Stock Code: 6449

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

Quarter 1 of 2023 and 2022

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Independent Auditors' Review Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries (the "consolidated company") as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion," we conducted our reviews in accordance with the Auditing Standards 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note VI(V) of the consolidated financial statements, investments accounted for under the equity method of APAQ TECHNOLOGY CO., LTD. and subsidiaries amounted to NT$77,662 thousand and NT$84,472 thousand as of March 31, 2023 and 2022, respectively. The share of corporate profit or loss recognized under the equity method were (NT$2,878 thousand) and (NT$293 thousand) for the three months then ended, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by independent auditors.

Qualified Conclusion

Except for possible effects from financial statements of these investees mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of APAQ TECHNOLOGY CO., LTD. and its subsidiaries as of March 31, 2023 and 2022, and their consolidated financial performance and cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission.

KPMG Taiwan

CPAs:		Chen, Cheng-Hsueh Wan-Yuan You
Securities Competent Authority Approval No.	:	Jin-Guan-Zheng-Shen-Zi No. 1020002066 (88) Taiwan-Finance-Securities-VI-18311

May 11, 2023

March 31, 2023 and 2022 Were Reviewed Only, Not Audited in Accordance with the Auditing Standards

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2023, December 31 and March 31, 2022

Unit: NT$ thousands

Code	Assets	2023.3.31 Amount	%	2022.12.31 Amount	%	2022.3.31 Amount	%
	Current assets:						
1100	Cash and cash equivalents [Note VI(I)]	$ 1,341,476	27	1,232,368	25	954,770	20
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	150,249	3	146,010	3	126,228	3
1150	Notes receivable [Note VI(III)]	52,434	1	46,131	1	53,557	1
1170	Accounts receivable [Note VI(III)]	883,443	18	885,458	18	1,092,174	22
1180	Accounts receivable - related parties [Notes VI(III) & VII]	40,729	1	46,685	1	50,813	1
1310	Inventories, net [Note VI(IV)]	743,127	15	773,510	16	729,848	15
1479	Other current assets [Note VI(VIII)]	50,551	1	64,389	1	55,317	1
		3,262,009	66	3,194,551	65	3,062,707	63
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	149,494	3	145,021	3	128,178	3
1550	Investments accounted for under the equity method [Note VI(V)]	77,662	2	80,623	2	84,472	2
1600	Property, plant and equipment [Note VI(VI)]	1,339,753	27	1,363,219	28	1,411,370	29
1755	Right-of-use assets [Note VI(VII)]	21,159	-	25,986	-	36,957	1
1780	Intangible assets [Note VI(IX)]	25,257	1	26,508	1	30,408	1
1840	Deferred income tax assets	37,365	1	39,800	1	37,611	1
1920	Refundable deposits	23,264	-	23,155	-	27,073	-
1990	Other non-current assets [Note VI(VIII)]	21,863	-	19,488	-	30,243	-
		1,695,817	34	1,723,800	35	1,786,312	37
	Total assets	**$ 4,957,826**	**100**	**4,918,351**	**100**	**4,849,019**	**100**

Code	Liabilities and Equity	2023.3.31 Amount	%	2022.12.31 Amount	%	2022.3.31 Amount	%
	Current liabilities:						
2100	Short-term loans [Note VI(X)]	$ 1,244,000	25	1,254,000	25	1,326,000	27
2170	Accounts payable	285,242	6	268,379	5	434,216	9
2180	Accounts payable - related parties [Note VII]	5,199	-	8,896	-	3,852	-
2201	Payroll and bonus payable	107,233	2	123,208	2	124,819	3
2213	Payable on equipment	26,119	1	27,714	1	37,401	1
2280	Lease liabilities - current [Note VI(XII)]	10,230	-	14,627	-	16,466	-
2399	Other current liabilities	135,575	3	124,947	3	146,111	3
		1,813,598	37	1,821,771	36	2,088,865	43
	Non-current liabilities:						
2540	Long-term loans [Note VI(XI)]	375,000	8	375,000	8	60,000	1
2580	Lease liabilities - non-current [Note VI(XII)]	421	-	840	-	9,679	-
		375,421	8	375,840	8	69,679	1
	Total Liabilities	2,189,019	45	2,197,611	44	2,158,544	44
	Equity [Note VI (XV)]:						
3100	Share capital	889,535	18	889,535	18	889,535	19
3200	Capital surplus	765,757	15	765,757	16	765,757	16
3300	Retained earnings	1,185,520	24	1,155,909	24	1,080,356	22
3400	Other equity	(31,631)	(1)	(50,087)	(1)	(45,173)	(1)
3500	Treasury stocks	(40,374)	(1)	(40,374)	(1)	-	-
	Total equity	2,768,807	55	2,720,740	56	2,690,475	56
	Total liabilities and equity	**$ 4,957,826**	**100**	**4,918,351**	**100**	**4,849,019**	**100**

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

Reviewed Only, Not Audited in Accordance with the Auditing Standards in the Republic of China

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

Unit: NT$ thousands

		January to March, 2023		January to March, 2022	
		Amount	**%**	**Amount**	**%**
4110	**Net sales revenue** [Notes VI(XVII) & VII]	$ 592,818	100	736,094	100
5110	Cost of goods sold [Notes VI(IV),(XVIII) & VII]	450,759	76	566,752	77
5950	**Gross profit**	142,059	24	169,342	23
6000	**Operating expenses** [Notes VI(XVIII) & VII]:				
6100	Selling expenses	24,979	4	27,374	4
6200	Administrative expenses	47,826	8	52,270	7
6300	Research and development expenses	21,275	4	22,483	3
	Total operating expenses	94,080	16	102,127	14
6900	**Operating income**	47,979	8	67,215	9
7000	**Non-operating income and expenses:**				
7020	Other gains and losses [Notes VI(XIX)]	13,630	2	7,408	1
7050	Finance costs [Notes VI (XII) & (XIX)]	(7,369)	(1)	(3,534)	-
7100	Interest income [Notes VI(XIX)]	3,859	1	736	-
7230	Foreign exchange gain (loss) [Note VI(XX)]	(15,673)	(3)	41,798	6
7370	Share of profit (loss) of associates accounted for under the equity method [Note VI(V)]	(2,878)	-	(293)	-
	Non-operating income and expenses, net	(8,431)	(1)	46,115	7
7900	**Income before income tax**	39,548	7	113,330	16
7950	**Less: Income tax expense** [Note VI(XIV)]	9,937	2	28,358	4
	Net income for the period	29,611	5	84,972	12
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	8,712	1	(13,640)	(2)
	Total of items that may not be reclassified subsequently to profit or loss	8,712	1	(13,640)	(2)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Financial statements translation differences of foreign operations	12,180	2	83,947	11
8399	Less: Income tax related to items that may be reclassified [Note VI(XIV)]	(2,436)	-	(16,789)	(2)
	Total of items that may be reclassified subsequently to profit or loss	9,744	2	67,158	9
8300	**Other comprehensive income, net of tax**	18,456	3	53,518	7
	Total comprehensive income	**$ 48,067**	**8**	**138,490**	**19**
	Earnings per Share (EPS) (Unit: NT$) [Note VI(XVII)]				
9750	Basic earnings per share	**$ 0.34**		**0.96**	
9850	Diluted earnings per share	**$ 0.33**		**0.95**	

