2,027,449)
Net cash flows provided by operating activities		9,731,274	10,674,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		(78,075)	(13,808)
Proceeds from disposal of financial assets at amortised cost		62,024	50,194
Acquisition of financial assets at fair value through profit or loss		(885,907)	(1,542,673)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	16
Cash returned from capital reduction of financial assets at fair value through other comprehensive income		-	17,980
Acquisition of investments accounted for under equity method	6(7)	(53,050)	(398,868)
Proceeds from disposal of investment accounted for under equity method	6(7)	14,232	8,676
Dividends received from associates		184,112	151,729
Acquisition of property, plant and equipment	6(8)	(1,320,449)	(1,022,442)
Proceeds from disposal of property, plant and equipment		9,494	135,209
Acquisition of intangible assets	6(10)	(124,429)	(186,074)
Increase in refundable deposits		(12,722)	(8,365)
(Increase) decrease in other non-current assets		(2,245)	3,427
Increase in prepayments for business facilities		(32,587)	(13,450)
Net cash flows used in investing activities		(2,239,602)	(2,818,449)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(29)	279,530	90,830
Increase in long-term borrowings	6(29)	121,500	-
Decrease in guarantee deposits received		(120)	(714)
Payments of lease liabilities	6(9)(29)	(251,492)	(248,716)
Payments of cash dividends	6(18)	(6,195,710)	(5,480,813)
Employee share options exercised		436,270	199,865
Dividends paid to non-controlling interests	6(20)	(40,607)	(25,675)
Liquidation of subsidiary and refund of shares to non-controlling interests		-	(73,125)
Change in non-controlling interests	6(28)	2,004	(25,262)
Net cash flows used in financing activities		(5,648,625)	(5,563,610)
Effect of exchange rate changes		885,586	(488,471)
Net increase in cash and cash equivalents		2,728,633	1,809,710
Cash and cash equivalents at beginning of year		9,301,152	7,497,442
Cash and cash equivalents at end of year		$ 12,029,785	$ 9,301,152

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

ADVANTECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Advantech Co., Ltd. (the "Company") was incorporated in September 1981. The Company is primarily engaged in the manufacture and sales of embedded computing boards, industrial automation products, applied computers and industrial computers.

(2) The Company's shares have been listed on the Taiwan Stock Exchange since December 1999.

(3) To improve the entire operating efficiency of the Company and its subsidiaries (collectively referred herein as the "Group"), the Company's Board of Directors during its meeting on June 30, 2009 resolved to have a short-form merger with its wholly-owned subsidiary, Advantech Investment and Management Service ("AIMS"). The effective date was set on July 30, 2009. As the surviving entity, the Company assumed all assets and liabilities of AIMS. On June 26, 2014, the Company's Board of Directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. ("Netstar"), an indirect 95.51%-owned subsidiary through a wholly-owned subsidiary, Advantech Corporate Investment. The effective date for the merger was set on July 27, 2014. As the surviving entity, the Company assumed all assets and liabilities of Netstar.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 24, 2023.

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") 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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets minus present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent and to the non-controlling interests. Total comprehensive income is attributed to the shareholders of the parent and to the non-controlling interests even if this

results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions 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) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
The Company	Advantech Automation Corp. (BVI) [AAC (BVI)]	Overseas investment in manufacturing and services industries	100.00	100.00	
	Advantech Technology Co., Ltd. (ATC)	Overseas investment in manufacturing and services industries	100.00	100.00	
	Advanixs Corporation	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	
	Advantech Corporate Investment (ACI)	Investment in marketable securities	100.00	100.00	
	Advantech Europe Holding B.V. (AEUH)	Overseas investment in manufacturing and services industries	100.00	100.00	
	Advantech Co., Singapore Pte, Ltd. (ASG)	Marketing and trade of industrial use computers	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
The Company	Advantech Australia Pty Ltd. (AAU)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Japan Co., Ltd. (AJP)	Marketing and trade of industrial use computers	100.00	100.00	Note 4
	Advantech Co., Malaysia Sdn. Bhd (AMY)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech KR Co., Ltd. (AKR)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Brasil Ltd. (ABR)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Industrial Computing India Private Limited (AIN)	Marketing and trade of industrial use computers	99.99	99.99	
	AdvanPOS Technology Co., Ltd. (AdvanPOS)	Manufacturing and trade of endpoint sales system	-	100.00	Note 7
	LNC Technology Co., Ltd. (LNC)	Manufacturing and trade of controllers	44.60	48.10	Note 2
	Advantech Electronics, S.A.P.I DE C. V. (AMX)	Marketing and trade of industrial use computers	99.90	60.00	Note 12
	Advantech Intelligent Services Co., Ltd. (AiCS)	Design, research and development and sales of intelligent services	100.00	100.00	
	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	51.00	51.00	
	Advantech Vietnam Technology Company Limited (AVN)	Marketing and trade of industrial use computers	60.00	60.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
The Company	Advantech Technology Limited Liability Company (ARU)	Manufacturing, marketing and trade of industrial use computers	100.00	100.00	
	Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical devices	-	71.39	Note 4
	Advantech Turkey Teknoloji A.S. (ATR)	Wholesale of computers and peripheral devices	60.00	60.00	
	ADVANTECH IOT ISRAEL LTD. (AIL)	Trading of industrial network communications systems	100.00	100.00	
	Huan Yan Water Solution Co., Ltd.	Service plan for combination of related technologies of water treatment and applications of Internet of Things	90.00	90.00	Note 3
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	100.00	-	Note 16
Advantech Japan Co., Ltd. (AJP)	Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical devices	-	28.61	Note 4
Advantech Corporate Investment (ACI)	Cermate Technologies Inc. (Cermate Taiwan)	Manufacturing of electronic components, computers, and peripheral devices	55.00	55.00	
	Advantech Intellingent Health Co., Ltd. (AIH)	Servicing of information software and data processing	100.00	100.00	
	Yan Xu Green Electricity Co., Ltd.	Green energy power plant development	82.50	-	Note 10

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Advantech Technology Co., Ltd. (ATC)	HK Advantech Technology Co., Ltd. [ATC (HK)]	Overseas investment in manufacturing and services industries	100.00	100.00	
HK Advantech Technology Co., Ltd. [ATC (HK)]	Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	100.00	100.00	
Advantech Automation Corp. (BVI) [AAC (BVI)]	Advantech Corp. (ANA)	Marketing, trade and assembly of industrial use computers	100.00	100.00	
	Advantech Automation Corp. (HK) [AAC (HK)]	Overseas investment in manufacturing and services industries	100.00	100.00	
	Adventech Electronics, S.A.P.I. DE C.V. (AMX)	Marketing and trade of industrial use computers	0.10	-	Note 12
	Advantech Service - IoT Co., Ltd. (ACI KY)	Design, research and development and trade of IoT intelligent system services	100.00	100.00	
	Advantech Technology DMCC (ADB)	Trading of industrial network communication systems	-	100.00	Note 16
Advantech Corp. (ANA)	Advantech Technology Limited (AIE)	Trading of industrial network communication systems	100.00	100.00	
Advantech Automation Corp. (HK) [AAC (HK)]	Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	100.00	100.00	
	Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computers	82.00	100.00	Note 8

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Advantech Service - IoT Co., Ltd. (ACI KY)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	-	99.00	Note 13
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	100.00	100.00	
	Shanghai Advantech Intelligent Service Co., Ltd. (ACI CN)	Manufacturing, marketing and trade of industrial use computures	18.00	-	Note 8
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN)	Advantech Service-IoT (Shanghai) Co., Ltd. [SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	100.00	1.00	Note 13
	Shanghai Yanle Co., Ltd. (AYL)	Application and retail of intelligent technology	100.00	100.00	
Advantech Europe Holding B.V. (AEUH)	Advantech Europe B.V. (AEU)	Marketing and trade of industrial use computers	100.00	100.00	
	Advantech Poland Sp z o.o. (APL)	Marketing and trade of industrial use computers	100.00	100.00	
Advantech Europe B.V. (AEU)	Advantech Service - IoT GmbH (A-SIoT)	Design, research and development and trade of industrial on-board computer products	-	100.00	Note 6
Advantech Co., Singapore Pte, Ltd. (ASG)	Advantech Corporation (Thailand) Co., Ltd. (ATH)	Manufacturing of computer products	49.00	49.00	
	PT Advantech International (AID)	Marketing and trade of industrial use computers	100.00	100.00	

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
Cermate Technologies Inc. (Cermate Taiwan)	LandMark Co., Ltd. (LandMark)	General investment	100.00	100.00	
LandMark Co., Ltd. (LandMark)	Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	100.00	100.00	
	Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	90.00	90.00	
	Cermate software Inc. (CSI)	Software development	100.00	-	Note 9
LNC Technology Co., Ltd. (LNC)	Better Auto Holdings Limited (Better Auto)	Holding company	100.00	100.00	
	NANOMAC Co., Ltd.	System integration and application, system furniture intelligent design production and sales	87.27	-	Note 11
	BEST PLC LTD. (BEST PLC)	Holding company	100.00	-	Note 14
Better Auto Holdings Limited (Better Auto)	Famous Now Limited (Famous Now)	Holding company	100.00	100.00	
BEST PLC LTD. (BEST PLC)	BEST SERVO LTD. (BEST SERVO)	Holding company	100.00	-	Note 15
Famous Now Limited (Famous Now)	LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	100.00	100.00	
NANOMAC Co., Ltd.	BEST MACHINE LTD. (BEST MACHINE)	Holding company	100.00	-	Note 17

Name of investor	Name of subsidiary	Business activities	Ownership (%) December 31, 2022	Ownership (%) December 31, 2021	Description
NANOMAC Co., Ltd.	BEST AUTOMATION LTD. (BEST AUTOMATION)	Holding company	100.00	-	Note 18
Advantech Technology Limited (AIE)	Advantech Czech, s.r.o. (ACZ)	Manufacturing of automation control	100.00	100.00	
Advantech Industrtal Computer India Private Limited (AIN)	Advantech Raiser India Private Limited (ARI)	Marketing and trade of industrial use computers	55.00	55.00	Note 5

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

Note 2: In the fourth quarter of 2021 and the third quarter of 2022, the Group sold its 11% and 3.5% equity interest in LNC, respectively, which resulted to a decrease in ownership to 44.60%. After the disposal, the Group is still the single largest shareholder of LNC. Given that the degree of other shareholders involvement in prior shareholders' meeting and record of voting rights for major proposals, which indicates that the Group still has substantial ability to direct the relevant activities, the Group has control over LNC.

Note 3: In the second quarter of 2021, Huan Yan Water Solution Co., Ltd. increased capital. Industrial Technology Research Institute acquired 10% equity interest. As a result, the shareholding ratio of the Group decreased to 90%.

Note 4: In the first quarter of 2021, the Company acquired 20% equity interest in ATJ, which resulted to an increase in ownership from 50% to 70%. In the third quarter of 2021, the Company acquired 1.39% equity interest in ATJ, which resulted to an increase in ownership from 70% to 71.39%. In the first quarter of 2022, ATJ merged with AJP, with AJP as the surviving company and ATJ as the dissolved company.

Note 5: In the second quarter of 2021, the Group founded ARI.

Note 6: In the fourth quarter of 2021, the Group adjusted its investment structure, Accordingly, AEU held 100% equity interest in A-SIoT. In the third quarter of 2022, A-SIoT merged with AEU, with AEU as the surviving company and A-SIoT as the dissolved company.

Note 7: In the second quarter of 2022, AdvanPOS filed for liquidation.

Note 8: In the first quarter of 2022, ACN aquired 18% equity interest in ACI CN, which resulted to a decrease in AAC (HK)'s equity interest in ACI CN to 82%.

Note 9: In the first quarter of 2022, the Group established a wholly-owned subsidiary, Cermate Software Inc.

Note 10: In the first quarter of 2022, the Group established Yan Xu Green Electricity Co., Ltd., and the Group held 82.5% equity interest in Yan Xu Green Electricity Co., Ltd.

Note 11: In the first quarter of 2022, the Group established a wholly-owned subsidiary, NANOMAC Co., LTD., and in the third quarter of 2022, the Group did not participate in the capital increase proportionally to its interest, which resulted to a decrease in ownership from 100% to 87.27%.

Note 12: In the first quarter of 2022, the Group acquired 40% equity interest in AMX, which resulted to an increase in ownership from 60% to 100%.

Note 13: In the second quarter of 2022, the Group adjusted its investment structure. Accordingly, ACI CN held 100% equity interest in SIoT (China).

Note 14: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST PLC.

Note 15: In the second quarter of 2022, the Group established a wholly-owned subsidiary, BEST SERVO.

Note 16: In the fourth quarter of 2022, the Group adjusted its investment structure, accordingly, the Company held 100% equity interest in ADB.

Note 17: In the fourth quarter of 2022, the Group established a wholly-owned subsidiary, BEST MACHINE.

Note 18: In the fourth quarter of 2022, the Group established a wholly-owned subsidiary, BEST AUTOMATION.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different end of balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional and the Group's 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 group entities, 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 Group 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 Group 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.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) 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 realised, 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 realised 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) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(6) 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.

(7) 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 Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

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 Group measures the financial assets at fair value plus transaction costs. The Group 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 Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group'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.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) 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 Group 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 receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes 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 Group 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 Group has not retained control of the financial asset.

(13) 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.

(14) Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable value. Net realisable 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.

(15) Investments accounted for under equity method - associates

A. Associates are all entities over which the Group 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 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. 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 Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the company's interest in the associates. Unrealised 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 Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under 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 Group'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.

F. Upon loss of significant influence over an associate, the Group 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.

G. When the Group 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.

H. When the Group 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.

(16) <u>Property, plant and equipment</u>

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 Group 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	20 ~ 60 years
Electronic equipment	5 years
Engineering systems	5 years
Machinery and equipment	2 ~ 10 years
Office equipment	1 ~ 8 years
Other equipment	1 ~ 10 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 Group. 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 Group 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. Customer relationship and trademarks

Customer relationship and trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and customer relationship have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 2 to 3 years and 2 to 15 years, respectively.

C. Intangible assets, except for goodwill, customer relationship and trademarks are mainly software and technology licencing, etc. and are amortised on a straight-line basis as follows:

Technology licenses	5 ~ 8 years
Others	1 ~ 5 years

(19) Impairment of non-financial assets

A. The Group 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.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) 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.

(22) 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 Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(23) Derecognition of financial liabilities

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

(24) Offsetting financial assets and liabilities

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 realise the asset and settle the liability simultaneously.

(25) 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.

(26) Provisions for liabilities

Provisions are recognized when the Group 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.

(27) 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 Group 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 Group'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 Group 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.

(28) 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 Group and employees reached a consensus on the terms and provisions of share-based payment arrangements.

(29) 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 and its subsidiaries 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 shareholders resolve to retain the earnings.

C. Deferred 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 income 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income 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 realised or the deferred income tax liability is settled.

