

**APAQ TECHNOLOGY CO., LTD. and  
Subsidiaries**

**Consolidated Financial Statements and  
Independent Auditors' Review Report**

**Quarter 2 of 2023 and 2022**

**Address: 4F., No.2 & 6, Kedong 3rd Rd., Chunan Township, Miaoli County  
Tel: (037)777-588**

Notice to Reader

*For the convenience of readers, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.*

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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 June 30, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months and the six 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\$74,369 thousand and NT\$84,329 thousand as of June 30, 2023 and 2022, respectively. The share of corporate profit or loss recognized under the equity method were (NT\$3,177 thousand) and (NT\$595 thousand) and (NT\$6,055 thousand) and (NT\$888 thousand) for the three months and the six 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 June 30, 2023 and 2022, and their consolidated financial performance and cash flows for the three months and six months ended June 30, 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: :

Securities Competent Authority : Jin-Guan-Zheng-Shen-Zi No. 1020002066  
Approval No. : (88) Taiwan-Finance-Securities-VI-18311  
August 7, 2023

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**

**Consolidated Balance Sheets**

**As of June 30, 2023, December 31 and June 30, 2022**

**Unit: NT\$ thousands**

	2023.6.30		2022.12.31		2022.6.30			2023.6.30		2022.12.31		2022.6.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>								<b>Liabilities and Equity</b>					
<b>Current assets:</b>								<b>Current liabilities:</b>					
1100 Cash and cash equivalents [Note VI(I)]	\$ 1,409,227	27	1,232,368	25	1,104,461	23	2100 Short-term loans [Note VI(X)]	\$ 1,214,000	23	1,254,000	25	1,336,000	27
1120 Financial assets at fair value through other comprehensive income - current [Note VI(II)]	191,462	4	146,010	3	134,235	3	2170 Accounts payable	406,641	8	268,379	5	347,726	7
1150 Notes receivable [Note VI(III)]	41,207	1	46,131	1	45,631	1	2180 Accounts payable - related parties [Note VII]	9,490	-	8,896	-	7,440	-
1170 Accounts receivable [Note VI(III)]	983,941	19	885,458	18	905,344	18	2201 Payroll and bonus payable	111,889	2	123,208	2	130,537	3
1180 Accounts receivable - related parties [Notes VI(III) & VII]	46,367	1	46,685	1	50,329	1	2213 Payable on equipment	39,744	1	27,714	1	27,886	1
1310 Inventories, net [Note VI(IV)]	788,888	15	773,510	16	822,197	17	2216 Dividends payable [Note VI(XVI)]	202,293	4	-	-	177,907	4
1479 Other current assets [Note VI(VIII)]	59,564	1	64,389	1	59,664	1	2280 Lease liabilities - current [Note VI(XII)]	8,638	-	14,627	-	10,541	-
	<u>3,520,656</u>	<u>68</u>	<u>3,194,551</u>	<u>65</u>	<u>3,121,861</u>	<u>64</u>	2322 Long-term liabilities, current portion [Note VI(XI)]	6,944	-	-	-	-	-
<b>Non-current assets:</b>							2399 Other current liabilities	<u>148,359</u>	<u>3</u>	<u>124,947</u>	<u>3</u>	<u>153,074</u>	<u>3</u>
1517 Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	175,272	3	145,021	3	134,204	3		<u>2,147,998</u>	<u>41</u>	<u>1,821,771</u>	<u>36</u>	<u>2,191,111</u>	<u>45</u>
1550 Investments accounted for under the equity method [Note VI(V)]	74,369	2	80,623	2	84,329	2	<b>Non-current liabilities:</b>						
1600 Property, plant and equipment [Note VI(VI)]	1,284,412	25	1,363,219	28	1,390,242	28	2540 Long-term loans [Note VI(XI)]	368,056	7	375,000	8	85,000	2
1755 Right-of-use assets [Note VI(VII)]	25,486	-	25,986	-	24,090	-	2580 Lease liabilities - non-current [Note VI(XII)]	6,687	-	840	-	2,867	-
1780 Intangible assets [Note VI(IX)]	24,029	-	26,508	1	29,106	1		<u>374,743</u>	<u>7</u>	<u>375,840</u>	<u>8</u>	<u>87,867</u>	<u>2</u>
1840 Deferred income tax assets	64,264	1	39,800	1	45,947	1	<b>Total Liabilities</b>	<u>2,522,741</u>	<u>48</u>	<u>2,197,611</u>	<u>44</u>	<u>2,278,978</u>	<u>47</u>
1920 Refundable deposits	28,653	1	23,155	-	26,668	-	Equity [Note VI (XV)]:						
1990 Other non-current assets [Note VI(VIII)]	21,754	-	19,488	-	28,974	1	3100 Share capital	889,535	17	889,535	18	889,535	18
	<u>1,698,239</u>	<u>32</u>	<u>1,723,800</u>	<u>35</u>	<u>1,763,560</u>	<u>36</u>	3200 Capital surplus	765,757	15	765,757	16	765,757	16
<b>Total assets</b>	<b>\$ 5,218,895</b>	<b>100</b>	<b>4,918,351</b>	<b>100</b>	<b>4,885,421</b>	<b>100</b>	3300 Retained earnings	1,093,140	21	1,155,909	24	1,015,637	20
							3400 Other equity	(11,904)	-	(50,087)	(1)	(64,486)	(1)
							3500 Treasury stocks	(40,374)	(1)	(40,374)	(1)	-	-
							<b>Total equity</b>	<u>2,696,154</u>	<u>52</u>	<u>2,720,740</u>	<u>56</u>	<u>2,606,443</u>	<u>53</u>
							<b>Total liabilities and equity</b>	<b>\$ 5,218,895</b>	<b>100</b>	<b>4,918,351</b>	<b>100</b>	<b>4,885,421</b>	<b>100</b>