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

Reviewed Only, Not Audited in Accordance with the Auditing Standards in the Republic of China

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

Unit: NT$ thousands

			Retained earnings				Other equity items				
	Share capital - common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income	Total	Treasury stocks	Total equity
Balance as of January 1, 2022	$ 889,535	765,757	166,116	85,301	743,967	995,384	(92,490)	(6,201)	(98,691)	-	2,551,985
Net income for the period	-	-	-	-	84,972	84,972	-	-	-	-	84,972
Other comprehensive income for the period	-	-	-	-	-	-	67,158	(13,640)	53,518	-	53,518
Total comprehensive income	-	-	-	-	84,972	84,972	67,158	(13,640)	53,518	-	138,490
Balance as of March 31, 2022	**$ 889,535**	**765,757**	**166,116**	**85,301**	**828,939**	**1,080,356**	**(25,332)**	**(19,841)**	**(45,173)**	**-**	**2,690,475**
Balance as of January 1, 2023	$ 889,535	765,757	196,753	98,691	860,465	1,155,909	(66,870)	16,783	(50,087)	(40,374)	2,720,740
Net income for the period	-	-	-	-	29,611	29,611	-	-	-	-	29,611
Other comprehensive income for the period	-	-	-	-	-	-	9,744	8,712	18,456	-	18,456
Total comprehensive income	-	-	-	-	29,611	29,611	9,744	8,712	18,456	-	48,067
Balance as of March 31, 2023	**$ 889,535**	**765,757**	**196,753**	**98,691**	**890,076**	**1,185,520**	**(57,126)**	**25,495**	**(31,631)**	**(40,374)**	**2,768,807**

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

Reviewed Only, Not Audited in Accordance with the Auditing Standards in the Republic of China

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

Unit: NT$ thousands

	January to March, 2023	January to March, 2022
Cash flows from operating activities:		
Income before income tax for the period	$ 39,548	113,330
Adjustments:		
Income and expense items:		
Depreciation	60,844	62,023
Amortization	1,253	1,299
Interest expense	7,369	3,534
Interest income	(3,859)	(736)
Share of loss of associates accounted for under the equity method	2,878	293
Loss (gain) on disposal and retirement of property, plant and equipment	(153)	(25)
Other non-cash expense (gain) items, net	-	58
Total income and expense items	68,332	66,446
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	5,676	(21,669)
Inventories	33,245	(13,414)
Other operating assets	14,092	8,411
Accounts payable (including related parties)	9,854	(3,803)
Other operating liabilities	(537)	(6,027)
Total adjustments	130,662	29,944
Cash generated from operations	170,210	143,274
Interest received	3,859	737
Interest paid	(7,153)	(3,363)
Income tax paid	(15,401)	(12,256)
Net cash generated by operating activities	151,515	128,392
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(23,382)	(68,785)
Disposal of property, plant and equipment	936	26
Decrease in other non-current assets	1,777	1,057
Increase in prepayments for business facilities	(8,361)	(8,624)
Net cash used in investing activities	(29,030)	(76,326)
Cash flows from financing activities:		
Increase in short-term loans	150,000	20,000
Repayment of short-term loans	(160,000)	-
Proceeds from long-term loans	-	50,000
Repayment of lease principal	(4,871)	(6,823)
Net cash flows generated from (used in) financing activities	(14,871)	63,177
Effect of exchange rate changes	1,494	11,349
Increase in cash and cash equivalents	109,108	126,592
Cash and cash equivalents, beginning of the period	1,232,368	828,178
Cash and cash equivalents, end of the period	$ 1,341,476	954,770

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng **Manager: Shi-Dong Lin** **Accounting Manager: Pei-Ling Li**

<u>**Reviewed Only, Not Audited in Accordance with the Auditing Standards in the Republic of China**</u>

APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
Quarter 1 of 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

APAQ TECHNOLOGY CO., LTD. (hereinafter referred to as the "Company") was established on December 23, 2005 with the registered address at 4F., No. 2 and 6, Kedong 3rd Rd., Zhunan Township, Miaoli County. The Company's stock has been listed and traded at TWSE since December 9, 2014.

The core business of the Company and its subsidiaries (hereinafter referred to as the "consolidated company") focuses on the research, development, manufacturing and sales of electronic components.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were submitted to and issued on May 11, 2023, by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adopting newly issued or amended standards and interpretations endorsed by the Financial Supervisory Commission.

Since January 1, 2023, the consolidated company has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

(II) Newly issued and amended standards and interpretations yet to be endorsed by the FSC

The consolidated company has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IAS 17
- Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendment to IAS 1 "Non-current Liabilities with Contractual Terms"

- Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 comparative information"
- Amendments to IFRS 16 "Rules in a Sale and Leaseback Transaction"

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements have been prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Preparation Regulations" and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The consolidated financial statements did not contain all necessary information required in annual consolidated financial statements pursuant to IFRSs endorsed by the FSC.

Except for the following descriptions, the consolidated financial statements adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2022 for details.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership		
Name of Investor	**Name of Subsidiaries**	**Business Activities**	**2023.3.31**	**2022.12.31**	**2022.3.31**
The Company	APAQ Investment Limited (APAQ Samoa)	Investment holding company	100%	100%	100%
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Production and sales of electronic products	100%	100%	100%
The Company	APAQ Technology (Hubei) Co., Ltd. (Apaq Hubei)	Production and sales of electronic products	100%	100%	100%

2. Subsidiaries not included in the consolidated financial statements: None.

(III) Income tax

The consolidated company measured and disclosed the income tax expenses of the interim period pursuant to Paragraph B12, IAS 34 "Interim Financial Reporting."