D. Deferred income 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 income 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 realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income 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 realise the asset and settle the liability simultaneously.

F. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) 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.

(31) 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.

(32) Revenue recognition

A. Sales of goods

(a) The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied. The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of

control.

(b) The Group'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.

(33) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group 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 Group recognizes expenses for the related costs for which the grants are intended to compensate.

(34) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the 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.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for

allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 realisable 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, 2022, the carrying amount of inventories was $14,007,765.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group'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, 2022, the Group recognized goodwill, net of impairment loss, amounting to $2,247,236.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 1,212	$ 1,098
Checking accounts and demand deposits	10,578,869	8,674,989
Cash equivalents (time deposits with original maturities less than three months)	1,449,704	625,065
	$ 12,029,785	$ 9,301,152

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

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

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

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	$ 936	$ 11,966
Non-derivative financial assets		
Listed and OTC stocks	-	170,417
Unlisted and non-OTC stocks	-	56,000
Beneficiary certificates	3,181,146	1,735,921
Convertible corporate bonds	29,100	36,975
	$ 3,211,182	$ 2,011,279
Financial assets - non-current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Listed and OTC stocks	$ 187,708	$ -
Unlisted and non-OTC stocks	143,264	94,310
Beneficiary certificates	2,271,409	1,564,810
Ordinary corporate bonds	101,050	-
	$ 2,703,431	$ 1,659,120
Financial liabilities - current		
Mandatorily measured at fair value through profit or loss		
Derivative instruments (not under hedge accounting)		
Forward foreign exchange contracts	$ 21,634	$ 2,687

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

	For the years ended December 31,	
	2022	2021
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments	($ 156,952)	$ 78,870
Derivative instruments	(32,463)	52,993
	($ 189,415)	$ 131,863

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

Derivative financial assets:

December 31, 2022	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	CNY/NTD	2023.01~2022.02	CNY 37,000/NTD 164,020
	JPY/NTD	2023.01	JPY 20,000/NTD 4,652

December 31, 2021	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	EUR/NTD	2022.01~2022.05	EUR 12,300/NTD 395,896
	JPY/NTD	2022.01~2022.03	JPY 240,000/NTD 59,071
	USD/NTD	2022.01	USD 800/NTD 22,219

Derivative financial liabilities:

December 31, 2022	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	USD/NTD	2023.01~2023.03	USD 6,000/NTD 183,082
	EUR/NTD	2023.01~2023.05	EUR 16,700/NTD 529,476
	CNY/NTD	2023.03~2023.04	CNY 27,000/NTD 118,081
	JPY/NTD	2023.01~2023.06	JPY 260,000/NTD 57,747

December 31, 2021	Currency	Maturity date	Contract amount (in thousands)
Sell forward foreign exchange	CNY/NTD	2022.01~2022.04	CNY 68,000/NTD 292,705

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

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

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

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

	December 31, 2022	December 31, 2021
Listed, OTC and emerging stocks	$ 1,648,197	$ 2,396,403
Unlisted and non-OTC stocks	551,359	120,017
	$ 2,199,556	$ 2,516,420

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

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 310,640)	$ 766,066
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -	($ 11,435)

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

(4) Financial assets at amortised cost - current

	December 31, 2022	December 31, 2021
Time deposits with original maturity period of more than three months	$ 139,910	$ 113,548

A. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $139,910 and $113,548, respectively.

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

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

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 1,435,641	$ 2,039,732
Less: Allowance for uncollectible accounts	(818)	(784)
	$ 1,434,823	$ 2,038,948
Accounts receivable	$ 9,764,037	$ 8,289,138
Less: Allowance for uncollectible accounts	(122,473)	(74,063)
	$ 9,641,564	$ 8,215,075

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

	December 31, 2022	December 31, 2021
Not past due	$ 10,067,584	$ 9,547,123
Less than 90 days past due	986,491	687,824
Between 91 to 180 days past due	55,963	26,973
Over 181 days past due	89,640	66,950
	$ 11,199,678	$ 10,328,870

The above aging analysis was based on past due date.

B. Except for the balances shown above, the balance of notes and accounts receivable from contracts with customers was $8,826,295 at January 1, 2021.

C. The Group does not hold collateral as security for accounts receivable.

D. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposures to credit risk in respect of the amounts that best represent the Group's notes receivable were $1,434,823 and $2,038,948, respectively. The maximum exposures to credit risk in respect of the amount that best represents the Group's accounts receivable were $9,641,564 and $8,215,075, respectively.

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

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 7,407,878	($ 687,919)	$ 6,719,959
Work in progress	1,210,965	(27,894)	1,183,071
Finished goods	5,176,003	(282,156)	4,893,847
Inventory in transit	1,210,888	-	1,210,888
	$ 15,005,734	($ 997,969)	$ 14,007,765

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 6,594,778	($ 607,288)	$ 5,987,490
Work in progress	1,261,383	(47,714)	1,213,669
Finished goods	4,605,226	(344,512)	4,260,714
Inventory in transit	1,055,543	-	1,055,543
	$ 13,516,930	($ 999,514)	$ 12,517,416

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	$ 42,208,532	$ 35,716,722
(Gain from price recovery) loss on decline in market value	(13,408)	197,367
Others	436,474	576,385
	$ 42,631,598	$ 36,490,474

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories which were previously provided with allowance for valuation

loss were subsequently sold during the year ended December 31, 2022.

(7) Investments accounted for under equity method

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

	December 31, 2022	December 31, 2021
Associates that are not individually material		
Listed and OTC companies		
Axiomtek Co., Ltd. (Axiomtek)	$ 1,004,985	$ 830,007
Winmate Inc. (Winmate)	610,406	572,568
AzureWave Technologies, Inc. (AzureWave)	697,753	601,310
Nippon RAD Inc. (Nippon RAD)	257,187	261,523
Mildex Optical Inc. (Mildex)	164,948	142,658
Hwacom Systems Inc. (Hwacom)	456,377	439,839
Information Technology Total Services Co., Ltd. (ITTS)	160,480	159,489
Unlisted companies		
International Integrated Systems, Inc. (IISI)	286,522	271,364
CDIB Innovation Accelerator Co., Ltd. (CDIB)	286,711	181,132
VSO Electronics Co., Ltd. (VSO)	185,187	144,865
Feng Sang Enterprise Co., Ltd. (Feng Sang)	115,820	110,496
Others	156,862	141,584
	$ 4,383,238	$ 3,856,835

The changes in the Group's shareholding ratio or having significant influence due to capital increase of its investments are as follows:

(a) In the first quarter of 2021, the Group participated in the capital increase of Feng Sang for a cash consideration $64,500 which resulted to an increase in its equity interest from 15% to 36.24%.

(b) In the first quarter of 2021, the Group acquired 21.67% equity interest in Foshan Technology for a cash consideration of $2,824. In the third quarter of 2021, the Group participated in the capital increase of Foshan Technology for a cash consideration of $23,683 which resulted to an increase in its equity interest from 21.67% to 29.66%. In the fourth quarter of 2022, Foshan Technology made a cash capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased to 25.36%.

(c) In 2021, the Group invested in Axiomtek for a cash consideration of $262,313, which resulted to an increase in its equity interest from 24.17% to 27.97%.

(d) In the second quarter of 2021, the Group invested in Smasoft for a cash consideration of $5,220, which resulted to an increase in its equity interest from 20% to 24.07%. In the first quarter of 2022, the Group invested in Smasoft for a cash consideration of $13,050, which resulted to an increase in its equity interest from 24.07% to 25.63%.

(e) In the second quarter of 2021, the Group acquired 20% equity interest in Freedom System for

a cash consideration of $37,500.

(f) In the fourth quarter of 2021, the Group participated in the capital increase of DotZero for a cash consideration of $2,828. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 27.00% to 25.71%. In the fourth quarter of 2022, Dotzero made a cash capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 25.71% to 10.38%, without losing significant influence.

(g) In the fourth quarter of 2021, the Group disposed all its equity interest in GSD for a cash consideration of $8,676.

(h) In the first quarter of 2022, the Group disposed 4.71% equity interest in I-Link Co., Ltd. for a cash consideration of $940, which resulted to a decrease in its equity interest from 20.13% to 15.42%. As the Group lost significant influence, the investment in I-Link Co., Ltd. accounted for under equity method was reclassified as financial assets at fair value through other comprehensive income - non-current.

(i) In the second quarter of 2022, the Group acquired 43.01% equity interest in Expetech Co., Ltd. for a cash consideration of $40,000.

(j) During the first to the third quarter in 2022, VSO Electronics made a capital increase. As the Group did not subscribe to the capital increase in proportion to its shareholding percentage, its equity interest decreased from 14.29% to 12.94%. In addition, the Group disposed 0.39% equity interest in VSO Electronics for a cash consideration of $13,292, which resulted to a decrease in its equity interest from 12.94% to 12.55%.

(k) In 2022, Hwacom converted corporate bonds to common shares which resulted its equity interest decreased to 18.99%.

B. The summary of financial information of share attributable to the Group on the associates that are not individually material to the Group is as follows:

	For the years ended December 31,	
	2022	2021
Profit for the year from continuing operations	$ 447,404	$ 263,940
Other comprehensive income after tax	136,008	20,231
Total comprehensive income	$ 583,412	$ 284,171

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

	December 31, 2022	December 31, 2021
Fair value of associates	$ 3,911,446	$ 4,199,439

D. The Group is the single largest shareholder of Axiomtek, Winmate, Hwacom, VSO, iSAP and Feng Sang. Given that other shareholders hold more shares than the Group and the degree of other shareholders involvement in prior shareholders' meeting and record of voting rights for major proposals, which indicates that the Group has no substantial ability to direct the relevant operating

and financial activities, the Group has no control, but only has significant influence, over the companies.

(8) Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2022							
Cost	$ 2,967,968	$ 8,242,253	$ 2,143,173	$ 924,897	$ 1,977,872	$ 447,704	$ 16,703,867
Accumulated depreciation and impairment	-	(2,912,359)	(1,414,794)	(734,793)	(1,395,170)	-	(6,457,116)
	$ 2,967,968	$ 5,329,894	$ 728,379	$ 190,104	$ 582,702	$ 447,704	$ 10,246,751
Balance at January 1, 2022	$ 2,967,968	$ 5,329,894	$ 728,379	$ 190,104	$ 582,702	$ 447,704	$ 10,246,751
Additions	73,465	144,342	198,013	71,875	207,419	625,335	1,320,449
Disposals	-	-	(3,764)	(3,339)	(3,378)	-	(10,481)
Depreciation	-	(216,245)	(138,619)	(78,783)	(193,575)	-	(627,222)
Reclassifications	20,133	(15,214)	47,593	938	49,670	(81,211)	21,909
Net exchange differences	17,148	47,921	6,262	4,361	12,298	(1)	87,989
Balance at December 31, 2022	$ 3,078,714	$ 5,290,698	$ 837,864	$ 185,156	$ 655,136	$ 991,827	$ 11,039,395
Balance at December 31, 2022							
Cost	$ 3,078,714	$ 8,444,047	$ 2,283,830	$ 954,826	$ 2,190,489	$ 991,827	$ 17,943,733
Accumulated depreciation and impairment	-	(3,153,349)	(1,445,966)	(769,670)	(1,535,353)	-	(6,904,338)
	$ 3,078,714	$ 5,290,698	$ 837,864	$ 185,156	$ 655,136	$ 991,827	$ 11,039,395

	Freehold land	Buildings	Machinery and equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2021							
Cost	$ 3,032,384	$ 8,052,436	$ 1,929,938	$ 906,329	$ 1,901,434	$ 380,653	$ 16,203,174
Accumulated depreciation and impairment	-	(2,824,136)	(1,408,668)	(712,689)	(1,340,785)	-	(6,286,278)
	$ 3,032,384	$ 5,228,300	$ 521,270	$ 193,640	$ 560,649	$ 380,653	$ 9,916,896
Balance at January 1, 2021	$ 3,032,384	$ 5,228,300	$ 521,270	$ 193,640	$ 560,649	$ 380,653	$ 9,916,896
Additions	-	38,033	299,963	81,932	250,957	408,918	1,079,803
Disposals	(31,543)	(24,981)	(14,388)	(1,986)	(4,128)	-	(77,026)
Depreciation	-	(222,202)	(116,854)	(81,128)	(162,450)	-	(582,634)
Reclassifications	-	354,441	41,011	(199)	(51,216)	(339,069)	4,968
Net exchange differences	(32,873)	(43,697)	(2,623)	(2,155)	(11,110)	(2,798)	(95,256)
Balance at December 31, 2021	$ 2,967,968	$ 5,329,894	$ 728,379	$ 190,104	$ 582,702	$ 447,704	$ 10,246,751
Balance at December 31, 2021							
Cost	$ 2,967,968	$ 8,242,253	$ 2,143,173	$ 924,897	$ 1,977,872	$ 447,704	$ 16,703,867
Accumulated depreciation and impairment	-	(2,912,359)	(1,414,794)	(734,793)	(1,395,170)	-	(6,457,116)
	$ 2,967,968	$ 5,329,894	$ 728,379	$ 190,104	$ 582,702	$ 447,704	$ 10,246,751

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Lease agreements - lessee

A. The Group's lease subjects include building, transportation equipment, machinery and equipment, office equipment and land use rights. Rental contracts are typically made for periods of 1 to 15

years, except for the land use rights which cover periods of 38 to 50 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, 2022	December 31, 2021
Carrying amount		
Land	$ 267,691	$ 272,232
Buildings	291,785	273,832
Machinery and equipment	1,210	1,871
Office equipment	3,447	5,181
Transportation equipment	50,053	40,991
Other equipment	469	261
	$ 614,655	$ 594,368

	For the years ended December 31,	
	2022	2021
Depreciation expenses		
Land	$ 8,578	$ 8,420
Buildings	189,996	190,889
Machinery and equipment	762	759
Office equipment	5,340	8,659
Transportation equipment	40,331	36,657
Other equipment	885	150
	$ 245,892	$ 245,534

C. The additions to right-of-use assets for the years ended December 31, 2022 and 2021 were $251,305 and $149,628, respectively.

D. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount		
Current	$ 168,012	$ 250,338
Non-current	175,846	67,068
	$ 343,858	$ 317,406

E. Other lease information

	For the years ended December 31,	
	2022	2021
Expense on lease interest	$ 15,136	$ 13,614
Expense on short-term lease contracts	$ 285	$ 389
Expense on leases of low-value assets	$ 1,300	$ 1,434
Total cash outflow for leases	$ 253,077	$ 250,539

(10) Intangible assets

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2022						
Cost	$ 456,060	$ 530,820	$ 383,119	$ 2,758,549	$ 557,405	$ 4,685,953
Accumulated amortization and impairment	(387,154)	(292,834)	(337,975)	(665,939)	(336,626)	(2,020,528)
	$ 68,906	$ 237,986	$ 45,144	$ 2,092,610	$ 220,779	$ 2,665,425
Balance at January 1, 2022	$ 68,906	$ 237,986	$ 45,144	$ 2,092,610	$ 220,779	$ 2,665,425
Acquired separately	-	-	-	-	124,429	124,429
Amortization	-	(33,402)	(24,304)	-	(126,260)	(183,966)
Net exchange differences	3,080	19,124	4,203	154,626	2,358	183,391
Balance at December 31, 2022	$ 71,986	$ 223,708	$ 25,043	$ 2,247,236	$ 221,306	$ 2,789,279
Balance at December 31, 2022						
Cost	$ 501,520	$ 569,759	$ 418,813	$ 2,913,175	$ 682,508	$ 5,085,775
Accumulated amortization and impairment	(429,534)	(346,051)	(393,770)	(665,939)	(461,202)	(2,296,496)
	$ 71,986	$ 223,708	$ 25,043	$ 2,247,236	$ 221,306	$ 2,789,279

	Trademarks	Customer relationships	Technology licenses	Goodwill	Others	Total
Balance at January 1, 2021						
Cost	$ 475,390	$ 572,805	$ 402,751	$ 2,837,680	$ 548,524	$ 4,837,150
Accumulated amortization and impairment	(330,368)	(283,883)	(332,924)	(373,365)	(369,264)	(1,689,804)
	$ 145,022	$ 288,922	$ 69,827	$ 2,464,315	$ 179,260	$ 3,147,346
Balance at January 1, 2021	$ 145,022	$ 288,922	$ 69,827	$ 2,464,315	$ 179,260	$ 3,147,346
Acquired separately	-	-	-	-	193,395	193,395
Amortization	(66,851)	(34,540)	(22,989)	-	(144,323)	(268,703)
Reclassifications	-	-	-	-	54	54
Impairment loss	-	-	-	(292,574)	-	(292,574)
Net exchange differences	(9,265)	(16,396)	(1,694)	(79,131)	(7,607)	(114,093)
Balance at December 31, 2021	$ 68,906	$ 237,986	$ 45,144	$ 2,092,610	$ 220,779	$ 2,665,425
Balance at December 31, 2021						
Cost	$ 456,060	$ 530,820	$ 383,119	$ 2,758,549	$ 557,405	$ 4,685,953
Accumulated amortization and impairment	(387,154)	(292,834)	(337,975)	(665,939)	(336,626)	(2,020,528)
	$ 68,906	$ 237,986	$ 45,144	$ 2,092,610	$ 220,779	$ 2,665,425

A. The details of goodwill are as follows:

	December 31, 2022	December 31, 2021
B+B	$ 1,374,694	$ 1,239,060
LNC	227,127	227,127
A-SIoT	160,469	153,603
AEU	130,530	124,960
Others	354,416	347,860
	$ 2,247,236	$ 2,092,610

B. Gooldwill impairment assessment

(a) The impairment assessment of goodwill relies on the subjective judgment of the management, including identifying the cash-generating unit and determining its recoverable amount.

(b) The Group assesses the recoverable amounts of goodwill for impairment at the end of the financial reporting period, and the recoverable amount is assessed based on the value-in-use.

(c) The value-in-use calculations use cash flow projections based on financial budgets approved by the management. Management determined the budgeted gross margin and growth rate based on past performance and the expectations of market development. The market valuation used is consistent with the similar industries. The discount rates used reflect specific risks relating to the relevant operating segments and the time value of currency in real market.

(d) Due to business considerations, the Group decided to liquidate the subsidiary - AdvanPOS. Further, as there has been a significant reduction in the operations of merged subsidiaries, the Group's operating revenue after the merger did not turn out as expected. Based on the Group's assessment, the recoverable amount was less than the carrying amount. Accordingly, an impairment loss of $292,574 was recognized for the goodwill for the year ended December 31, 2021.

(11) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Credit borrowings	$ 531,330	$ 255,700

A. The range of interest rates on bank loans was 0.23% ~5.43% and 0.23% ~1.09% per annum as of December 31, 2022 and 2021, respectively.

B. The interest expense recognized in profit and loss amounted to $8,085 and $1,135 for the years ended December 31, 2022 and 2021, respectively.

(12) Other payables

	December 31, 2022	December 31, 2021
Wages and salaries and bonuses payable	$ 3,779,290	$ 3,287,752
Employee benefits payable	217,486	181,782
Others	1,149,885	1,117,958
	$ 5,146,661	$ 4,587,492

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowing period is from January 27, 2022 to January 27, 2024, interest is payable monthly; principal is payable in full upon maturity	2.94%	Land and building	$ 121,500
Less: Current portion				-
				$ 121,500

A. As at December 31, 2021, the Group had no long-term borrowings.

B. The interest expense recognized for the years ended December 31, 2022 and 2021 were $3,000 and $0, respectively.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(14) Pension

A. Defined benefit pension plans

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

The subsidiaries, AJP and AIN, calculate pension benefits on the basis of the length of service and the hourly wages at the time of resignation or retirement date when employees under the defined benefit plans meet the requirements such as reaching the pension age, loss of capability to work, etc. in accordance with the local regulations.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 467,637	$ 505,362
Fair value of plan assets	(214,346)	(124,613)
Net defined benefit liability ("recognized as other non-current liabilities")	$ 253,291	$ 380,749

(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
2022			
Balance at January 1	$ 505,362	($ 124,613)	$ 380,749
Current service cost	6,463	-	6,463
Interest expense (income)	2,857	(810)	2,047
	514,682	(125,423)	389,259
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(10,035)	(10,035)
Change in demographic assumptions	249	-	249
Change in financial assumptions	(19,472)	-	(19,472)
Experience adjustments	(5,249)	-	(5,249)
	(24,472)	(10,035)	(34,507)
Pension payment	(18,965)	18,642	(323)
Pension fund contribution	-	(97,533)	(97,533)
Net exchange differences	(3,608)	3	(3,605)
	(22,573)	(78,888)	(101,461)
Balance at December 31	$ 467,637	($ 214,346)	$ 253,291

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 534,734	($ 131,246)	$ 403,488
Current service cost	8,275	-	8,275
Interest expense (income)	2,353	(704)	1,649
	545,362	(131,950)	413,412
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,664)	(1,664)
Change in demographic assumptions	10,854	-	10,854
Change in financial assumptions	(6,267)	-	(6,267)
Experience adjustments	654	-	654
	5,241	(1,664)	3,577
Pension payment	(30,048)	18,866	(11,182)
Pension fund contribution	-	(9,865)	(9,865)
Net exchange differences	(15,193)	-	(15,193)
	(45,241)	9,001	(36,240)
Balance at December 31	$ 505,362	($ 124,613)	$ 380,749

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and Cermate Taiwan's defined benefit pension plans in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 securitization 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 authonised by the Regulator. The Company and Cermate Taiwan have no right to participate in managing and operating that fund and hence the Company and Cermate Taiwan are 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, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used are as follows:

	For the years ended December 31,	
	2022	2021
Discount rate	0.64%~7.56%	0.625%~7.31%
Future salary increases rate	3.75%~7.31%	3.00%~10.00%

Future mortality rate was estimated based on actuarial advice in accordance with published statistics and experiences from 6th Taiwan Standard Ordinary Experience Mortality Table, Abridged Life Tables for Japan (2021), and Indian Assured Lives Mortality.

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

	Discount rate		Future salary increases rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 12,101)	$ 12,581	$ 9,536	($ 9,126)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 13,955)	$ 14,511	$ 11,050	($ 10,696)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheets are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to $17,728.

(g) As of December 31, 2022, the weighted average duration of the retirement plans is 10.7~26.82 years.

B. Defined contribution pension plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Overseas subsidiaries contribute pension in accordance with local government regulations, and recognize pension expenses at the time of contribution.

(c) The pension costs under the defined contribution pension plans of the Group were $411,324 and $376,970 for the years ended December 31, 2022 and 2021, respectively.

(15) Share-based payment

A. Employee share options granted by the Company

(a) Qualified employees of the Company were granted 7,500 options in 2020, 8,000 options in 2018 and 6,500 options in 2016. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. 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 2020, 2018 and 2016 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 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. The exercise price of options granted in 2016 was $100 (in dollars) per share. 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,			
	2022		2021	
	Unit of options	Weighted-average exercise price (in dollars)	Unit of options	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	17,022	$ 172.74	19,404	$ 175.66
Options exercised	(3,513)	124.18	(2,209)	90.47
Options forfeited	(130)	-	-	-
Options expired	-	-	(173)	-
Options outstanding at the end of the year	13,379	179.19	17,022	172.74
Options exercisable at the end of the year	10,378	175.77	9,521	151.26
Weighted-average fair value of options granted (in dollars)	$ -		$ -	

(c) The weighted-average stock price of share options at exercise dates for the years ended December 31, 2022 and 2021 was $269 ~ $407 (in dollars) and $329 ~ $387 (in dollars), respectively.

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

	December 31, 2022		December 31, 2021	
	Exercise price (in dollars)	Weighted- average remaining contractual life (in years)	Exercise price (in dollars)	Weighted- average remaining contractual life (in years)
Issuance in 2020	$ 191.00	3.58	$ 200.00	4.58
Issuance in 2018	167.10	1.58	171.20	2.58
Issuance in 2016	-	-	72.3~73.9	0.45

(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 2020	Issuance in 2018	Issuance in 2016
Grant-date stock price (in dollars)	$ 309	$ 202.5	$ 235
Exercise price (in dollars)	$ 200	$ 202.5	$ 100
Expected price volatility	23.28~26.55%	28.42~28.73%	31.42~32.48%
Expected option life (in years)	4 ~ 5.5	4 ~ 4.5	4 ~ 5.5
Expected dividends yield	0%	0%	0%
Risk-free interest rate	0.31~0.35%	0.67~0.69%	0.52~0.65%
Fair value per unit (in dollars)	$121.61~133.07	$47.91~50.38	$140.97~144.36

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

(f) Compensation cost recognized for the years ended December 31, 2022 and 2021 was $233,442 and $291,441, respectively.

B. Employee share options granted by the subsidiary - LNC

(a) Qualified employees of LNC, a subsidiary of the Company, were granted 108 options in May 2018 and 1,092 options in June 2017. Each option entitles the holder to subscribe for one thousand common shares of LNC. The options were granted to employees of LNC, who meet specific conditions. These options are valid for five years. All are exercisable at certain percentages after the first anniversary year from the grant date.

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

	For the years ended December 31,			
	2022		2021	
Employee share options	Unit of options	Weighted-average exercise price (in dollars)	Unit of options	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the year	636	$ 20	676	$ 20
Options forfeited	(616)	20	(40)	20
Options outstanding at the end of the year	20	20	636	20
Options exercisable at the end of the year	20	20	631	20

(c) Information on outstanding options on balance sheet date is as follows:

	December 31, 2022		December 31, 2021	
	Exercise price (in dollars)	Weighted- average remaining contractual life (in years)	Exercise price (in dollars)	Weighted- average remaining contractual life (in years)
Issuance in 2018	$ 20	0.33	$ 20	1.33
Issuance in 2017	-	-	20	0.42

(d) 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 2018	Issuance in 2017
Grant-date valuation price (in dollars)	$ 17.29	$ 16.11
Exercise price (in dollars)	$ 20	$ 20
Expected price volatility	21.36~25.43%	25.6~29.45%
Expected option life (in years)	2.5~4	2.5~4
Expected dividends yield	1.04%	0%
Risk-free interest rate	0.60~0.67%	0.64~0.74%
Fair value per unit (in dollars)	$1.28~2.35	$1.42~2.66

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.

(e) In August 2018, the subsidiary - LNC modified the terms of its outstanding options. The validity was adjusted from 4 to 5 years. The average incremental fair value of $0.38 (in dollars) in June 2017 and $0.34 (in dollars) in May 2018 will be recognized as expense over the remaining vesting period of 2.42 and 3.33 years, respectively. LNC used the inputs noted above to measure the fair value of the old and new options.

Issuance in 2018

	Before modification	After modification
Grant-date valuation price (in dollars)	$ 17.86	$ 17.86
Exercise price (in dollars)	$ 20	$ 20
Expected price volatility	20.04~23.67%	21.57~24.70%
Expected option life (in years)	2.17~3.67	2.67~4.17
Expected dividends yield	1.01%	1.01%
Risk-free interest rate	0.57~0.65%	0.61~0.67%
Fair value per unit (in dollars)	$1.23~2.26	$1.60~2.59

Issuance in 2017

	Before modification	After modification
Grant-date valuation price (in dollars)	$ 17.86	$ 17.86
Exercise price (in dollars)	$ 20	$ 20
Expected price volatility	19.35~21.61%	19.89~23.34%
Expected option life (in years)	1.38~2.76	1.88~3.26
Expected dividends yield	-	-
Risk-free interest rate	0.49~0.61%	0.54~0.64%
Fair value per unit (in dollars)	$0.89~1.86	$1.22~2.33

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) Compensation cost recognized by the subsidiary, LNC, for the years ended December 31, 2022 and 2021 was $1 and 27, respectively.

(16) Share capital

As of December 31, 2022, 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 $7,779,769 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):

	2022	2021
At January 1	774,464	772,255
Employee share options exercised	3,513	2,209
At December 31	777,977	774,464

(17) 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.

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
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 issuance of ordinary shares for employee share options	3,580,335	2,714,285
Difference between consideration and carrying amount of subsidiaries acquired or disposed	31,556	23,128
Changes in equity of associates accounted for under equity method	674	674
Employees' share compensation	78,614	78,614
May be used to offset a deficit only		
Changes in ownership interests in subsidiaries	529	215
Changes in equity of associates accounted for under equity method	107,479	29,408
Employee share options forfeited	96,258	96,258
Not to be used for any purpose		
Employee share options	886,098	1,117,567
	$ 9,110,280	$ 8,388,886

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.

(18) 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. The remainder, if any, shall be distributed as dividends to be proposed by the Board of Directors. The distribution of cash dividends shall be resolved by the Board of Directors while stock dividends shall be resolved by the shareholders during their meeting.

B. The Company's dividend policy which takes into consideration the Company's future funding requirements and long-term financial planning as well as the interest of shareholders is to distribute at least 30% of the available profits as dividends to shareholders annually. The distribution of cash dividends shall not be less than 20% of the total dividends distributed.

The Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividends policy,

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

C. An appropriation of earnings for legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset against deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 2021 and 2020 earnings had been approved by the shareholders on May 26, 2022 and August 19, 2021, respectively.