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended June 30, 2023 and 2022**

Unit: NT\$ thousands

	April to June, 2023		April to June, 2022		January to June, 2023		January to June, 2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Net sales revenue [Notes VI(XVII) & VII]	\$ 703,138	100	600,644	100	1,295,956	100	1,336,738	100
5110	Cost of goods sold [Notes VI(IV),(XVIII) & VII]	514,735	73	422,216	70	965,494	75	988,968	74
5950	<b>Gross profit</b>	<u>188,403</u>	<u>27</u>	<u>178,428</u>	<u>30</u>	<u>330,462</u>	<u>25</u>	<u>347,770</u>	<u>26</u>
6000	Operating expenses [Notes VI(XVIII) & VII]:								
6100	Selling expenses	31,098	4	27,758	5	56,077	4	55,132	4
6200	Administrative expenses	43,801	6	46,654	8	91,627	7	98,924	7
6300	Research and development expenses	22,890	3	23,400	4	44,165	3	45,883	3
	<b>Total operating expenses</b>	<u>97,789</u>	<u>13</u>	<u>97,812</u>	<u>17</u>	<u>191,869</u>	<u>14</u>	<u>199,939</u>	<u>14</u>
6900	<b>Operating income</b>	<u>90,614</u>	<u>14</u>	<u>80,616</u>	<u>13</u>	<u>138,593</u>	<u>11</u>	<u>147,831</u>	<u>12</u>
7000	<b>Non-operating income and expenses:</b>								
7020	Other gains and losses [Notes VI()(XIX)]	3,278	-	14,645	2	16,908	1	22,053	2
7050	Finance costs [Notes VI (XII) & (XIX)]	(7,474)	(1)	(4,227)	(1)	(14,843)	(1)	(7,761)	(1)
7100	Interest income [Notes VI(XIX)]	5,932	1	730	-	9,791	1	1,466	-
7230	Foreign exchange gain (loss) [Note VI(XX)]	51,071	7	62,673	10	35,398	3	104,471	8
7370	Share of profit (loss) of associates accounted for under the equity method [Note VI(V)]	(3,177)	-	(595)	-	(6,055)	-	(888)	-
	<b>Non-operating income and expenses, net</b>	<u>49,630</u>	<u>7</u>	<u>73,226</u>	<u>11</u>	<u>41,199</u>	<u>4</u>	<u>119,341</u>	<u>9</u>
7900	<b>Income before income tax</b>	<u>140,244</u>	<u>21</u>	<u>153,842</u>	<u>24</u>	<u>179,792</u>	<u>15</u>	<u>267,172</u>	<u>21</u>
7950	Less: Income tax expense [Note VI(XIV)]	30,331	4	40,654	7	40,268	3	69,012	5
	<b>Net income for the period</b>	<u>109,913</u>	<u>17</u>	<u>113,188</u>	<u>17</u>	<u>139,524</u>	<u>12</u>	<u>198,160</u>	<u>16</u>
8300	<b>Other comprehensive income:</b>								
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>								
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	75,802	11	14,033	2	84,514	7	393	-
	<b>Total of items that may not be reclassified subsequently to profit or loss</b>	<u>75,802</u>	<u>11</u>	<u>14,033</u>	<u>2</u>	<u>84,514</u>	<u>7</u>	<u>393</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Financial statements translation differences of foreign operations	(70,094)	(10)	(41,682)	(7)	(57,914)	(4)	42,265	3
8399	Less: Income tax related to items that may be reclassified [Note VI(XIV)]	(14,019)	(2)	(8,336)	(1)	(11,583)	1	8,453	1
	<b>Total of items that may be reclassified subsequently to profit or loss</b>	<u>(56,075)</u>	<u>(8)</u>	<u>(33,346)</u>	<u>(6)</u>	<u>(46,331)</u>	<u>(3)</u>	<u>33,812</u>	<u>2</u>
8300	<b>Other comprehensive income, net of tax</b>	<u>19,727</u>	<u>3</u>	<u>(19,313)</u>	<u>(4)</u>	<u>38,183</u>	<u>4</u>	<u>34,205</u>	<u>2</u>
	<b>Total comprehensive income</b>	<u>\$ 129,640</u>	<u>20</u>	<u>93,875</u>	<u>13</u>	<u>177,707</u>	<u>16</u>	<u>232,365</u>	<u>18</u>
	Earnings per Share (EPS) (Unit: NT\$) [Note VI(XVII)]								
9750	Basic earnings per share	<u>\$ 1.25</u>		<u>1.27</u>		<u>1.59</u>		<u>2.23</u>	
9850	Diluted earnings per share	<u>\$ 1.25</u>		<u>1.27</u>		<u>1.58</u>		<u>2.21</u>	