Income tax expenses were accrued by applying management's best estimate of tax rate applicable based on expected total annual earnings to the pre-tax income of the interim period and fully recognized as income tax expense of the current period.

Income tax expenses recognized directly in equity or other comprehensive income were measured using the applicable tax rates at the time of expected realization or settlement of the temporary differences between the carrying amount of related assets and liabilities for financial reporting purposes and their tax bases.

V. Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When preparing the consolidated financial statements according to Preparation Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC, the management has to make judgments, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the consolidated company's accounting policies are consistent with Note V of the consolidated financial statements for the year ended December 31, 2022.

VI. Details of Significant Accounts

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2022. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2022 for relevant information.

(I) Cash and cash equivalents

	2023.3.31	2022.12.31	2022.3.31
Cash and demand deposit	$ 980,165	718,732	909,678
Time deposit	361,311	513,636	45,092
Cash and cash equivalents	$ 1,341,476	1,232,368	954,770

Please refer to Note VI(XX) for currency risk and sensitivity analysis disclosure of the financial assets and liabilities.

(II) Financial assets measured at fair value through other comprehensive income

1. Current:

	2023.3.31	2022.12.31	2022.3.31
Domestic listed stocks	$ 150,249	146,010	126,228

2. Non-current:

	2023.3.31	2022.12.31	2022.3.31
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	$ 29,450	29,170	36,425
Inpaq Korea Co., Ltd.	2,036	1,803	1,792
Element I Venture Capital Co., Ltd.	16,992	16,794	16,526
Kuan Kun Electronic Enterprise Co., Ltd.	85,313	66,584	61,701
AICP Technology Corporation	2,873	2,510	1,110
Yuanxin Semiconductor Co., Limited	12,830	28,160	10,624
	$ 149,494	145,021	128,178

Information on major equity investments denominated in foreign currencies as of the reporting date is as follows:

	2023.3.31			2022.12.31			2022.3.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	$ 1,017	30.45	30,968	1,017	30.71	31,232	1,017	28.625	29,112

Equity instruments held by the consolidated company are strategic long-term investments and not for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

(III) Notes and accounts receivable (including related parties)

	2023.3.31	2022.12.31	2022.3.31
Notes receivable	$ 52,434	46,131	53,557
Accounts receivable	883,443	885,458	1,092,174
Receivables from related parties	40,729	46,685	50,813
	$ 976,606	978,274	1,196,544

The consolidated company adopts a simplified method to estimate the expected credit loss for all accounts receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these accounts receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information.

The expected credit losses of the consolidated company's accounts receivables (including related parties) are analyzed as follows:

	2023.3.31		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance for Lifetime Expected Credit Loss
Not past due	$ 966,340	0%	-
Past due 1-90 days	10,266	0%	-
Total	$ 976,606		-

	2022.12.31		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance for Lifetime Expected Credit Loss
Not past due	$ 968,646	0%	-
Past due 1-90 days	9,628	0%	-
Total	$ 978,274		-

	2022.3.31		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance for Lifetime Expected Credit Loss
Not past due	$ 1,189,214	0%	-
Past due 1-90 days	7,330	0%	-
Total	$ 1,196,544		-

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the three months ended March 31, 2023 and 2022.

(IV) Inventories, net

	2023.3.31	2022.12.31	2022.3.31
Raw materials	$ 203,206	201,064	234,428
Work in process and semi-finished products	77,077	66,276	83,928
Finished goods and commodity	462,844	506,170	411,492
	$ 743,127	773,510	729,848

The details of operating costs were as follows:

	January to March, 2023	January to March, 2022
Cost of goods sold	$ 450,759	566,752
Loss on market value decline and obsolete and slow-moving inventories	-	-
	$ 450,759	566,752

(V) Investments accounted for under the equity method

Investments of the consolidated company under equity method at financial reporting end date are individually non-significant and are listed below:

	2023.3.31	2022.12.31	2022.3.31
Associate	$ 77,662	80,623	84,472

Share attributable to the consolidated company:

	January to March, 2023	January to March, 2022
Net loss for the period	$ (2,878)	(293)
Other comprehensive income for the period	-	-
Total comprehensive income	$ (2,878)	(293)

The consolidated company's share of profit or loss and other comprehensive income of investments accounted for under the equity method is measured based on the financial statements not reviewed by the CPAs as it is not individually material.

(VI) Property, plant and equipment (PP&E)

	Buildings	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Cost:					
Balance as of January 1, 2023	$ 380,034	2,066,646	203,504	174,483	2,824,667
Additions	-	4,618	2,247	20,014	26,879
Disposals and obsolescence	-	(4,146)	(78)	-	(4,224)
Reclassification	-	14,034	661	(14,695)	-
Effect of exchange rate changes	1,877	9,778	635	857	13,147
Balance as of March 31, 2023	$ 381,911	2,090,930	206,969	180,659	2,860,469

	Buildings	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Balance as of January 1, 2022	$ 374,665	1,788,724	179,724	225,930	2,569,043
Additions	-	23,857	760	64,454	89,071
Disposals and obsolescence	-	(1,380)	(257)	-	(1,637)
Reclassification	-	48,821	89	(48,968)	(58)
Effect of exchange rate changes	13,963	62,508	4,464	8,921	89,856
Balance as of March 31, 2022	**$ 388,628**	**1,922,530**	**184,780**	**250,337**	**2,746,275**
Depreciation:					
Balance as of January 1, 2023	$ 194,791	1,137,524	129,133	-	1,461,448
Depreciation for the period	5,826	41,077	9,009	-	55,912
Disposals and obsolescence	-	(3,364)	(77)	-	(3,441)
Effect of exchange rate changes	971	5,421	405	-	6,797
Balance as of March 31, 2023	**$ 201,588**	**1,180,658**	**138,470**	**-**	**1,520,716**
Balance as of January 1, 2022	$ 166,899	974,161	97,478	-	1,238,538
Depreciation for the period	7,204	39,314	8,599	-	55,117
Disposals and obsolescence	-	(1,380)	(256)	-	(1,636)
Effect of exchange rate changes	6,117	34,599	2,170	-	42,886
Balance as of March 31, 2022	**$ 180,220**	**1,046,694**	**107,991**	**-**	**1,334,905**
Carrying Amount:					
January 1, 2023	**$ 185,243**	**929,122**	**74,371**	**174,483**	**1,363,219**
March 31, 2023	**$ 180,323**	**910,272**	**68,499**	**180,659**	**1,339,753**
January 1, 2022	**$ 207,766**	**814,563**	**82,246**	**225,930**	**1,330,505**
March 31, 2022	**$ 208,408**	**875,836**	**76,789**	**250,337**	**1,411,370**