	For the years ended December 31,	
	2021	2020
Legal reserve	$ 814,990	$ 717,035
Reversal of special reserve	($ 276,056)	($ 14,143)
Cash dividends	$ 6,195,710	$ 5,480,813
Cash dividends per share (in dollars)	$ 8.0	$ 7.1

F. The appropriations of 2022 earnings had been proposed by the Board of Directors on February 24, 2023. Details are summarized as follows:

	For the year ended December 31, 2022
Legal reserve	$ 1,077,901
Reversal of special reserve	($ 555,794)
Cash dividends	$ 7,779,770
Stock dividends	$ 777,977
Cash dividends per share (in dollars)	$ 10.0
Stock dividends per share (in dollars)	$ 1.0

As of February 24, 2023, the appropriation of 2022 earnings stated above has not yet been resolved by the shareholders.

(19) Other equity items

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	($ 1,575,937)	($ 1,006,635)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	808,414	(523,018)
Share of profit (loss) of associates accounted for under equity method	52,562	(46,284)
Other comprehensive income (loss) recognized for the year	860,976	(569,302)
Balance at December 31	($ 714,961)	($ 1,575,937)

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

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 1,018,667	$ 173,308
Recognized for the year		
Unrealized gain or loss		
Equity instrument	(310,640)	766,066
Share of profit of associates accounted for under equity method	78,491	67,858
Other comprehensive (loss) income	(232,149)	833,924
Realized gain or loss		
Transfer of valuation adjustments to retained earnings	-	11,435
Transfer of valuation adjustments to retained earnings - share of loss of associates accounted for under equity method	(958)	-
Other comprehensive (loss) income	(958)	11,435
Balance at December 31	$ 785,560	$ 1,018,667

C. Unearned employee benefits compensation

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 1,477	$ 1,477
Share of loss of associates accounted for under equity method	(5,517)	-
Balance at December 31	($ 4,040)	$ 1,477

(20) Non-controlling interest

	For the years ended December 31,	
	2022	2021
Balance at January 1	$ 510,264	$ 636,267
(Loss) profit for the year	(14,518)	57,139
Exchange differences on translation of the financial statements of foreign operations	(1,378)	(32,010)
Remeasurement of defined benefit plans	-	(90)
Increase in non-controlling interests arising from decrease in investment in subsidiaries	24,770	71,780
Decrease in non-controlling interests arising from increase in investment in subsidiaries	(26,894)	(121,483)
Increase in non-controlling interests arising from acquisition of subsidiaries	17,675	3,774
Cash dividends distributed by subsidiaries	(40,607)	(25,675)
Liquidation of subsidiaries	-	(79,438)
Balance at December 31	$ 469,312	$ 510,264

(21) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers	$ 68,744,701	$ 58,622,050

A. Disaggregation of revenue from contracts with customers

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

For the year ended December 31, 2022

	Industrial Internet of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Department revenue	$ 20,303,104	$ 16,864,673	$ 18,117,055	$ 6,601,758	$ 7,202,442	($ 344,331)	$ 68,744,701

For the year ended December 31, 2021

	Industrial Internet of Things Services (IIoT)	Boards and Design-in Services (EIoT)	Allied Design Manufacture Services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Department revenue	$ 19,251,323	$ 14,170,732	$ 12,973,047	$ 5,198,216	$ 6,978,772	$ 49,960	$ 58,622,050

B. Contract liabilities

The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to $1,313,695, $950,692 and $757,052 as of December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

(22) Other income

	For the years ended December 31,	
	2022	2021
Rental income	$ 32,181	$ 28,956
Dividend income	249,959	185,473
Others (Note)	131,335	159,564
	$ 413,475	$ 373,993

Note: For the years ended December 31, 2022 and 2021, the Group received government grants of $17,618 and $23,613 for its engagement in a government's project, respectively. In addition, the expenses or losses incurred which were covered by government grants amounted to $1,708 and $1,990 for the years ended December 31, 2022 and 2021, respectively, and were deducted from the recorded expenses.

(23) Other gains and losses

	For the years ended December 31,	
	2022	2021
(Losses) gains on disposal of property, plant and equipment	($ 987)	$ 58,183
Gains on disposals of investments	8,367	1,426
Currency exchange gains (losses)	222,576	(81,965)
(Losses) gains on financial assets/liabilities at fair value through profit or loss	(189,415)	131,863
Impairment loss	-	(292,574)
Others	(7,233)	(11,746)
	$ 33,308	($ 194,813)

(24) Finance costs

	For the years ended December 31,	
	2022	2021
Bank loan interest	$ 11,085	$ 1,135
Interest expense on lease liabilities	15,136	13,614
Others	770	919
	$ 26,991	$ 15,668

(25) Expenses by nature

A. Depreciation and amortisation expenses

	For the years ended December 31,	
	2022	2021
Depreciation categorised by function		
Operating costs	$ 245,486	$ 203,602
Operating expenses	627,628	624,566
	$ 873,114	$ 828,168
Amortisation of intangible assets categorised by function		
Operating costs	$ 2,744	$ 1,683
Operating expenses	181,222	267,020
	$ 183,966	$ 268,703

B. Employee benefit expense

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 11,991,934	$ 10,633,970
Post-employment benefits		
Defined contribution plan	411,324	376,970
Defined benefit plan	8,510	9,924
	419,834	386,894
Share-based payment		
Equity-settled	233,443	291,468
Other employee benefits	878,595	662,645
Total employee benefit expense	$ 13,523,806	$ 11,974,977
An analysis of employee benefits expense by function		
Operating costs	$ 3,162,445	$ 2,637,048
Operating expenses	10,361,361	9,337,929
	$ 13,523,806	$ 11,974,977

(a) The Company accrues employees' compensation at the rate of no less than 5% and directors' remuneration at the rate of no higher than 1%, of net profit before income tax. For the years ended December 31, 2022 and 2021, 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,	
	2022	2021
Employees' compensation	$ 740,000	$ 600,000
Directors' remuneration	$ 14,100	$ 13,600

(b) Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors on February 25, 2022 were in agreement with those amounts recognized in the 2020 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.

(26) Income taxes

A. Income tax expense:

(a) Components of income tax expense were as follows:

	For the years ended December 31,	
	2022	2021
Current income tax:		
Current tax on profits for the year	$ 2,800,861	$ 1,963,510
Additional tax on unappropriated earnings	71,080	50,133
Difference between prior years' income tax estimation and assessed results	(193,457)	17,487
Total current tax	2,678,484	2,031,130
Deferred income tax:		
Origination and reversal of temporary differences	21,817	(83,151)
Income tax expense	$ 2,700,301	$ 1,947,979

(b) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2022	2021
Translation of foreign operations	$ 215,244	($ 142,326)
Remeasurement of defined benefit plans	7,472	(790)
	$ 222,716	($ 143,116)

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2022	2021
Profit before tax from continuing operations	$ 13,442,860	$ 10,255,342
Income tax calculated based on profit before tax and statutory tax rate	3,484,890	2,562,853
Expenses disallowed by tax regulation	-	1,650
Tax exempt income by tax regulation	(168,299)	(155,121)
Additional tax on unappropriated earnings	71,080	50,133
Land value increment tax	1,516	157
Investment tax credits in the current year	(295,630)	(241,263)
Loss carryforwards which were not recognized as deferred tax assets previously and were used in the current year	(3,719)	(7,471)
Temporary differences not recognized as deferred tax assets	17,974	842
Difference between prior year's income tax estimation and assessed results	(193,457)	17,487
Taxable temporary differences associated with investment in foreign subsidiaries not recognized as deferred tax assets	(224,583)	(270,454)
Others	10,529	(10,834)
Income tax expense	$ 2,700,301	$ 1,947,979

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

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences				
Unrealized profit from sales	$ 141,009	$ 48,757	$ -	$ 189,766
Unrealized decline in value of inventories	134,819	2,793	-	137,612
Exchange differences on translation of the financial statements of foreign operations	395,242	(663)	(215,244)	179,335
Loss carryforwards	-	16,365	-	16,365
Defined benefit pension plans	30,746	1,344	-	32,090
Unrealized foreign exchange losses	684	(684)	-	-
Unrealized provisions for warranty	33,030	7,923	-	40,953
Remeasurement of defined benefit obligations	46,294	(14,282)	(7,472)	24,540
Allowance for uncollectible accounts in excess of allowable limit	1,305	2,432	-	3,737
Impairment loss	43,013	(43,013)	-	-
Others	159,533	(83,692)	-	75,841
	$ 985,675	($ 62,720)	($ 222,716)	$ 700,239
Deferred income tax liabilities				
Temporary differences				
Investment income from foreign investees accounted for under equity method	$ 2,130,217	($ 8,215)	$ -	$ 2,122,002
Defined benefit pension plans	-	3,362	-	3,362
Remeasurement of defined benefit obligations	3,990	-	-	3,990
Exchange differences on translation of the financial statements of foreign operations	3,606	315	-	3,921
Unrealized exchange gains	410	(90)	-	320
Property, plant and equipment depreciation difference between tax and financial report	3,133	(2,941)	-	192
Intangible assets and goodwill amortization difference between tax and financial report	32,662	(32,662)	-	-
Others	4,191	(672)	-	3,519
	$ 2,178,209	($ 40,903)	$ -	$ 2,137,306

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences				
Unrealized profit from sales	$ 122,445	$ 18,564	$ -	$ 141,009
Unrealized decline in value of inventories	84,639	50,180	-	134,819
Exchange differences on translation of the financial statements of foreign operations	251,810	1,106	142,326	395,242
Loss carryforwards	28,521	(28,521)	-	-
Defined benefit pension plans	29,756	990	-	30,746
Unrealized foreign exchange losses	297	387	-	684
Unrealized provisions for warranty	31,036	1,994	-	33,030
Remeasurement of defined benefit obligations	52,680	(7,176)	790	46,294
Allowance for uncollectible accounts in excess of allowable limit	441	864	-	1,305
Impairment loss	-	43,013	-	43,013
Others	122,002	37,531	-	159,533
	$ 723,627	$ 118,932	$ 143,116	$ 985,675
Deferred income tax liabilities				
Temporary differences				
Investment income from foreign investees accounted for under equity method	$ 2,046,029	$ 84,188	$ -	$ 2,130,217
Remeasurement of defined benefit obligations	3,990	-	-	3,990
Exchange differences on translation of the financial statements of foreign operations	3,697	(91)	-	3,606
Unrealized exchange gains	3,181	(2,771)	-	410
Property, plant and equipment depreciation difference between tax and financial report	4,154	(1,021)	-	3,133
Intangible assets and goodwill amortization difference between tax and financial report	73,562	(40,900)	-	32,662
Others	7,815	(3,624)	-	4,191
	$ 2,142,428	$ 35,781	$ -	$ 2,178,209

D. Unused loss carryforwards for which no deferred income tax assets have been recognized in the consolidated balance sheets:

	December 31, 2021
Expiry in 2030	$ 8,043

The Group has no unused loss carryforwards for which no deferred income tax assets have been

recognized in the consolidated balance sheets as of December 31, 2022.

E. Information about unused investment tax credits and amounts of unrecognized deferred income tax assets are as follows:

December 31, 2022			
Tax credit source	Remaining credit amount	Unrecognized deferred income tax assets	Expiry year
Research and development expenditures	$ 7,030	$ 7,030	Note

December 31, 2021			
Tax credit source	Remaining credit amount	Unrecognized deferred income tax assets	Expiry year
Research and development expenditures	$ 11,085	$ 11,085	Note

Note: May select to get the amount of tax credit up to 15% of the research and development expenses, applied to the current year profit-seeking enterprise income tax payable or tax credit up to 10% of the research and development expenses, applied to the annual profit-seeking enterprise income tax payable for three years, starting from the current year.

F. The Group did not recognize taxable temporary differences associated with investments in subsidiaries as deferred income tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary differences unrecognized as deferred income tax liabilities were $712,783 and $332,188, respectively.

G. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(27) Earnings per share

Unit: expressed in dollars per share

	For the years ended December 31,	
	2022	2021
Basic earnings per share	$ 13.85	$ 10.67
Diluted earnings per share	$ 13.70	$ 10.51

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,	
	2022	2021
Earnings used in the computation of basic earnings per share	$ 10,757,077	$ 8,250,224
Earnings used in the computation of diluted earnings per share	$ 10,757,077	$ 8,250,224

Unit: expressed in dollars per share

	For the years ended December 31,	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	776,408	773,018
Assumed conversion of all dilutive potential ordinary shares		
Employee share options	6,061	9,833
Employees' compensation	2,521	1,791
Weighted average number of ordinary shares used in the computation of diluted earnings per share	784,990	784,642

(28) Transactions with non-controlling interest

A. The following transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

(a) In the first quarter of 2021, the Group acquired 20% equity interest in ATJ, resulting to an increase in the Group's equity investment in ATJ from 78.61% to 98.61%. During the third quarter of 2021, the Group acquired another 1.39% equity interest in ATJ, resulting to an increase in the Group's equity investment in ATJ from 98.61% to 100%.

(b) In the second quarter of 2021, the Group did not participate in the cash capital increase of Huan Yan Water Solution Co., Ltd. proportionately, which decreased the Group's equity investment in Huan Yan Water Solution Co., Ltd. from 100% to 90%.

(c) In the first quarter of 2022, the Group acquired 40% equity interest in AMX, resulting to an increase in the Group's equity investment in AMX from 60% to 100%.

(d) In the fourth quarter of 2021 and the third quarter of 2022, the Group sold its 11% and 3.5% equity interest in LNC, respectively, resulting to a decrease in the Group's equity investment in LNC from 59.10% to 44.60%.

(e) In the third quarter of 2022, the Group did not participate in the capital increase proportionally to its interest, resulting to a decrease in the Group's equity investment in NANOMAC Co., Ltd. from 100% to 87.27%.

B. The effect of changes in the equity attributable to shareholders of the parent is shown below:

	For the year ended December 31, 2022			
	AMX	LNC	NANOMAC Co., Ltd.	Total
Cash consideration received (paid)	($ 31,508)	$ 29,312	$ 4,200	$ 2,004
The proportionate share of the carrying amount of the net assets of the subisidiary transferred to (from) non-controlling interests	26,894	(20,884)	(3,886)	2,124
Difference between consideration and carrying amount of subsidiaries acquired or disposed	($ 4,614)	$ 8,428	$ 314	$ 4,128
Line items adjusted for equity transactions				
Unappropriated retained earnings	($ 4,614)	$ -	$ -	($ 4,614)
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	$ -	$ 8,428	$ -	$ 8,428
Capital surplus - changes in ownership interests of subsidiaries	$ -	$ -	$ 314	$ 314

	For the year ended December 31, 2021			
	ATJ	LNC	Huan Yan Water Solution Co., Ltd.	Total
Cash consideration received (paid)	($ 128,435)	$ 92,123	$ 3,000	($ 33,312)
The proportionate share of the carrying amount of the net assets of the subisidiary transferred to (from) non-controlling interests	121,483	(68,995)	(2,785)	49,703
Difference between consideration and carrying amount of subsidiaries acquired or disposed	($ 6,952)	$ 23,128	$ 215	$ 16,391
Line items adjusted for equity transactions				
Unappropriated retained earnings	($ 3,401)	$ -	$ -	($ 3,401)
Exchange differences on translation of foreign financial statements	($ 3,551)	$ -	$ -	($ 3,551)
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	$ -	$ 23,128	$ -	$ 23,128
Capital surplus - changes in ownership interests of subsidiaries	$ -	$ -	$ 215	$ 215

(29) Changes in liabilities from financing activities

	2022			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
At January 1	$ 255,700	$ -	$ 317,406	$ 573,106
Changes in cash flow from financing activities	279,530	121,500	(251,492)	149,538
Others (Note)	(3,900)	-	277,944	274,044
At December 31	$ 531,330	$ 121,500	$ 343,858	$ 996,688

	2021		
	Short-term borrowings	Lease liabilities	Total
At January 1	$ 184,078	$ 309,031	$ 493,109
Changes in cash flow from financing activities	90,830	(248,716)	(157,886)
Others (Note)	(19,208)	257,091	237,883
At December 31	$ 255,700	$ 317,406	$ 573,106

Note: Including exchange differences, lease modification and new addition of lease contracts.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

Transactions, balances, revenue and expenses between the Company and its subsidiaries (which are the Company's related parties) have been eliminated on consolidation and are not disclosed in this footnote. Details of transactions between the Group and other related parties are disclosed below.