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 2023 and 2022**

**Unit: NT\$ thousands**

	Retained earnings						Other equity items		Total	Treasury stocks	Total equity
	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			
<b>Balance as of January 1, 2022</b>	\$ 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	-	-	-	-	198,160	198,160	-	-	-	-	198,160
Other comprehensive income for the period	-	-	-	-	-	-	33,812	393	34,205	-	34,205
Total comprehensive income	-	-	-	-	198,160	198,160	33,812	393	34,205	-	232,365
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	30,637	-	(30,637)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	13,390	(13,390)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(177,907)	(177,907)	-	-	-	-	(177,907)
<b>Balance as of June 30, 2022</b>	<b>\$ 889,535</b>	<b>765,757</b>	<b>196,753</b>	<b>98,691</b>	<b>720,193</b>	<b>1,015,637</b>	<b>(58,678)</b>	<b>(5,808)</b>	<b>(64,486)</b>	<b>-</b>	<b>2,606,443</b>
<b>Balance as of January 1, 2023</b>	\$ 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	-	-	-	-	139,524	139,524	-	-	-	-	139,524
Other comprehensive income for the period	-	-	-	-	-	-	(46,331)	84,514	38,183	-	38,183
Total comprehensive income	-	-	-	-	139,524	139,524	(46,331)	84,514	38,183	-	177,707
Earnings appropriation and distribution:											
Appropriation of legal reserve	-	-	33,843	-	(33,843)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(202,293)	(202,293)	-	-	-	-	(202,293)
Appropriation of special reserve	-	-	-	(48,604)	48,604	-	-	-	-	-	-
<b>Balance as of June 30, 2023</b>	<b>\$ 889,535</b>	<b>765,757</b>	<b>230,596</b>	<b>50,087</b>	<b>812,457</b>	<b>1,093,140</b>	<b>(113,201)</b>	<b>101,297</b>	<b>(11,904)</b>	<b>(40,374)</b>	<b>2,696,154</b>