(VII) Right-of-use assets

	Land use rights	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2023	$ 11,798	32,578	1,567	45,943
Effect of exchange rate changes	58	62	-	120
Balance as of March 31, 2023	**$ 11,856**	**32,640**	**1,567**	**46,063**
Balance as of January 1, 2022	$ 11,631	39,940	1,567	53,138
Additions	-	13,366	-	13,366
Disposals (contract expiration and early termination)	-	(593)	-	(593)
Effect of exchange rate changes	434	171	-	605
Balance as of March 31, 2022	**$ 12,065**	**52,884**	**1,567**	**66,516**
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	$ 1,169	18,004	784	19,957
Depreciation for the period	73	4,728	131	4,932
Effect of exchange rate changes	6	9	-	15
Balance as of March 31, 2023	**$ 1,248**	**22,741**	**915**	**24,904**
Balance as of January 1, 2022	$ 864	22,031	262	23,157
Depreciation for the period	76	6,699	131	6,906
Disposals (contract expiration and early termination)	-	(593)	-	(593)
Effect of exchange rate changes	31	58	-	89
Balance as of March 31, 2022	**$ 971**	**28,195**	**393**	**29,559**
Carrying amount of right-of-use assets:				
January 1, 2023	**$ 10,629**	**14,574**	**783**	**25,986**
March 31, 2023	**$ 10,608**	**9,899**	**652**	**21,159**
January 1, 2022	**$ 10,767**	**17,909**	**1,305**	**29,981**
March 31, 2022	**$ 11,094**	**24,689**	**1,174**	**36,957**

(VIII) Other assets - current and non-current

	2023.3.31	2022.12.31	2022.3.31
Prepayments for business facilities	$ 14,580	10,458	16,199
Business tax credit	14,565	31,731	21,147
Prepaid expenses	21,684	19,900	29,358
Deferred expenses	7,283	9,030	14,044
Prepayments for goods and others	14,302	12,758	4,812
	$ 72,414	**83,877**	**85,560**

(IX) Intangible assets

		Computer software	Royalty fees	Total
Carrying Amount:				
January 1, 2023	$	861	25,647	26,508
March 31, 2023	$	548	24,709	25,257
January 1, 2022	$	2,297	29,400	31,697
March 31, 2022	$	1,947	28,461	30,408

There were no material additions, disposals, provision or reversal of impairment where the consolidated company’s intangible assets were concerned for the nine months ended March 31, 2023 and 2022. Please refer to Note XII for amortization amount for the period and Note VI(IX) of the consolidated financial statements for the year ended December 31, 2022 for other relevant information.

(X) Short-term loans

		2023.3.31	2022.12.31	2022.3.31
Unsecured bank loans	$	1,244,000	1,254,000	1,326,000
Unused facilities	$	924,528	1,044,506	727,868
Interest rate range		1.55%~ 1.95%	1.43%~ 2%	0.88%~ 1.35%

(XI) Long-term loans

		2023.3.31	2022.12.31	2022.3.31
Unsecured bank loans	$	375,000	375,000	60,000
Less: Due within one year		-	-	-
	$	375,000	375,000	60,000
Unused facilities	$	525,000	275,000	740,000
Interest rate range		1.675%~ 2.01%	1.675%~ 1.87089%	1.32%~ 1.45%

(XII) Lease liabilities

The carrying amount of the consolidated company's lease liability is as follows:

		2023.3.31	2022.12.31	2022.3.31
Current	$	10,230	14,627	16,466
Non-current	$	421	840	9,679

For maturity analysis, please refer to Note VI(XX) Financial instruments.

	January to March, 2023	January to March, 2022
Interest expense on lease liabilities	$ 40	99
Expense for leases of low-value assets	$ 19	19

The amounts recognized in the statements of cash flows are:

	January to March, 2023	January to March, 2022
Total cash outflow for lease	$ 4,930	6,941

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings as of March 31, 2023 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires.

Some of the above-mentioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the consolidated company. These options are only enforceable by the consolidated company, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease liability.

2. Other leases

The lease period for leasing office premises of the consolidated company is two years. These leases are for low-value assets, and the consolidated company chooses to apply the exemption recognition requirement instead of recognizing the right-of-use assets and lease liabilities.

(XIII) Employee benefits

For pension expenses of the consolidated company for the three months ended March 31, 2023 and 2022, please refer to Note XII for details.

(XIV) Income tax

1. Income tax expense

The amount of the consolidated company's income tax expenses (benefits) for the period from January 1 to March 31, 2023 and 2022 were as follows:

	January to March, 2023	January to March, 2022
Current income tax expenses	$ 9,937	28,358

2. The amount of income tax expense recognized in other comprehensive income was as follows:

	January to March, 2023	January to March, 2022
Exchange differences on translation of foreign operations	$ 2,436	16,789

3. The ROC income tax authorities have examined the Company's income tax returns through 2021.

(XV) Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the consolidated company from January 1 to March 31, 2023 and 2022. Please refer to Note VI(XVI) of the consolidated financial statements for the year ended December 31, 2022 for details.

1. Capital surplus

	2023.3.31	2022.12.31	2022.3.31
Share premium	$ 320,766	320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase	7,852	7,852	7,852
Subscription right to convertible corporate bonds	117	117	117
Treasury stock transactions	3,642	3,642	3,642
Premium from conversion of corporate bonds to common stocks	433,380	433,380	433,380
	$ 765,757	765,757	765,757

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

2. Retained earnings

The appropriation of earnings of the two most recent years were resolved in the Board of Directors' meeting held on April 25, 2023, and approved in the shareholders' meeting held on June 21, 2022, respectively. Information on dividends appropriated to owners is as follows:

	2022		2021	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of common stocks:				
Cash (NT$)	$ 2.3	202,293	2	177,907

The 2021 appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. As for the 2022 appropriation of earnings, the proposal shall be resolved at the shareholders' meeting. Information will be available at the Market Observation Post System (MOPS).