Names of related parties	Relationship with the Group
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
AzureWave Technologies, Inc.	Associate
Nippon RAD Inc.	Associate
i-Link Co., Ltd.	Associate (Note)
DotZero Co., Ltd.	Associate
Mildex Optical Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate

Names of related parties	Relationship with the Group
Impelex Data Transfer Co., Ltd.	Associate
VSO Electronics Co., Ltd.	Associate
VSO Electronics (Jian) Co., Ltd.	Associate
VSO Electronics (Suzhou) Co., Ltd.	Associate
International Integrated System, Inc.	Associate
Freedom System Inc.	Associate
iSAP Solution Corp.	Associate
Expetech Co., Ltd.	Associate
Honghua Electronic Technology (Shanghai) Co., Ltd.	Associate
Feng Sang Enterprise Co., Ltd.	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: In March 2022, the Group disposed certain part of the investment and lost significant influence. Accordingly, the entity was not anymore considered an associate after the disposal.

(3) Significant related party transactions

A. Operating revenue

	For the years ended December 31,	
	2022	2021
Associates	$ 149,526	$ 129,483
Other related parties	3,896	5,467
	$ 153,422	$ 134,950

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

B. Purchases and other operating costs

	For the years ended December 31,	
	2022	2021
Purchases of goods:		
Associates	$ 458,963	$ 383,235
Purchases of services:		
Associates	2,169	-
Other related parties	30	-
	$ 461,162	$ 383,235

The terms of purchases from associates are based on product type, market competition conditions

and other transaction conditions, and are payable according to the general purchase price and conditions or based on mutual agreement.

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

	December 31, 2022	December 31, 2021
Accounts receivable - related parties		
Associates	$ 32,300	$ 37,920
Other related parties	100	-
	$ 32,400	$ 37,920
Other receivables - related parties		
Other related parties	$ 890	$ -

The outstanding receivables due from related parties are unsecured and no allowance for uncollectible accounts was recognized. Other receivables are payments on behalf of related parties.

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

	December 31, 2022	December 31, 2021
Notes and accounts payable - related parties		
Associates	$ 82,002	$ 95,481
Other payables - related parties		
Associates	$ 2,733	$ 3,808

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

E. Prepayments to related parties

	December 31, 2022	December 31, 2021
Other current assets		
Associates	$ 18,693	$ 34,370

F. Property transactions

	For the years ended December 31,	
	2022	2021
Acquisition of property, plant and equipment		
Associates	$ 484	$ 182

G. Other related party transactions

(a) Operating expenses

	For the years ended December 31,	
	2022	2021
Selling expenses		
Associates	$ 43	$ 65
General and administrative expense		
Associates	$ 8,422	$ 3,288
Research and development expense		
Associates	$ 9,050	$ 6,669

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

(b) Interest income

	For the years ended December 31,	
	2022	2021
Interest income		
Associates	$ 124	$ -

(c) Other income

	For the years ended December 31,	
	2022	2021
Rental income		
Other related parties	$ 1,431	$ 1,431
Other income		
Associates	$ 64	$ 600
Other related parties	10,434	4,952
	$ 10,498	$ 5,552

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

(4) Key management compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	$ 37,130	$ 37,320
Post-employment benefits	423	466
Share-based payment	18,474	32,045
	$ 56,027	$ 69,831

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2022	December 31, 2021	Purpose
Pledged deposits (classified as financial assets at amortised cost)	$ 10,832	$ 9,810	Lease mortgage
Demand deposits (classified as other non-current assets)	1,322	2,067	Performance guarantee
Property, plant and equipment			
Land	102,116	-	Long-term borrowings
Buildings	134,565	-	Long-term borrowings
	$ 248,835	$ 11,877	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

The Group has signed a contract amounting to $482,082 for the construction of Linkou Smart Campus Phase III, but has not recognized capital expenditures as of December 31, 2022.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Refer to Note 6(18) 6.

(2) On February 24, 2023, the Company's Board of Directors resolved the related constructions of factory and buildings on rented land on behalf of the subsidiary-ANA. The expected transaction price of acquiring right-of-use of a land will be USD 36,400 thousand (approximate to NTD 1 billion), and the construction costs of factory and buildings will be NTD 2,100,000 thousand.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, issue new shares or borrow debt to balance the overall capital structure. The Group monitors capital structure based on the calculation of net debt (borrowings offset by cash and cash equivalents) divided by total equity (comprising issued capital, reserves, retained earnings, other equity, and non-controlling interests).

During 2022, the Group's strategy was to maintain the ratio within reasonable range, which was unchanged from 2021.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 5,914,613	$ 3,670,399
Financial assets at amortised cost (Note 1)	23,440,301	19,829,494
Financial assets at fair value through other comprehensive income		
Equity instruments	2,199,556	2,516,420
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	21,634	2,687
Financial liabilities at amortised cost (Note 2)	12,925,909	12,330,167
Lease liabilities	343,858	317,406

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

Note 2: The balances included short-term borrowings, notes payable, accounts payable and other payables and long-term borrowings (including current portion), etc.

B. Financial risk management policies

(a) The Group's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through

internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

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

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

<u>Exchange rate risk</u>

i. The Group undertook operating activities and investments in foreign operations denominated in foreign currencies, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by entering into forward foreign exchange contracts, which allow the Group to mitigate but not fully eliminate the effect.

ii. The maturities of the Group's forward foreign exchange contracts were less than six months. These forward foreign exchange contracts did not meet the criteria for hedge accounting and were recognized in financial assets or liabilities at fair value through profit or loss. Refer to Note 6(2).

iii. The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 265,547	30.71	$ 8,154,957
CNY:NTD	647,850	4.408	2,855,721
EUR:NTD	51,930	32.72	1,699,136
USD:CNY	63,014	6.9669	1,935,147
USD:EUR	37,343	0.9386	1,146,815
CNY:USD	3,087	0.1435	13,605
Financial liabilities			
Monetary items			
USD:NTD	113,611	30.71	3,489,007
CNY:NTD	349,233	4.408	1,539,418
USD:CNY	37,743	6.9669	1,159,079
USD:EUR	15,805	0.9386	485,377
EUR:NTD	126	32.72	4,132

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 232,844	27.680	$ 6,445,113
CNY:NTD	474,777	4.344	2,062,431
EUR:NTD	46,597	31.320	1,459,425
USD:CNY	61,784	6.3720	1,710,185
USD:EUR	32,969	0.8838	912,581
Financial liabilities			
Monetary items			
USD:NTD	142,040	27.680	3,931,655
CNY:NTD	246,929	4.344	1,072,659
USD:CNY	28,249	6.3720	781,942
USD:EUR	17,922	0.8838	496,073

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were $222,576 and ($81,965), respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

iv. The Group 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, 2022		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 81,550	$ -
CNY:NTD	1%	28,557	-
EUR:NTD	1%	16,991	-
USD:CNY	1%	19,351	-
USD:EUR	1%	11,468	-
CNY:USD	1%	136	-
Financial liabilities			
Monetary items			
USD:NTD	1%	34,890	-
CNY:NTD	1%	15,394	-
USD:CNY	1%	11,591	-
USD:EUR	1%	4,854	-
EUR:NTD	1%	41	-

	For the year ended December 31, 2021		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 64,451	$ -
CNY:NTD	1%	20,624	-
EUR:NTD	1%	14,594	-
USD:CNY	1%	17,102	-
USD:EUR	1%	9,126	-
Financial liabilities			
Monetary items			
USD:NTD	1%	39,317	-
CNY:NTD	1%	10,727	-
USD:CNY	1%	7,819	-
USD:EUR	1%	4,961	-

Interest rate risk

i. The Group is exposed to interest rate risk because entities in the Group maintain both floating and fixed interest rates of bank deposits and borrowings. The Group does not operate hedging instruments for interest rates. The Group's management monitors the market interest rates regularly. If it is needed, the management might perform necessary procedures for significant interest rate risks to control the risks from fluctuations in market interest rates.

ii. The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the balance sheet date were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 1,589,614	$ 738,613
- Financial liabilities	674,158	493,106
Cash flow interest rate risk		
- Financial assets	10,580,081	8,121,227
- Financial liabilities	322,530	80,000

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

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

iv. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by $51,288 and $40,206, respectively. Had interest rates been 50 basis points lower, the effects on the Group's pre-tax profit would have been of the same amounts but negative. The source of the negative effects would have been mainly the floating-interest rates on bank deposits and borrowings.

Other price risk

i. The Group was exposed to equity price risk through its investments in listed and OTC equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments trading in Taiwan.

ii. If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by $3,310 and $3,207, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased by $21,996 and $25,164, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower for the same year, the pre-tax profit and other comprehensive income would have decreased by the same respective amounts.

iii. The Group's sensitivity to equity prices increased or decreased because of volatility of stock price.

(b) Credit risk

i. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation provided by the Group could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.

ii. Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas and, thus, no concentration of credit risk was observed. According to the Group's credit policy, each entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the custromers, taking into account their financial position, past experience and other factors. Individual risks limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.

iii. The average credit period of the sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

iv. The Group measures the loss allowance for accounts receivable at an amount that equals to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, expected economic growth rate and industry trends at the same time. As there were various loss patterns for different customer geographical segments, the Group adopts respective approaches to prepare the provision matrix for loss allowance based on past due status of the Group's different geographical customer base, and sets out the expected credit loss rate for accounts receivable that are overdue and based on geographical economic conditions.

v. If there is evidence to prove that counterparties have a material financial difficulty and the recoverable amount cannot be estimated reliably, for example, the default occurs when counterparties are processing the liquidation or the debt has been past due over 1 year, the Group will provide impairment loss in full. However, the Group will continue executing the recourse procedures to secure their rights, the recovered amount arising from the recourse procedures will be recognized in profit or loss.

vi. The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of notes and accounts receivable from general credit conditions customers. The provision matrix as of December 31, 2022 and 2021 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
December 31, 2022						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	$ 10,067,584	$ 986,491	$ 55,963	$ 28,961	$ 51,980	$11,190,979
Loss allowance (lifetime expected credit losses)	-	(34,414)	(16,280)	(11,918)	(51,980)	(114,592)
Amortised cost	$ 10,067,584	$ 952,077	$ 39,683	$ 17,043	$ -	$11,076,387

	Not past due	1~ 90 days past due	91~ 180 days past due	181~ 360 days past due	Over 360 days past due	Total
December 31, 2021						
Expected credit loss rate	-	0%~30%	10%~40%	20%~60%	100%	
Total book value	$ 9,547,123	$ 687,824	$ 26,973	$ 22,423	$ 43,743	$10,328,086
Loss allowance (lifetime expected credit losses)	-	(10,470)	(9,269)	(10,581)	(43,743)	(74,063)
Amortised cost	$ 9,547,123	$ 677,354	$ 17,704	$ 11,842	$ -	$10,254,023

vii. The Group individually assesses the customers that have low credit rating and default. As of December 31, 2022 and 2021, the carrying amount of notes and accounts receivable amounted to $8,699 and $784, respectively, the expected credit loss rate is 100%, and the Group has provided loss allowance amounting to $8,699 and $784, respectively.

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

	2022	2021
Balance at January 1	$ 74,847	$ 74,510
Impairment loss	50,702	3,857
Amounts written off (Note)	(2,260)	(44)
Net exchange differences	2	(3,476)
Balance at December 31	$ 123,291	$ 74,847

Note: The Group wrote off accounts receivable and related loss allowance for the years ended December 31, 2022 and 2021 amounting to $2,260 and $44, respectively, as the customers' accounts receivable have aged more than 2 years and the legal attest letters were served without receivables collected.

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

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 139,910	$ -	$ -	$ 139,910
Financial assets at fair value through profit or loss	$ 130,150	$ -	$ -	$ 130,150

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 113,548	$ -	$ -	$ 113,548
Financial assets at fair value through profit or loss	$ 36,975	$ -	$ -	$ 36,975

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

(c) Liquidity risk

i. The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

ii. The Group relies on bank borrowings as one of the significant source of liquidity. As of December 31, 2022 and 2021, the Group's undrawn bank borrowing facilities are as follows:

	December 31, 2022	December 31, 2021
Unsecured borrowing facilities		
- Amount used (Note)	$ 538,067	$ 262,148
- Amount unused	5,983,003	5,340,662
	$ 6,521,070	$ 5,602,810
Secured bank overdraft facilities		
- Amount used (Note)	$ 121,500	$ -

Note: As of December 31, 2022 and 2021, the amounts used or drawn by the Group from the unsecured bank overdraft facilities were recorded as borrowings amounting to $652,830 and $255,700, respectively, and lease guarantees amounting to $6,737 and $6,448, respectively.

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

continuously monitoring forecast and actual cash flows.

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

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

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, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 7,440,717	$ 3,297,444	$ 1,534,918	$ -
Lease liability	22,229	36,220	172,830	186,837
Floating rate instruments	165,178	95,639	63,276	-
Fixed rate instruments	46,734	163,017	2,679	121,764
	$ 7,674,858	$ 3,592,320	$ 1,773,703	$ 308,601

December 31, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 8,532,804	$ 2,198,103	$ 1,343,560	$ -
Lease liability	20,670	56,438	188,425	94,685
Floating rate instruments	30,065	50,073	-	-
Fixed rate instruments	7,033	58	168,956	-
	$ 8,590,572	$ 2,304,672	$ 1,700,941	$ 94,685

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

v. Liquidity tables for derivative financial liabilities

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

December 31, 2022

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
Gross settled				
Forward foreign exchange contracts				
- Inflows	$ 292,245	$ 552,494	$ 212,319	$ 1,057,058
- Outflows	(298,977)	(563,211)	(215,568)	(1,077,756)
	($ 6,732)	($ 10,717)	($ 3,249)	($ 20,698)

December 31, 2021

	On demand or less than 1 month	1-3 months	Over 3 months to 1 year	Total
Gross settled				
Forward foreign exchange contracts				
- Inflows	$ 230,726	$ 392,111	$ 147,054	$ 769,891
- Outflows	(226,608)	(387,208)	(146,796)	(760,612)
	$ 4,118	$ 4,903	$ 258	$ 9,279

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, other current liabilities, guarantee deposits received, lease liabilities and long-term borrowings (including current portion) are approximate to their fair values.