3. Treasury stocks

The Company offers treasury stocks and buys back shares from the Taiwan Stock Exchange. The increase/decrease caused by the buyback are listed as follows:

	January to March, 2023				
Reason for buyback	**Number of shares - beginning**	**Increase**	**Transfer**	**Cancelled**	**Number of shares - ending**
Transfer to employees	1,000	-	-	-	1,000

In accordance with provisions of the Securities and Exchange Act, the share buyback rate shall not exceed 10% of total number of shares issued by the Company. The total amount of buyback shares shall not exceed the sum of retained earnings, share premium and realized capital surplus. No treasury stock held by the Company has exceeded the aforementioned limit. In accordance with provisions of the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged, and are not entitled to the rights of shareholders before being transferred.

(XVI) Earnings per Share (EPS)

		January to March, 2023	January to March, 2022
Basic EPS:			
Net income attributable to the Company	$	29,611	84,972
Weighted average number of common stocks outstanding (in thousands of shares)		87,954	88,954
Basic EPS (NT$)	$	0.34	0.96
Diluted EPS:			
Net income attributable to the Company	$	29,611	84,972
Weighted average number of common stocks outstanding (in thousands of shares)		87,954	88,954
Effect of potential diluted ordinary shares:			
Employee compensation to be distributed in stocks		518	440
Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares)		88,472	89,394
Diluted EPS (NT$)	$	0.33	0.95

(XVII) Revenue of customer contract

		January to March, 2023	January to March, 2022
Major regional markets			
China	$	565,106	681,083
Taiwan		15,030	52,128
Other Countries		12,682	2,883
	$	592,818	736,094
Major products			
Coiled conductive polymer solid capacitors	$	442,755	582,204
Chip-type conductive polymer solid state appliances		150,063	153,890
	$	592,818	736,094

Please refer to Note VI(III) for the disclosure of notes and accounts receivable and impairment.

(XVIII) Employee compensations and remuneration for Directors

The Company's Articles of Incorporation provide that if there is profit in the year, at least 8 percent of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT$2,923 thousand and NT$10,189 thousand as employee compensation and NT$860 thousand and NT$2,997 thousand as remuneration for Directors for the three months ended March 31, 2023 and 2022, respectively. These amounts were calculated using the Company's income before income tax before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price of common stocks on the day preceding the Board of Directors' meeting.

The amounts allocated for remuneration to employees were NT$36,375 thousand and NT$33,222 thousand and the remuneration to Directors were NT$10,699 thousand and NT$9,760 thousand for the years ended December 31, 2022 and 2021 respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XIX) Non-operating income and expenses

1. Other gains and losses, net

	January to March, 2023	January to March, 2022
Subsidy income	$ 13,460	6,530
Loss (gain) on disposal and retirement of property, plant and equipment	10	25
Others	160	853
	$ 13,630	7,408

2. Finance costs

	January to March, 2023	January to March, 2022
Interest expenses of loans from banks	$ 7,329	3,435
Interest expense on lease liabilities	40	99
	$ 7,369	3,534

3. Interest income

	January to March, 2023	January to March, 2022
Interests on bank deposits	$ 3,857	732
Other interest income	2	4
	$ 3,859	736

(XX) Financial instruments

Except for the following descriptions, there has been no significant changes in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk arising from the financial instruments. Please refer to Note VI(XXI) of consolidated financial statements for the year ended December 31, 2022 for relevant information.

1. Credit risk

(1) Credit risk concentration

The consolidated company's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the consolidated company continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As of March 31, 2023, December 31, 2022 and March 31, 2022, 47%, 46%, and 41%, respectively, of the consolidated company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(2) Credit risk of accounts receivable and debt securities

Please refer to Note VI(III) for credit risk exposure of accounts receivable.

Other financial assets at amortized cost included other receivables and time deposits. No impairment loss was recognized.

The above-mentioned financial assets have low credit risk, so the allowance loss of that period is measured based on twelve-month expected credit loss (please refer to Note IV(VII) of the consolidated financial statements for the year ended December 31, 2022 for details on how the consolidated company determines the level of credit risk).

2. Liquidity risk

The following table shows the contractual maturity analysis of financial liabilities (including the impact of interest payable):

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
March 31, 2023					
Non-derivative financial liabilities					
Short-term loans	$ 1,244,000	1,247,556	1,247,556	-	-
Accounts payable (including related parties)	290,441	290,441	290,441	-	-
Payroll and bonus payable	107,233	107,233	107,233	-	-
Payable on equipment	26,119	26,119	26,119	-	-
Expenses payable (recorded as other current liabilities)	92,139	92,139	92,139	-	-
Lease liabilities (including current and non-current)	10,651	10,710	8,795	1,493	422
Long-term loans	375,000	397,797	3,252	3,342	391,203
	$ 2,145,583	2,171,995	1,775,535	4,835	391,625
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 1,254,000	1,257,231	1,257,231	-	-
Accounts payable (including related parties)	277,275	277,275	277,275	-	-
Payroll and bonus payable	123,208	123,208	123,208	-	-
Payable on equipment	27,714	27,714	27,714	-	-
Expenses payable (recorded as other current liabilities)	76,227	76,227	76,227	-	-
Lease liabilities (including current and non-current)	15,467	15,607	9,410	5,354	843
Long-term loans	375,000	399,226	3,228	3,317	392,681
	$ 2,148,891	2,176,488	1,774,293	8,671	393,524
March 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 1,326,000	1,327,706	1,327,706	-	-
Accounts payable (including related parties)	438,068	438,068	438,068	-	-
Payroll and bonus payable	124,819	124,819	124,819	-	-
Payable on equipment	37,401	37,401	37,401	-	-
Lease liabilities (including current and non-current)	26,145	26,315	12,840	3,707	9,768
Expenses payable (recorded as other current liabilities)	64,086	64,086	64,086	-	-
Long-term loans	60,000	63,581	423	434	62,724
	$ 2,076,519	2,081,976	2,005,343	4,141	72,492

3. Exchange rate risk

(1) Exchange rate risk exposure

The consolidated company's financial assets and liabilities exposed to material exchange rate risk were as follows:

	2023.3.31			2022.12.31			2022.3.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets									
Monetary items									
USD	$ 51,844	30.45	1,578,650	48,596	30.71	1,492,383	49,059	28.625	1,404,314
RMB	76,611	4.4312	339,479	79,120	4.4094	348,872	69,813	4.5092	314,801
Financial liabilities									
Monetary items									
USD	1,448	30.45	44,092	1,176	30.71	36,115	2,300	28.625	65,838

(2) Sensitivity analysis

The consolidated company's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, short-term loans, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the three months ended March 31, 2023 and 2022 due to depreciation or appreciation of NT dollars against US dollars and RMB as of March 31, 2023, December 31, 2022 and March 31, 2022 with all other variables held constant were as follows:

	Range of the fluctuations	January to March, 2023	January to March, 2022
TWD exchange rate	1% depreciation against USD	$ 12,276	10,708
	1% appreciation against USD	$ (12,276)	(10,708)
	1% depreciation against RMB	$ 2,716	2,518
	1% appreciation against RMB	$ (2,716)	(2,518)

(3) Foreign exchange gains (losses) on monetary items

As the consolidated company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange losses and gains (including realized and unrealized) for the three months ended March 31, 2023 and 2022 were NT$(15,673) thousand and NT$41,798 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the consolidated company is described in the liquidity risk management of the Notes.

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the three months ended March 31, 2023 and 2022 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	January to March, 2023	January to March, 2022
Annual borrowing rate	Increase by 1%	$ (3,238)	(2,772)
	Decrease by 1%	$ 3,238	2,772

5. Other price risk

If the price of equity securities changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

	January to March, 2023		January to March, 2022	
Securities price as of the reporting date	Other comprehensive income, net of tax	Net income for the period	Other comprehensive income, net of tax	Net income for the period
Increase of 1%	$ 2,997	-	2,544	-
Decrease of 1%	(2,997)	-	(2,544)	-

6. Fair value of financial instruments

(1) Type and fair value of financial instruments

The consolidated company's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	2023.3.31				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 150,249	150,249	-	-	150,249
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 149,494	-	-	149,494	149,494

	2022.12.31				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss					
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 146,010	146,010	-	-	146,010
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 145,021	-	-	145,021	145,021

	2022.3.31				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 126,228	126,228	-	-	126,228
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 128,178	-	-	128,178	128,178

(2) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions adopted by the consolidated company for valuating instruments not at fair value were as follows:

For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. When market value is unavailable, valuation method is adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

(3) Valuation techniques for financial instruments that are measured at fair value

If there is an active market for a financial instrument, the fair value of the instrument is based on the quoted market price in the active market. The market prices announced by major exchanges and the central government bond counter trading centers, which are judged to be popular, are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments with active market quotations.

A financial instrument has an active market for public quotations if public quotations are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and the price represents an actual and frequent arm's length market transaction. If above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counter-parties. The fair values obtained through valuation techniques may be calculated based on the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including the models based on market information available at the date of the consolidated balance sheet (e.g., over-the-counter (OTC) reference yield curves, Reuters average quoted commercial paper rates).

The fair value of financial instruments held by the consolidated company that are traded in an active market are presented by category and attribute as follows:

The fair values of listed redeemable bonds, listed stocks, bills of exchange and corporate bonds, which are financial assets and financial liabilities with standard terms and conditions and traded in active markets, are determined based on the quoted market prices, respectively.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counter-parties. The fair values obtained through valuation techniques may be calculated based on the current fair values of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including the models based on market information available at the date of the balance sheet.

The fair value of financial instruments held by the Consolidated Company that do not have an active market is estimated using the Comparable Listed Company Act and the net asset value method, with the main assumptions of the Comparable Listed Company Act being the net share price multiplier and the cost-benefit ratio multiplier of comparable listed companies. The net asset value method is used to assess the total value of the individual assets and liabilities covered by the valuation technique to reflect the overall value of the Company. This estimate adjusts for the effect of the lack of marketability of the equity securities at a discount.

(4) Transfers between Level 1 and Level 2 fair value hierarchy: None.

(5) Details of changes in Level 3 fair value hierarchy:

	Financial assets measured at fair value through other comprehensive income - inactive market
Balance as of January 1, 2023	$ 145,021
Recognized in other comprehensive income	4,473
Balance as of March 31, 2023	**$ 149,494**
Balance as of January 1, 2022	$ 129,807
Recognized in other comprehensive income	(1,629)
Balance as of March 31, 2022	**$ 128,178**

The above mentioned total gain or loss is recorded and reported under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income."

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The consolidated company classified the financial assets measured at fair value through other comprehensive income and loss – non-current as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs are independent, therefore, there is no correlation between them. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income - non-current (inactive market)	Net asset value method	• Net asset value • Marketability discount (9%, 9% and 10% for March 31, 2023, December 31, 2022 and March 31, 2022)	• The higher the value of net asset, the higher the fair value • The higher the marketability discount, the lower the fair value.
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Market approach	• Price-book ratio (PBR) multiples (1.27~5.46, 1.12~4.16 and 1.27~1.28 for March 31, 2023, December 31, 2022 and March 31, 2022) • Price-earnings ratio (PER) multiples (19.47~21.97 and 13.3~13.7 for March 31, 2023, and December 31, 2022) • Marketability discount (14.48%~28.15%, 14.48%~28.15% and 30% for March 31, 2023, December 31, 2022 and March 31, 2022)	• The higher the price-book ratio, the higher the fair value. • The higher the price-to-earning ratio, the higher the fair value • The higher the marketability discount, the lower the fair value.

(7) Fair value measurement for Level 3, and sensitivity analysis of fair value on reasonably possible alternative assumptions

The Group's fair value measurement on the financial instruments is considered reasonable; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. If valuation parameters change, financial instruments classified as Level 3 will have effects on the profit/loss or other comprehensive income, stated as follows:

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
March 31, 2023				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	1,808	(1,808)
	Net asset value method	±1%	465	(465)
	Price-book ratio (PBR) multiples	±1%	2,836	(2,836)
	Price-earnings ratio (PER) multiples	±1%	48	(48)
December 31, 2022				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	1,776	(1,776)
	Net asset value method	±1%	504	(504)
	Price-book ratio (PBR) multiples	±1%	5,369	(5,369)
	Price-earnings ratio (PER) multiples	±1%	76	(76)
March 31, 2022				
Financial assets measured at fair value through other comprehensive income				

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income: Favorable change	Fair value change reflected in other comprehensive income: Unfavorable change
Investments in equity instrument without active market	Marketability discount	±1%	1,427	(1,427)
	Net asset value method	±1%	588	(588)
	Price-book ratio (PBR) multiples	±1%	2,568	(2,568)
	Price-earnings ratio (PER) multiples	±1%	723	(723)

The Group's favorable and unfavorable changes refer to fluctuation of fair value, and the fair value is calculated according to unobservable inputs of different level via the valuation technique. The fair value of the financial instrument is affected by more than one inputs, the table above only reflects the effect caused by the change of one single input, and the correlation and difference among inputs are not considered.