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

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets - recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 936	$ -	$ 936
Listed, OTC and emerging stocks	187,708	-	-	187,708
Unlisted and non-OTC stocks	-	-	143,264	143,264
Convertible corporate bonds	29,100	-	-	29,100
Ordinary corporate bonds	101,050	-	-	101,050
Fund beneficiary certificates	3,413,646	-	2,038,909	5,452,555
	3,731,504	936	2,182,173	5,914,613
Financial assets at fair value through other comprehensive income				
Listed, OTC and emerging stocks	$ 1,648,197	$ -	$ -	$ 1,648,197
Unlisted and non-OTC stocks	-	-	551,359	551,359
	1,648,197	-	551,359	2,199,556
	$ 5,379,701	$ 936	$ 2,733,532	$ 8,114,169
Liabilities - recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 21,634	$ -	$ 21,634

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets - recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 11,966	$ -	$ 11,966
Listed, OTC and emerging stocks	170,417	-	-	170,417
Unlisted and non-OTC stocks	-	-	150,310	150,310
Convertible corporate bonds	36,975	-	-	36,975
Fund beneficiary certificates	2,072,521	-	1,228,210	3,300,731
	2,279,913	11,966	1,378,520	3,670,399
Financial assets at fair value through other comprehensive income				
Listed, OTC and emerging stocks	$ 2,396,403	$ -	$ -	$ 2,396,403
Unlisted and non-OTC stocks	-	-	120,017	120,017
	2,396,403	-	120,017	2,516,420
	$ 4,676,316	$ 11,966	$ 1,498,537	$ 6,186,819
Liabilities - recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 2,687	$ -	$ 2,687

C. The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed and OTC stocks	Open-end fund	Corporate bonds
Market quoted price	Closing price	Net asset value	Closing price

(b) 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.

(c) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same

industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

(d) 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.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

E. Reconciliation of Level 3 fair value measurements of financial instruments:

For the year ended December 31, 2022

Financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance at January 1	$ 1,378,520	$ 120,017	$ 1,498,537
Purchase	716,583	-	716,583
Disposal / transfer	-	327	327
Recognized in profit or loss	87,070	-	87,070
Recognized in other comprehensive income	-	431,015	431,015
Balance at December 31	$ 2,182,173	$ 551,359	$ 2,733,532

For the year ended December 31, 2021

Financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance at January 1	$ 77,950	$ 179,177	$ 257,127
Purchase	1,298,623	-	1,298,623
Disposal / transfer	-	(44,719)	(44,719)
Cash returned from capital reduction	-	(17,980)	(17,980)
Recognized in profit or loss	1,947	-	1,947
Recognized in other comprehensive income	-	3,539	3,539
Balance at December 31	$ 1,378,520	$ 120,017	$ 1,498,537

E. Valuation techniques and inputs applied for Level 2 fair value measurement

Derivatives held by the Group were forward foreign exchange contracts, whose fair values were calculated using discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

F. Valuation techniques and inputs applied for Level 3 fair value measurement fund

The domestic and foreign unlisted stocks and funds acquired by the subsidiary use the net asset method, which calculates the present value of the investment expected to be held with fair value.

(4) Others

Description of overall operating conditions

The Group's consolidated operating revenue reached NT$68.745 billion for the year ended December 31, 2022, an increase of 17% over the same period last year. The operating profit was NT$26.113 billion (gross profit margin was 38%), the consolidated net profit after tax was NT$10.757 billion (increased 30% YoY), and the basic earnings per share was $13.85 (in dollars) for the year ended December 31, 2022. The consolidated operating revenue and net profit after tax of the Group for the year ended December 31, 2022, both reached its record high.

The Group's consolidated operating revenue reached NT$17.187 billion for the three-month period ended December 31, 2022, with YoY growth at 9%. The operating profit was NT$6.677 billion (gross profit margin was 38.8%), the consolidated net profit after tax was NT$2.543 billion (increased 12% YoY), and the basic earnings per share was $3.26 (in dollars) for the three-month period ended December 31, 2022. The consolidated operating revenue reached its record high and the net profit after tax of the Group for the three-month period ended December 31, 2022 is the third highest in history.

Regarding the operating results of the Group for the year ended December 31, 2022, in US dollar, the Group achieved an overall revenue of US$2,313 million, increased 11% YoY. By business unit, Applied Computing Group (ACG), Industrial Could & Video Group (ICVG) and Service-IoT Group (SIoT) enjoyed strong YoY growth at 45%, 19% and 19%, respectively. In terms of a geographic overview, North America, Europe, and Emerging markets were the best performers with a YoY growth at 23%, 20%, and 14%, respectively. However, China market was relatively weak with a single-digit decrease YoY.

For the year ended December 31, 2022, the Group has achieved continuous growth with both its revenue and profit reaching new record highs despite all the challenges such as high inflation and economic slowdown. The Orders-to-Shipments ratio (BB ratio) was 0.92 in 4Q 2022 and the annual BB ratio reported was 1.03 in 2022. For the regional breakdown of 4Q 2022 BB ratio, both ANA and AEU markets were trending towards 1x, maintaining positive momentum, while the China market BB ratio was 0.67 which was relatively weak. Benefiting from the reopening after the severe lockdown, the China economy is likely to recover gradually, and the end demand momentum after inventory adjustment will be the key point for future observation.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: Refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Refer to table 5.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 6.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2) and 12.

J. Significant inter-company transactions during the reporting periods: Refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 10.

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

Any of the significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Refer to tables 6, 7 and 8.

(4) Major shareholders information

Major shareholders information: Refer to table 11.

14. SEGMENT INFORMATION

(1) General information

Information is reported to the chief operating decision maker for the assessment of segment performance, business analysis, and the resource deployment judgment. Reportable segments are as follows:

A. Industrial internet of things services (IIoT): Focus on the market of industrial internet-of-things;

B. Embedded board and design-in services (EIoT): Provide services involving embedded boards, systems and peripheral hardware and software;

C. Allied design manufacture services (ACG & CIoT): Including Networks and Communications, data acquisition and control, and provide the customized collaboration designs and services;

D. Intelligent services (SIoT): Provide services involving digital logistics, digital healthcare and intelligent retail;

E. Advantech Service Plus (AS+): Global repair, technical support and warranty services, etc.

(2) Measurement of segment information

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

A. These operating segments have similar long-term gross profit margins; and

B. The nature of the products and production processes are similar.

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

For the year ended December 31, 2022

	Industrial internet of things services (IIoT)	Embedded boards and design-in services (EIoT)	Allied design manufacture services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Revenue							
Revenue from external customers	$ 20,303,104	$ 16,864,673	$ 18,117,055	$ 6,601,758	$ 7,202,442	($ 344,331)	$ 68,744,701
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	$ 20,303,104	$ 16,864,673	$ 18,117,055	$ 6,601,758	$ 7,202,442	($ 344,331)	68,744,701
Eliminations	$ -	$ -	$ -	$ -	$ -	$ -	-
Consolidated revenue	-	-	-	-	-	-	68,744,701
Segment income (loss)	$ 5,918,503	$ 3,667,311	$ 3,130,455	$ 819,013	$ 653,488	($ 15)	14,188,755
Interest and other income							456,962
Other unamortised expenses							(1,656,578)
Other gains and losses							33,308
Finance costs							(26,991)
Share of profit (loss) of associates accounted for under equity method							447,404
Profit from continuing operations before tax							$ 13,442,860

For the year ended December 31, 2021

	Industrial internet of things services (IIoT)	Embedded boards and design-in services (EIoT)	Allied design manufacture services (ACG & CIoT)	Intelligent Services (SIoT)	Advantech Service Plus (AS+)	Others	Total
Revenue							
Revenue from external customers	$ 19,251,323	$ 14,170,732	$ 12,973,047	$ 5,198,216	$ 6,978,772	$ 49,960	$ 58,622,050
Inter-segment revenue	-	-	-	-	-	-	-
Segment revenue	$ 19,251,323	$ 14,170,732	$ 12,973,047	$ 5,198,216	$ 6,978,772	$ 49,960	58,622,050
Eliminations	$ -	$ -	$ -	$ -	$ -	$ -	-
Consolidated revenue	-	-	-	-	-	-	58,622,050
Segment income (loss)	$ 5,652,093	$ 2,334,818	$ 1,445,707	$ 415,419	$ 862,284	($ 526)	10,709,795
Interest and other income							401,460
Other unamortised expenses							(909,372)
Other gains and losses							(194,813)
Finance costs							(15,668)
Share of profit (loss) of associates accounted for under equity method							263,940
Profit from continuing operations before tax							$ 10,255,342

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

(3) Revenue from major products and services

The following is an analysis of the Group's major products and services:

	For the years ended December 31,	
	2022	2021
Embedded boards and chassis	$ 34,387,678	$ 25,410,695
Industrial computer and industrial control	26,699,417	26,238,637
After-sales service and others	7,657,606	6,972,718
	$ 68,744,701	$ 58,622,050

(4) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Revenue from external customers		Non-current assets	
	For the years ended December 31,			
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 4,224,040	$ 4,017,739	$ 8,713,696	$ 7,716,419
Asia	29,540,927	27,108,229	3,305,466	3,321,346
USA	18,715,069	14,735,098	2,101,623	1,955,931
Europe	12,282,688	9,136,963	525,436	684,504
Others	3,981,977	3,624,021	4,905	10,497
	$ 68,744,701	$ 58,622,050	$ 14,651,126	$ 13,688,697

Non-current assets exclude investments accounted for under equity method, financial instruments and deferred income tax assets.

(5) Major customer information

No single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2022 and 2021.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Loans to others
For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note C)	Ending Balance (Note C)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted (Note B)
													Item	Value		
1	LNC	LNC Dong Guan	Accounts receivable - related parties	Yes	$ 30,000	$ -	$ -	-	Short-term financing	$ -	Operating need	$ -	None	-	$ 118,974 (Note B)	$ 118,974 (Note B)
1	LNC	NANOMAC Co., Ltd.	Other receivable - related parties	Yes	30,000	30,000	-	Note D	Short-term financing	-	Operating need	-	None	-	118,974 (Note B)	118,974 (Note B)

Note A: Investee companies are numbered sequentially from 1.
Note B: 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 C: The maximum balance for the period and ending balance are approved by the board of directors of financiers.
Note D: The interest rate is calculated according to the actual bank borrowing rate based on mutual agreement.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/guarantor	Limit on endorsements/ guarantees provided for a single party (Note A)	Maximum outstanding endorsement/guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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
0	ADVANTECH CO., LTD.	ACI CN	Subsidiary	$ 4,381,470	$ 644,300 USD 20,000	$ 614,200 USD 20,000	$ -	$ -	1.40	$ 13,144,411	Y	N	Y
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,381,470	644,300 USD 20,000	614,200 USD 20,000	-	-	1.40	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AJP (Note F)	Subsidiary	4,381,470	364,500 JPY 1,500,000	348,000 JPY 1,500,000	208,800 JPY 900,000	-	0.79	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AEU	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ANA	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AAC(BVI)	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACI	Subsidiary	4,381,470	322,150 USD 10,000	307,100 USD 10,000	-	-	0.70	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AKMC	Subsidiary	4,381,470	193,290 USD 6,000	184,260 USD 6,000	-	-	0.42	13,144,411	Y	N	Y
0	ADVANTECH CO., LTD.	AKR	Subsidiary	4,381,470	193,290 USD 6,000	184,260 USD 6,000	172,530 USD 5,618	-	0.42	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AiCS	Subsidiary	4,381,470	96,645 USD 3,000	92,130 USD 3,000	-	-	0.21	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AIH	Subsidiary	4,381,470	96,645 USD 3,000	92,130 USD 3,000	-	-	0.21	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ABR	Subsidiary	4,381,470	48,323 USD 1,500	46,065 USD 1,500	-	-	0.11	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AVN	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ARU	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Taiwan)	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	Cermate (Shenzhen)	Subsidiary	4,381,470	32,215 USD 1,000	30,710 USD 1,000	-	-	0.07	13,144,411	Y	N	Y
0	ADVANTECH CO., LTD.	ATR	Subsidiary	4,381,470	16,108 USD 500	15,355 USD 500	-	-	0.04	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACZ	Subsidiary	4,381,470	16,108 USD 500	15,355 USD 500	-	-	0.04	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	4,381,470	16,108 USD 500	15,355 USD 500	-	-	0.04	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AAU	Subsidiary	4,381,470	6,443 USD 200	6,142 USD 200	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AMY	Subsidiary	4,381,470	3,222 USD 100	3,071 USD 100	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ASG	Subsidiary	4,381,470	3,222 USD 100	3,071 USD 100	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ATH	Subsidiary	4,381,470	3,222 USD 100	3,071 USD 100	-	-	0.01	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	AID	Subsidiary	4,381,470	1,611 USD 50	1,536 USD 50	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ATJ (Note F)	Subsidiary	4,381,470	243,000 JPY 1,000,000	-	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	A-SIoT	Subsidiary	4,381,470	31,920 EUR 1,000	-	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACI KY	Subsidiary	4,381,470	14,313 USD 500	-	-	-	0.00	13,144,411	Y	N	N
0	ADVANTECH CO., LTD.	ACI IOT Investment Fund-I Corporation (Note E)	Subsidiary	4,381,470	5,725 USD 200	-	-	-	0.00	13,144,411	Y	N	N
1	LNC	NANOMAC Co., Ltd.	Subsidiary	29,744	30,000 NTD 30,000	30,000 NTD 30,000	25,000 NTD 25,000	-	10.09	89,231	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, 2022 were USD$1= NT$30.71, EUR$1= NT$32.72, and JPY$1=NT$0.232.
Note D: The net equity is from the latest audited or reviewed report.
Note E: On July 12, 2021, ACI IOT Investment Fund-I Corporation filed for liquidation.
Note F: In the first quarter of 2022, ATJ merged with AJP, with AJP as the surviving company, and ATJ as the dissolved company.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