(XXI) Financial risk management

There were no significant changes in the objectives and policies of the consolidated company's financial risk management comparing to those disclosed in Note VI(XXII) of the consolidated financial statements for the year ended December 31, 2022.

(XXII) Capital management

The consolidated company's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2022. For relevant information, please refer to Note VI(XXIII) of the consolidated financial statements for the year ended December 31, 2022.

(XXIII) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the three months ended March 31, 2023 and 2022 were as follows:

1. For right-of-use assets obtained via leases, please refer to Note VI(VII).
2. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	2023.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2023.3.31
Short-term loans	$ 1,254,000	(10,000)	-	-	1,244,000
Lease liabilities	15,467	(4,871)	55	-	10,651
Long-term loans	375,000	-	-	-	375,000
	$ 1,644,467	(14,871)	55	-	1,629,651

			Non-cash changes		
	2022.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2022.3.31
Short-term loans	$ 1,306,000	20,000	-	-	1,326,000
Lease liabilities	19,487	(6,823)	115	13,366	26,145
Long-term loans	10,000	50,000	-	-	60,000
	$ 1,335,487	63,177	115	13,366	1,412,145

VII. Related Party Transactions

(I) Related parties' name and relationships

Name of related party	Relationship with the consolidated company
Shenzhen Gather Electronics Science Co., Ltd.	An associate to the consolidated company
Hubei Gather Electronics Science Co., Ltd. (Note)	An associate to the consolidated company
INPAQ Technology Co., Ltd.	Corporate Director of the Company
WALSIN Technology Corporation	Parent Company of the Corporate Director of the Company

Note: Hubei Gather Electronics Science Co., Ltd. Is a subsidiary controlled by Shenzhen Gather Electronics Science Co., Ltd.

(II) Significant transactions with related parties

1. Operating revenue

	January to March, 2023	January to March, 2022
Hubei Gather Electronics Science Co., Ltd.	$ 13,594	18,191

The sales price to related parties and non-related parties is determined by the specifications of the products being sold, and some products are given discounts of varying degrees depending on the quantity sold. Therefore, the pricing strategy is not significantly different. The credit conditions of the related parties are from 120 days to 150 days based on the monthly statement. The credit conditions of general customers are determined by the individual client's past transaction experience and the results of debt evaluation. The range is between 60 to 150 days.

2. Purchases

	January to March, 2023	January to March, 2022
Hubei Gather Electronics Science Co., Ltd.	$ 2,891	2,051

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days from end of month for general suppliers, and 90 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of Related Parties	2023.3.31	2022.12.31	2022.3.31
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	$ -	-	2,280
	Hubei Gather Electronics Science Co., Ltd.	40,684	46,639	47,974
	WALSIN Technology Corporation	45	45	-
		$ 40,729	46,684	50,254

4. Payables to related parties

Financial Statement Account	Category of Related Parties	2023.3.31	2022.12.31	2022.3.31
Accounts payable	Hubei Gather Electronics Science Co., Ltd.	$ 5,199	7,513	3,852

5. Property Transactions

The Company purchased other equipment from INPAQ Technology for total amount of NT$1,317 thousand in September 2022. Up to December 31, 2022, the final payment yet to be paid was NT$1,383 thousand.

The amount was paid in full on March 31, 2023.

6. Other transactions

The consolidated company engaged in contracts associated with winding machines with INPAQ Technology. Service income generated was NT$632 thousand for the three months ended March 31, 2022. As of March 31, 2022, receivables from related parties from the above transactions amounted to NT$559 thousand.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	January to March, 2023	January to March, 2022
Short-term employee benefits	$ 6,365	11,915
Benefits after retirement	108	108
	$ 6,473	12,023

VIII. Pledged Assets: None.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events

TAI-TECH Advanced Electronics Co., Ltd. acquired 25,000,000 shares of the Company in the open market and became the largest shareholder of the Company with a 28.1% ownership ratio after the closing date on April 6, 2023. On April 13, 2023, the former corporate director, INPAQ, was terminated ex-officio when it transferred more than one-half of the shares held at the time of its election during its term of office.

XII. Others

The following is the summary statement of employee benefits and depreciation expenses by function:

Function / Type	January to March, 2023			January to March, 2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	61,182	41,283	102,465	83,684	54,007	137,691
Labor and health insurance expense	287	2,086	2,373	331	2,827	3,158
Pension expense	231	1,188	1,419	247	1,069	1,316
Other employee benefits expenses	1,492	2,005	3,497	1,328	2,128	3,456
Depreciation	51,900	8,944	60,844	50,424	11,599	62,023
Amortization	220	1,033	1,253	222	1,077	1,299

XIII. Supplementary Disclosures

(I) Significant transactions information

Relevant information about significant transactions to be disclosed by the consolidated company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Financing provided to others:

No.	Lending Company	Borrower	Subject	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount Actually Drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for Short-term Financing	Loss Allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	Apaq Wuxi	Other Receivables - Related Parties	Yes	182,880	182,700	-	-	Business Transaction	1,695,410		-		-	1,107,523	1,107,523
0	The Company	Apaq Hubei	Other Receivables - Related Parties	Yes	182,880	182,700	-		Short-term Financing	-	Business Needs of Subsidiary	-		-	1,107,523	1,107,523

Note 1: For firms or companies having business relationship with the Company, the financing amount to an individual party is limited to the transaction amount between both parties.

Note 2: Total amount of financing to external parties shall be limited to 40% of the equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/ Guarantee Provider	Object of Endorsements/Guarantees		Limit on Endorsements/ Guarantees Provided for A Single Party	Maximum Balance in Current Period	Ending Balance of Endorsement and Guarantee	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Apaq Wuxi	Subsidiary	2,768,807	213,360	213,150	-	-	7.70%	2,768,807	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,768,807	213,360	213,150	-	-	7.70%	2,768,807	Y	N	Y

Note 1: The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

Note 2: The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remark
				Shares	Carrying amount	Shareholding %	Fair Value	
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income-current	4,710	150,249	4.64%	150,249	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income-non-current	1,000	29,450	5.80%	29,450	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income-non-current	18	2,036	10.73%	2,036	
The Company	Chia Lin Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,800	16,992	3.64%	16,992	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	3,770	85,313	5.39%	85,313	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	240	2,873	3.20%	2,873	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income-non-current	800	12,830	8.00%	12,830	

4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital: None.

			Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		
Company Name	Name of the Counterparty	Relationship	Purchases/ sales	Amount	Ratio of total purchase (sales)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes/ Accounts Receivable or Payable	Remark
The Company	Apaq Wuxi	Subsidiary	Purchases	420,759	99 %	60 days	-	Note 1	429,405	98%	Note 2
Apaq Wuxi	Apaq Hubei	Same parent company	Purchases	107,973	41 %	120 days monthly settlement	-	Note 1	81,720	21%	Note 2

Note 1: The payment period of general suppliers ranges from 30 days to 90 days on the monthly statement, and the payment period for Apaq Wuxi is 60 days and 120 days.

Note 2: Related transactions and closing balances have been eliminated from the consolidated financial statements.

8. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount:

Company Name	Name of the Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Periods (Note 2)	Loss Allowance
					Amount	Action taken		
Apaq Wuxi	The Company	Parent-subsidiary company	429,405 (Note 1)	-	-	-	140,673	-

Note 1: Including accounts receivable arising from sales.

Note 2: It refers to the recovery status as of April 24, 2023.

9. Trading in derivative instruments: None.
10. Parent-subsidiary company business relation and significant transactions:

				Conditions of Transactions			
No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Purchases	420,759	60 days	71%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Sales	12,137	60 days	2%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts receivable	59,577	60 days	1%

				Conditions of Transactions			
No.	**Name of Trader**	**Name of Counterparty**	**Relation with the Transacting Party**	**Account**	**Amount**	**Terms of Transaction**	**Ratio to Consolidated Revenue or Total Assets**
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts payable	429,405	60 days	9%
1	Apaq Wuxi	Apaq Hubei	Subsidiary to Subsidiary	Purchases	107,973	120 days monthly settlement	18%
1	Apaq Wuxi	Apaq Hubei	Subsidiary to Subsidiary	Accounts payable	81,720	120 days monthly settlement	2%

(II) Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

				Original Investment Amount		Ending Balance					
Name of Investor	**Name of investees**	**Primary Business**	**Primary Business**	**End of the period**	**End of Last Year**	**Shares**	**%**	**Carrying amount**	**Net Income (Loss) of the Investee**	**Investment Profit or Loss Recognized in the Current Period**	**Remark**
The Company	APAQ Samoa	Samoa	Holding	1,396,226	1,377,960	45,104	100%	2,179,206	16,731	18,966	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components	30,000	30,000	3,000	30%	24,747	(3,079)	(924)	Associate
The Company	JDX Technology Co.,Ltd.	Taiwan	Production and sales of electronic components	7,000	7,000	700	45%	2,433	(1,996)	(901)	Associate

Note 1: Share of profit/loss includes adjustments for upstream transactions between affiliates.

Note 2: Related transactions and closing balances have been eliminated from the consolidated financial statements.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

					Remittance or Recovery of Investment the Current Period								
Name of Investee	**Primary Business**	**Paid-in Capital**	**Method of Investment**	**Beginning Balance of Accumulated Outflow of Investment from Taiwan**	**Outward Remittance**	**Recovery**	**Ending Balance of Accumulated Outflow of Investment from Taiwan**	**Net Income (Loss) of the Investee**	**The Company's Percentage of Direct or Indirect Ownership**	**Investment Gains (Losses) Recognized in the Current Period**	**Carrying Amount of Investment at the End of Period**	**Ending Balance of Accumulated Inward Remittance of Earnings**	**Remark**
Apaq Wuxi	Production and sales of electronic components	1,227,007 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	19,037	100%	19,037 Note 3	2,158,388 Note 3	-	Note 5
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	44,312 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	(1,812)	35%	(1,053) Note 4	50,482 Note 4	-	
Apaq Hubei	Production and sales of electronic components	253,641 (USD8,500 thousand)	Note 2	231,962 (USD8,000 thousand)	15,222 (USD500 thousand)	-	247,184 (USD8,500 thousand)	8,411	100%	9,109 Note 3	340,776 Note 3	-	Note 5

2. Limits of reinvestments in mainland China:

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 6)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Upper limit on investment authorized by MOEAIC
1,585,195 (USD50,200 thousand and RMB9,800 thousand)	1,691,770 (USD53,700 thousand and RMB9,800 thousand)	(Note 7)

Note 1: Investment in Mainland China indirectly through a third area.
Note 2: Direct investment in Mainland China.
Note 3: It was recognized based on financial statements of the same period reviewed by the CPAs.
Note 4: It was recognized based on financial statements of the same period not reviewed by the CPAs.
Note 5: Related transactions and closing balances have been eliminated from the consolidated financial statements.
Note 6: The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 53,700 thousand and RMB 9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of March 31, 2023, the approved investment amount was US$3,500 thousand, of which US$2,000 thousand had not been automatically lapsed for three years, and the remaining US$1,500 thousand had not been remitted.
Note 7: The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. Substantial transactions:

Please refer to the "Information on Significant Transactions" for direct or indirect material transactions between the consolidated company and investees in China (which have been eliminated during the preparation of consolidated financial statements) for the three months ended March 31, 2023.

(IV) Information on major shareholders:

Unit: Shares

Shareholding / Name of Major Shareholder	No. of Shares Held	Shareholding %
Hua Cheng Venture Capital Co., Ltd.	10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90%
Prosperity Dielectrics Co., Ltd.	5,280,000	5.93%
INPAQ Technology Co., Ltd.	4,776,329	5.36%
Walton Advanced Engineering, Inc.	4,591,000	5.16%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

XIV. Segment Information

The consolidated company focuses on producing ultra-small, high temperature-resistant, long life, low impedance electrolytic capacitors and cooperates with customers to develop and manufacture high voltage capacitors, chip capacitors, organic semiconductor solid capacitors and high energy storage capacitors. It is a single operating segment. The information of the operating segment is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for revenue (revenue from external customers) and income/loss of the segment and the consolidated balance sheets for segment information.