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, 2022				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
ADVANTECH CO., LTD.	Stock	ASUSTek Computer Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	4,739,461	$ 1,272,545	0.64	$ 1,272,545	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	121,800	2.34	121,800	Note A
ADVANTECH CO., LTD.	Bond	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - current	300,000	29,100	-	29,100	Note A
ADVANTECH CO., LTD.	Bond	Taiwan Power Company	None	Financial assets at fair value through profit or loss - non-current	1,000,000	101,050	-	101,050	Note A
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	None	Financial assets at fair value through profit or loss - current	51,489,673	800,680	-	800,680	Note B
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	145,321,670	1,852,241	-	1,852,241	Note B
ACI	Stock	GSD Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	2,568,358	136,123	6.94	136,123	Note A
ACI	Stock	RFD Micro Electricity Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	464,695	56,000	0.65	56,000	Note C
ACI	Stock	TXC CORPORATION	None	Financial assets at fair value through profit or loss - non-current	300,000	24,810	0.10	24,810	Note A
ACI	Stock	PHISON Electronics Corp.	None	Financial assets at fair value through profit or loss - non-current	85,000	26,775	0.04	26,775	Note A
ACI	Stock	Allied Circuit Co., Ltd.	None	Financial assets at fair value through other comprehensive income or loss - non-current	2,501,000	253,852	4.88	253,852	Note A
ACI	Stock	BroadTec System Inc.	None	Financial assets at fair value through other comprehensive income or loss - non-current	225,000	3,758	7.50	3,758	Note C
ACI	Stock	BiosenseTek Corp.	None	Financial assets at fair value through other comprehensive income or loss - non-current	37,500	-	1.50	-	Note C
ACI	Stock	Juguar Technology	None	Financial assets at fair value through other comprehensive income or loss - non-current	500,000	8,509	10.33	8,509	Note C
ACI	Stock	i-Link	None	Financial assets at fair value through other comprehensive income or loss - non-current	616,938	327	15.42	327	Note C
ACI	Beneficiary certificates	Taishin 1699 Money Market	None	Financial assets at fair value through profit or loss - current	19,044,347	262,149	-	262,149	Note B
ACI	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	1,572,995	20,049	-	20,049	Note B
ACI	Beneficiary certificates	Fuh Hwa Global IoT and Tech	None	Financial assets at fair value through profit or loss - non-current	30,000,000	232,500	-	232,500	Note B
ACI	Mutual Fund	CBC Capital	None	Financial assets at fair value through profit or loss - non-current	-	87,264	4.38	87,264	Note B
Advanixs Corporation	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	6,466,890	97,462	-	97,462	Note B
Advanixs Corporation	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	7,021,838	89,499	-	89,499	Note B
AiCS	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	319,707	4,818	-	4,818	Note B
Huan Yan Water Solution Co., Ltd.	Beneficiary certificates	Jih Sun Money Market	None	Financial assets at fair value through profit or loss - current	1,371,115	20,664	-	20,664	Note B
AIH	Beneficiary certificates	Capital Money Market	None	Financial assets at fair value through profit or loss - current	91,551	1,500	-	1,500	Note B
Cermate	Beneficiary certificates	Mega Diamond Money Market	None	Financial assets at fair value through profit or loss - current	2,517,235	32,084	-	32,084	Note B
ACI KY	Beneficiary certificates	Momenta DIF III L.P.	None	Financial assets at fair value through profit or loss - non-current	-	868,909	-	868,909	Note B
ACI KY	Beneficiary certificates	Esquarre IoT Landing Fund L.P.	None	Financial assets at fair value through profit or loss - non-current	-	733,717	-	733,717	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	-	538,765	8.33	538,765	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	-	436,283	-	436,283	Note B

Note A: Market value was based on the closing price on December 31, 2022.
Note B: Market value was based on the net asset values of the open-ended mutual funds on December 31, 2022.
Note C: The fair values are estimated from the net worth from the latest financial statements.

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, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

	Marketable Securities					Balance as at January 1, 2022		Acquisition		Disposal					Balance as at December 31, 2022	
Company Name	Type	Name	General ledger account	Counterparty	Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain (Loss) on Disposal	Gain (Loss) on Valuation (Note C)	Shares/Units	Amount
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Taiwan Money Market	Note A	None	None	56,818,161	$ 879,050	187,034,566	$ 2,900,015	192,363,054	$ 2,981,603	$ 2,979,061	$ 2,542	$ 676	51,489,673	$ 800,680
ADVANTECH CO., LTD.	Beneficiary certificates	FSITC Money Market Fund	Note A	None	None	-	-	8,033,542	1,450,007	8,033,542	1,450,408	1,450,007	401	-	-	-
ADVANTECH CO., LTD.	Beneficiary certificates	Mega Diamond Money Market	Note A	None	None	12,074,507	153,076	212,255,144	2,700,013	79,007,981	1,003,583	1,003,080	503	2,232	145,321,670	1,852,241

Note A: It is recorded as financial assets at fair value through profit or loss - current.
Note B: It is recorded as financial assets at fair value through profit or loss - non-current.
Note C: It is included gain (loss) on valuation and effect of exchange rate changes.

ADVANTECH CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching $300 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Information on previous title transfer, if counterparty is a related party						
							Property Terms						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Payment Status	Counterparty	Relationship	Owner	Relationship	Transfer date	Amount	Pricing Reference	Purpose of Acquisition	Other Property Terms
ADVANTECH CO., LTD.	Real estate	2020.10.30	$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of $927,918 should be made by December 31, 2022 which had been paid.	Chung-Lin General Contractors, Ltd.	None	-	-	-	$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction Details				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship	Sales/(purchases)	Amount	Percentage of total sales/(purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
ADVANTECH CO., LTD.	ANA	Subsidiary	Sales	$ 15,461,711	31.33%	30 days after month-end	Contract price	No significant difference	$ 1,997,591	22.82%
ADVANTECH CO., LTD.	ACN	Subsidiary	Sales	9,672,117	19.60%	30 days after month-end	Contract price	No significant difference	1,407,243	16.08%
ADVANTECH CO., LTD.	AEU	Subsidiary	Sales	7,665,788	15.53%	45 days after month-end	Contract price	No significant difference	1,954,777	22.33%
ADVANTECH CO., LTD.	AKR	Subsidiary	Sales	1,629,267	3.30%	90 days after month-end	Contract price	No significant difference	171,829	1.96%
ADVANTECH CO., LTD.	AJP	Subsidiary	Sales	1,164,561	2.36%	30 days after month-end	Contract price	No significant difference	296,497	3.39%
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	Sales	869,623	1.76%	30 days after month-end	Contract price	No significant difference	141,344	1.61%
ADVANTECH CO., LTD.	AAU	Subsidiary	Sales	380,953	0.77%	45 days after month-end	Contract price	No significant difference	91,642	1.05%
ADVANTECH CO., LTD.	ASG	Subsidiary	Sales	410,668	0.83%	45 days after month-end	Contract price	No significant difference	64,194	0.73%
ADVANTECH CO., LTD.	ATR	Subsidiary	Sales	130,795	0.27%	45 days after month-end	Contract price	No significant difference	5,605	0.06%
ADVANTECH CO., LTD.	AVN	Subsidiary	Sales	166,141	0.34%	45 days after month-end	Contract price	No significant difference	30,058	0.34%
ADVANTECH CO., LTD.	ABR	Subsidiary	Sales	107,552	0.22%	30 days since invoice date	Contract price	No significant difference	15,419	0.18%
ADVANTECH CO., LTD.	AMY	Subsidiary	Sales	200,547	0.41%	45 days after month-end	Contract price	No significant difference	49,746	0.57%
ADVANTECH CO., LTD.	A-SIoT	Subsidiary	Sales	475,414	0.96%	30 days after month-end	Contract price	No significant difference	-	0.00%
ADVANTECH CO., LTD.	AMX	Subsidiary	Sales	105,425	0.21%	30 days after month-end	Contract price	No significant difference	28,106	0.32%
ADVANTECH CO., LTD.	ATH	Subsidiary	Sales	175,173	0.35%	45 days after month-end	Contract price	No significant difference	29,752	0.34%
ANA	ADVANTECH CO., LTD.	Parent company	Sales	374,955	1.78%	30 days since invoice date	Contract price	No significant difference	15,750	0.54%
AKMC	ADVANTECH CO., LTD.	Parent company	Sales	15,958,490	95.25%	30 days after month-end	Contract price	No significant difference	1,839,772	94.19%
AKMC	ACN	Fellow subsidiary	Sales	607,685	3.63%	30 days after month-end	Contract price	No significant difference	87,695	4.49%
ACZ	AEU	Fellow subsidiary	Sales	368,125	80.22%	60 days since invoice date	Contract price	No significant difference	53,724	87.16%
ACN	AKMC	Fellow subsidiary	Sales	171,418	1.15%	60 days after month-end	Contract price	No significant difference	29,384	1.16%
LNC	LNC Dong Guan	Sub-subsidiary	Sales	363,120	77.92%	150 days after month-end	Contract price	No significant difference	183,091	93.46%

Note: All intercompany transactions have been eliminated during consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Counterparty	Relationship	Ending balance	Turnover rate	Overdue receivables		Amounts received in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
ADVANTECH CO., LTD.	ACN	Subsidiary	$ 1,407,243	7.39	$ -	-	$ 683,240	$ -
ADVANTECH CO., LTD.	ANA	Subsidiary	2,003,580	7.70	-	-	1,392,251	-
ADVANTECH CO., LTD.	AEU	Subsidiary	1,958,710	4.47	-	-	925,016	-
ADVANTECH CO., LTD.	AJP	Subsidiary	297,867	5.27	-	-	290,408	-
ADVANTECH CO., LTD.	AKR	Subsidiary	173,296	11.15	-	-	39,761	-
ADVANTECH CO., LTD.	AKMC	Subsidiary	697,401	Note	-	-	483,368	-
ADVANTECH CO., LTD.	Advanixs Corporation	Subsidiary	141,554	6.24	-	-	131,717	-
AKMC	ADVANTECH CO., LTD.	Parent company	1,839,772	10.25	-	-	1,607,242	-
LNC	LNC Dong Guan	Sub-subsidiary	183,091	1.86	-	-	37,381	-

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, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note A)	Company Name	Counterparty	Relationship (Note B)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note C)
0	ADVANTECH CO., LTD.	AAU	1	Sales revenue	$ 380,953	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ABR	1	Sales revenue	107,552	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ACN	1	Receivables from related parties	1,407,243	30 days after month-end	2%
0	ADVANTECH CO., LTD.	ACN	1	Sales revenue	9,672,117	Usual trade terms	14%
0	ADVANTECH CO., LTD.	AEU	1	Receivables from related parties	1,954,777	45 days after month-end	3%
0	ADVANTECH CO., LTD.	AEU	1	Sales revenue	7,665,788	Usual trade terms	11%
0	ADVANTECH CO., LTD.	AJP	1	Receivables from related parties	296,497	30 days after month-end	0%
0	ADVANTECH CO., LTD.	AJP	1	Sales revenue	1,164,561	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AKMC	1	Receivables from related parties	697,401	90 days after month-end	1%
0	ADVANTECH CO., LTD.	AKR	1	Receivables from related parties	171,829	90 days after month-end	0%
0	ADVANTECH CO., LTD.	AKR	1	Sales revenue	1,629,267	Usual trade terms	2%
0	ADVANTECH CO., LTD.	AMX	1	Sales revenue	105,425	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AMY	1	Sales revenue	200,547	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ANA	1	Receivables from related parties	1,997,591	30 days after month-end	3%
0	ADVANTECH CO., LTD.	ANA	1	Sales revenue	15,461,711	Usual trade terms	22%
0	ADVANTECH CO., LTD.	ASG	1	Sales revenue	410,668	Usual trade terms	1%
0	ADVANTECH CO., LTD.	A-SIoT	1	Sales revenue	475,414	Usual trade terms	1%
0	ADVANTECH CO., LTD.	ATH	1	Sales revenue	175,173	Usual trade terms	0%
0	ADVANTECH CO., LTD.	ATR	1	Sales revenue	130,795	Usual trade terms	0%
0	ADVANTECH CO., LTD.	AVN	1	Sales revenue	166,141	Usual trade terms	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Receivables from related parties	141,344	30 days after month-end	0%
0	ADVANTECH CO., LTD.	Advanixs Corporation	1	Sales revenue	869,623	Usual trade terms	1%
1	ANA	ADVANTECH CO., LTD.	2	Sales revenue	374,955	Usual trade terms	1%
2	AKMC	ADVANTECH CO., LTD.	2	Receivables from related parties	1,839,772	30 days after month-end	3%
2	AKMC	ADVANTECH CO., LTD.	2	Sales revenue	15,958,490	Usual trade terms	23%
2	AKMC	ACN	3	Sales revenue	607,685	Usual trade terms	1%
3	ACN	AKMC	3	Sales revenue	171,418	Usual trade terms	0%
4	ACZ	AEU	3	Sales revenue	368,125	Usual trade terms	1%
5	LNC	LNC Dong Guan	3	Receivables from related parties	183,091	150 days after month-end	0%
5	LNC	LNC Dong Guan	3	Sales revenue	363,120	Usual trade terms	1%

Note A: The parent company and its subsidiaries are numbered as follows:
1. “0” for Advantech Co., Ltd.
2. Subsidiaries are numbered from “1”.

Note B: The flow of related-party transactions is as follows:(If it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed repeatedly；Subsidiary-to-subsidiary transactions, if one of its subsidiaries has been disclosed, the other subsidiary does not need to disclose repeatedly)：
1. From the parent company to its subsidiary.
2. From the subsidiary to its parent company.
3. Between subsidiaries.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of December 31, 2022, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2022.

Note D: All inter-company transactions have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland china)
For the year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2022	Initial investment amount: Balance as at January 1, 2022	Balance as of December 31, 2022: Shares	Balance as of December 31, 2022: Ownership (%)	Balance as of December 31, 2022: Carrying Value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note D)	Footnote
ADVANTECH CO., LTD.	AAC (BVI)	British Virgin Islands	Overseas investment in manufacturing and services industries	$ 3,875,214	$ 3,875,214	126,592,273	100.00	$ 11,937,107	$ 1,567,876	$ 1,558,568	Subsidiary
ADVANTECH CO., LTD.	ATC	British Virgin Islands	Overseas investment in manufacturing and services industries	998,788	998,788	40,850,000	100.00	4,925,151	532,717	509,947	Subsidiary
ADVANTECH CO., LTD.	Advanixs Corporation	Taiwan	Manufacturing, marketing and trade of industrial use computers	100,000	100,000	10,000,000	100.00	328,785	123,519	123,519	Subsidiary
ADVANTECH CO., LTD.	ACI	Taiwan	Investment in marketable securities	3,300,000	3,300,000	330,000,000	100.00	3,898,859	90,125	138,598	Subsidiary
ADVANTECH CO., LTD.	Axiomtek	Taiwan	Manufacturing, marketing and trade of industrial use computers	511,372	511,372	25,542,984	27.97	1,004,985	602,637	168,843	Investments accounted for under equity method
ADVANTECH CO., LTD.	AdvanPOS	Taiwan	Manafacturing and trade of endpoint sales system	-	266,192	-	-	-	(1)	(1)	Subsidiary
ADVANTECH CO., LTD.	LNC	Taiwan	Manufacturing and trade of controllers	188,826	209,191	13,380,000	44.60	232,125	(70,917)	(32,058)	Subsidiary
ADVANTECH CO., LTD.	AMX	Mexico	Marketing and trade of industrial use computers	93,338	61,909	16,650,003	99.90	79,924	10,587	10,059	Subsidiary
ADVANTECH CO., LTD.	AEUH	Netherlands	Overseas investment in manufacturing and services industries	1,655,383	1,655,383	25,961,250	100.00	1,396,820	316,989	316,079	Subsidiary
ADVANTECH CO., LTD.	ASG	Singapore	Marketing and trade of industrial use computers	27,134	27,134	1,450,000	100.00	155,576	70,665	70,424	Subsidiary
ADVANTECH CO., LTD.	ATH	Thailand	Manufacturing of computer products	47,701	47,701	51,000	51.00	53,953	9,815	4,855	Subsidiary
ADVANTECH CO., LTD.	AAU	Australia	Marketing and trade of industrial use computers	40,600	40,600	500,204	100.00	38,214	23,485	23,115	Subsidiary
ADVANTECH CO., LTD.	AJP	Japan	Marketing and trade of industrial use computers	651,685	15,472	1,200	100.00	998,261	189,129	179,241	Subsidiary
ADVANTECH CO., LTD.	AMY	Malaysia	Marketing and trade of industrial use computers	35,140	35,140	2,000,000	100.00	68,641	26,379	26,328	Subsidiary
ADVANTECH CO., LTD.	AKR	Korea	Marketing and trade of industrial use computers	156,668	156,668	600,000	100.00	518,506	130,113	124,095	Subsidiary
ADVANTECH CO., LTD.	ABR	Brazil	Marketing and trade of industrial use computers	103,146	103,146	12,723,038	100.00	103,280	3,166	3,166	Subsidiary
ADVANTECH CO., LTD.	Advantech Innovative Design Co., Ltd.	Taiwan	Product design	-	10,000	-	-	-	-	-	Subsidiary
ADVANTECH CO., LTD.	AiCS	Taiwan	Design, research and develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	74,288	(7,130)	(7,130)	Subsidiary
ADVANTECH CO., LTD.	AIN	India	Marketing and trade of industrial use computers	39,747	39,747	4,999,999	99.99	18,965	(13,771)	(9,295)	Subsidiary
ADVANTECH CO., LTD.	AIMobile	Taiwan	Design, manufacturing, service and trade of industrial use mobile systems	180,000	180,000	2,970,000	27.00	16,572	(44,010)	(11,883)	Investments accounted for under equity method
ADVANTECH CO., LTD.	Winmate	Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.39	610,406	445,317	74,643	Investments accounted for under equity method
ADVANTECH CO., LTD.	AVN	Vietnam	Marketing and trade of industrial use computers	76,092	76,092	8,100	60.00	63,497	15,693	9,340	Subsidiary
ADVANTECH CO., LTD.	Nippon RAD	Japan	Integration of IoT intelligent system	251,915	251,915	850,000	16.08	212,247	13,416	4,844	Investments accounted for under equity method
ADVANTECH CO., LTD.	ARU	Russia	Manufacturing, marketing and trade of industrial use computer	72,416	72,416	1	100.00	8,969	(23,599)	(23,599)	Subsidiary
ADVANTECH CO., LTD.	ATJ	Japan	Production and sale of electronic and mechanical devices	-	451,364	-	-	-	-	-	Subsidiary
ADVANTECH CO., LTD.	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	22,341	12,795	6,566	Subsidiary
ADVANTECH CO., LTD.	AIL	Israel	Trading of industrial network communications systems	8,653	8,653	100	100.00	10,375	678	678	Subsidiary
ADVANTECH CO., LTD.	Huan Yan Water Solution Co., Ltd.	Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	27,000	27,000	2,700,000	90.00	23,238	(423)	(380)	Subsidiary
ADVANTECH CO., LTD.	ADB	United Arab Emirates	Trading of industrial network communications systems	3,312	-	-	100.00	3,390	126	126	Subsidiary
AJP	ATJ	Japan	Production and sale of electronic and mechanical devices	-	184,649	-	-	-	-	-	Subsidiary
ACI	Cermate (Taiwan)	Taiwan	Manufacturing of electronic components, computers, and peripheral devices	71,500	71,500	5,500,000	55.00	140,325	30,226	-	Subsidiary
ACI	Deneng	Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	13,610	(591)	-	Investments accounted for under equity method
ACI	CDIB	Taiwan	Investment in marketable securities	150,000	150,000	15,000,000	17.86	286,711	212,433	-	Investments accounted for under equity method
ACI	AzureWave	Taiwan	Wireless communication and digital image module manufacturing and trading	578,563	578,563	29,599,000	19.38	697,753	295,122	-	Investments accounted for under equity method
ACI	Yun Yan, Wu-Lian Co., Ltd.	Taiwan	Industrial equipment networking in Greater China	-	5,000	-	-	-	-	-	Subsidiary
ACI	Nippon RAD	Japan	Integration of IoT intelligent system	49,733	49,733	154,310	2.92	44,940	-	-	Investments accounted for under equity method
ACI	i-Link	Taiwan	Integration of intelligent medical	-	9,091	-	-	-	(9,191)	-	NOTE D
ACI	DotZero	Taiwan	Intelligent metal processing integration	10,928	10,928	1,092,750	10.38	2,131	(19,785)	-	Investments accounted for under equity method
ACI	Mildex	Taiwan	Electronic component manufacturing	202,948	202,948	11,947,313	15.37	164,948	64,122	-	Investments accounted for under equity method
ACI	ITTS	Taiwan	Electronic Information Service	147,444	147,444	5,084,273	18.61	160,480	55,523	-	Investments accounted for under equity method
ACI	Samsoft	Taiwan	Manufacturing and trade of electronic and mechanical devices	33,270	20,220	561,955	25.63	21,872	(20,858)	-	Investments accounted for under equity method
ACI	Impelex	Taiwan	Manufacturing and trade of electronic and mechanical devices	10,000	10,000	500,000	20.00	8,816	(2,338)	-	Investments accounted for under equity method
ACI	VSO	Taiwan	Manufacturing and trade of electronic and mechanical devices	116,400	120,000	4,268,000	12.55	185,187	370,934	-	Investments accounted for under equity method
ACI	Hwacom	Taiwan	Computer system integration service	357,119	357,119	24,575,000	18.99	456,377	138,943	-	Investments accounted for under equity method
ACI	AIH	Taiwan	Servicing of information software and data processing	15,369	15,369	1,100,000	100.00	1,945	(1,269)	-	Subsidiary
ACI	Feng Sang	Taiwan	Computer system integration service	109,219	109,219	6,088,750	36.24	115,820	24,770	-	Investments accounted for under equity method
ACI	iSAP	Taiwan	Information software service	10,000	10,000	1,492,852	34.83	7,840	2,407	-	Investments accounted for under equity method
ACI	IISI	Taiwan	Computer system integration service	243,086	243,086	14,299,205	19.61	286,522	191,150	-	Investments accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Balance as of December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note D)	Footnote
				Balance as at December 31, 2022	Balance as at January 1, 2022	Shares	Ownership (%)	Carrying Value			
ACI	Freedom Systems	Taiwan	Electronic information service	$ 37,500	$ 37,500	1,500,000	20.00	$ 38,209	$ 4,914	$ -	Investments accounted for under equity method
ACI	Yan Xu Green Electricity Co., Ltd.	Taiwan	Green energy power plant development	83,325	-	8,332,500	82.50	82,787	(652)	-	Subsidiary
ACI	Expetech Co., Ltd.	Taiwan	Computer system integration service	40,000	-	4,000,000	43.01	37,416	(6,008)	-	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	4,961,580	532,823	-	Subsidiary
AAC (BVI)	ANA	USA	Marketing, trade and assembly of industrial use computers	504,179	504,179	10,952,616	100.00	6,861,912	1,094,034	-	Subsidiary
AAC (BVI)	AAC (HK)	Hong Kong	Overseas investment in manufacturing and services industries	539,146	539,146	15,230,001	100.00	3,418,638	479,072	-	Subsidiary
AAC (BVI)	ADB	United Arab Emirates	Trading of industrial network communications systems	-	-	-	-	-	344	-	Subsidiary
AAC (BVI)	ACI KY	Cayman Islands	Design, research and development and trade of IoT intelligent system services	1,535,500	1,535,500	30,000,000	100.00	2,140,529	(21,593)	-	Subsidiary
AAC (BVI)	AMX	Mexico	Marketing and trade of industrial use computers	85	-	16,667	0.10	88	-	-	Subsidiary
AEUH	AEU	Netherlands	Marketing and trade of industrial use computers	868,222	868,222	32,315,215	100.00	1,681,427	306,640	-	Subsidiary
AEUH	APL	Poland	Marketing and trade of industrial use computers	14,176	14,176	7,030	100.00	53,230	10,820	-	Subsidiary
AEU	A-SIoT	Germany	Design, research and develop and trade of industrial on-board computer products	-	436,259	-	-	324	33,233	-	Subsidiary
ASG	ATH	Thailand	Manufacturing of computers products	7,537	7,537	49,000	49.00	53,165	9,815	-	Subsidiary
ASG	AID	Indonesia	Marketing and trade of industrial use computers	4,797	4,797	300,000	100.00	8,117	259	-	Subsidiary
Cermate (Taiwan)	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	135,226	24,032	-	Subsidiary
LandMark	Cermate Software Inc.	Canada	Software development	229	-	-	100.00	3,042	442	-	Subsidiary
LNC	Better Auto	British Virgin Islands	Holding company	229,907	229,907	7,425,000	100.00	67,097	(29,071)	-	Subsidiary
LNC	NANOMAC Co., Ltd.	Taiwan	System integration and application,system furniture intelligent design, production, and sales	28,800	-	2,880,000	87.27	20,888	(9,065)	-	Subsidiary
LNC	BEST PLC	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	Subsidiary
Better Auto	Famous Now	Hong Kong	Holding company	150,663	150,663	4,906,096	100.00	72,691	(29,071)	-	Subsidiary
BEST PLC	BEST SERVO	British Virgin Islands	Holding company	-	-	1	100.00	-	-	-	Subsidiary
NANOMAC Co., Ltd.	BEST MACHINE	British Virgin Islands	Holding company	-	-	-	100.00	-	-	-	Subsidiary
NANOMAC Co., Ltd.	BEST AUTOMATION	Samoa	Holding company	-	-	-	100.00	-	-	-	Subsidiary
ANA	AIE	Ireland	Trading of industrial network communications systems	1,212,462	1,212,462	-	100.00	395,108	72,377	-	Subsidiary
AIE	ACZ	Czech Republic	Manufacturing of automation control	-	-	-	100.00	317,907	66,647	-	Subsidiary
AIN	ARI	India	Marketing and trade of industrial use computers	4,651	4,651	1,237,500	55.00	5,957	2,362	-	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: The Group disposed partial equity interest in i-Link, and accordingly, the Group's equity interest decreased from 20.13% to 15.42%. As the Group lost significant influence over i-Link, the investment in i-Link accounted for under equity method was reclassified to financial assets at fair value through other comprehensive income - non-current.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2022

Table 10

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

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net profit (loss) of the investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Advantech Technology (China) Company Ltd. (AKMC)	Manufacturing and trade of interface cards and PC cases, plastic cases and accessories	$ 1,343,563 USD 43,750 （Note D）	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	$ 1,145,483 USD 37,300	$ -	$ -	$ 1,145,483 USD 37,300	$ 532,823	100.00	$ 510,052	$ 4,961,580	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Marketing and trade of industrial use computers	129,903 USD 4,230	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	163,746 USD 5,332	-	-	163,746 USD 5,332	470,734	100.00	469,444	2,285,160	1,156,385 USD 37,655
Shanghai Advantech Intelligent Services Co., Ltd. (ACI CN) (Note G)	Manufacturing, marketing and trade of industrial use computers	466,080 USD 8,000 CNY 50,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	245,680 USD 8,000	-	-	245,680 USD 8,000	4,555	100.00	4,558	1,537,290	-
Xi'an Advantech Software Ltd. (AXA)	Development and manufacturing of software products	30,710 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	257	100.00	257	29,866	-
LNC Dong Guan Co., Ltd. (LNC Dong Guan)	Manufacturing and trade of controllers	122,840 USD 4,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	98,088 USD 3,194	-	-	98,088 USD 3,194	(28,560)	100.00	(29,071)	72,686	-
Shenzhen Cermate Technologies Inc. (Cermate Shenzhen)	Production of LCD touch screen, USB data cables, and industrial use computers	8,816 CNY 2,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	9,459 USD 308	-	-	9,459 USD 308	12,907	90.00	5,607	100,443	83,576
Cermate Technologies (Shanghai) Inc. (Cermate Shanghai)	Networking electronic equipment for industrial use	15,969 USD 520	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	17,566 USD 572	-	-	17,566 USD 572	11,974	100.00	8,418	37,261	29,404
Advantech Service-IoT (Shanghai) Co., Ltd. [(SIoT (China)]	Technology development, consulting and services in the field of intelligent technology	66,120 CNY 15,000	Through investing in an existing company in the third region, which then invested in the investee in Mainland China	Note E	-	-	Note E	622	100.00	622	52,281	-
Shanghai Yanle Co., Ltd.(AYL)	Application and retail of intelligent technology	9,698 CNY 2,200	Other	Note F	-	-	Note F	(4)	100.00	(4)	1,111	-
Tianjin Anjie IOT Science and Technology Co., Ltd. (Anjie)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	13,224 CNY 3,000	Other	Note F	-	-	Note F	2	20.00	-	2,642	-
Foshan Technology Co., Ltd. (Foshan Technology)	Operation and maintenance for intelligent general equipment, and consulting service for comprehensive energy issues	14,987 CNY 3,400	Other	Note F	-	-	Note F	(12,088)	25.36	(12,790)	7,754	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 1,704,067 (USD 55,489 thousand) （Note H）	$2,431,618 (USD 79,180 thousand)	$ 26,288,821 （Note I）

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 (BVI) 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: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company.
Note J: The exchange rate was US$1=NT$30.71 and CNY$1=NT$4.408.

ADVANTECH CO., LTD. AND SUBSIDIARIES
Major shareholders information
December 31, 2022

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ASUSTek Computer Inc.	103,177,983	13.26%
K&M Investment Co., Ltd.	91,369,108	11.74%
AIDC Investment Corp.	90,295,663	11.60%

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.

ADVANTECH

Enablingan Intelligent Planet

Advantech Co., Ltd.

K.C. Liu , Chairman

ADVANTECH

2021 ANNUAL REPORT