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2023 and 2022**

Unit: NT\$ thousands

	January to June, 2023	January to June, 2022
<b>Cash flows from operating activities:</b>		
Income before income tax for the period	\$ 179,792	267,172
<b>Adjustments:</b>		
Income and expense items:		
Depreciation	120,167	121,298
Amortization	2,477	2,597
Interest expense	14,843	7,761
Interest income	(9,791)	(1,466)
Dividend income	(2,167)	(7,837)
Loss on market value decline and obsolete and slow-moving inventories	8,727	-
Share of loss of associates accounted for under the equity method	6,055	888
Loss (gain) on disposal and retirement of property, plant and equipment	1	(21)
Other non-cash expense (gain) items, net	-	312
Total income and expense items	<u>140,312</u>	<u>123,532</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(113,091)	155,352
Inventories	(37,906)	(115,440)
Other operating assets	3,430	2,940
Accounts payable (including related parties)	151,428	(71,341)
Other operating liabilities	(2,741)	2,159
Total adjustments	<u>141,432</u>	<u>97,202</u>
Cash generated from operations	321,224	364,374
Interest received	9,958	1,466
Dividend received	2,167	7,837
Interest paid	(14,841)	(7,461)
Income tax paid	<u>(35,781)</u>	<u>(46,711)</u>
<b>Net cash generated by operating activities</b>	<u>282,727</u>	<u>319,505</u>
<b>Cash flows from investing activities:</b>		
Financial assets at fair value through other comprehensive income of ccapital refunded from capital reduction	8,811	-
Acquisition of property, plant and equipment	(44,783)	(132,112)
Disposal of property, plant and equipment	23	26
Increase in refundable deposits	(6,000)	-
Decrease in other non-current assets	2,695	2,773
Increase in prepayments for business facilities	<u>(7,131)</u>	<u>(11,158)</u>
<b>Net cash used in investing activities</b>	<u>(46,385)</u>	<u>(140,471)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	520,000	80,000
Decrease in short-term loans	(560,000)	(50,000)
Proceeds from long-term loans	-	75,000
Repayment of lease principal	<u>(9,744)</u>	<u>(13,125)</u>
<b>Net cash flows generated from (used in) financing activities</b>	<u>(49,744)</u>	<u>91,875</u>
Effect of exchange rate changes	<u>(9,739)</u>	<u>5,374</u>
Increase in cash and cash equivalents	176,859	276,283
Cash and cash equivalents, beginning of the period	<u>1,232,368</u>	<u>828,178</u>
Cash and cash equivalents, end of the period	<u>\$ 1,409,227</u>	<u>1,104,461</u>

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Quarter 2 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 approved and issued on August 7, 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"

## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

- 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”
- Amendments to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments: “Supplier finance arrangements”
- Amendments to IAS 12 "Income Taxes titled International Tax Reform— Pillar Two Model Rules"

### 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:

Name of Investor	Name of Subsidiaries	Business Activities	Percentage of Ownership		
			2023.6.30	2022.12.31	2022.6.30
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.

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and  
Subsidiaries (continued)**

(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.

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

**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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Cash and demand deposit	\$ 925,443	718,732	1,060,178
Time deposit	483,784	513,636	44,283
Cash and cash equivalents	<u>\$ 1,409,227</u>	<u>1,232,368</u>	<u>1,104,461</u>

Please refer to Note VI(XXI) 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:

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Domestic listed stocks	<u>\$ 191,462</u>	<u>146,010</u>	<u>134,235</u>

2. Non-current:

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	\$ 22,799	29,170	28,230
Inpaq Korea Co., Ltd.	2,301	1,803	1,543
Element I Venture Capital Co., Ltd.	14,272	16,794	15,300
Kuan Kun Electronic Enterprise Co., Ltd.	118,389	66,584	65,943
AICP Technology Corporation	3,206	2,510	924
Yuanxin Semiconductor Co., Limited	14,305	28,160	22,264
	<u>\$ 175,272</u>	<u>145,021</u>	<u>134,204</u>

## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

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

	2023.6.30			2022.12.31			2022.6.30			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
USD	\$	797	31.14	24,819	1,017	30.71	31,232	1,017	29.72	30,225

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.

Element I Venture Capital resolved in its shareholders' meeting to undergo a capital reduction, and refunded a capital of TWD 2,000 thousand to the company in May 2023.

Foxfortune Technology Ventures Limited reduced its capital by 22% and refunded capital of NT\$6,811 thousand to the Company, as resolved by board of directors in May 2023.

For the six months ended June 30, 2023 and 2022, the consolidated entity recognized dividend income of NT\$2,167 thousand and NT\$ 7,837 thousand, respectively, from the above equity investments designated as at fair value through other comprehensive income.

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

	2023.6.30	2022.12.31	2022.6.30
Notes receivable	\$ 41,207	46,131	45,631
Accounts receivable	983,941	885,458	905,344
Receivables from related parties	46,367	46,685	50,329
	<b>\$ 1,071,515</b>	<b>978,274</b>	<b>1,001,304</b>

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:

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

	<b>2023.6.30</b>		
	<b>Carrying amount of accounts receivable (including related parties)</b>	<b>Ratio of loss on lifetime expected credit</b>	<b>Allowance for Lifetime Expected Credit Loss</b>
Not past due	\$ 1,057,176	0%	-
Past due 1-90 days	14,339	0%	-
<b>Total</b>	<b>\$ 1,071,515</b>		<b>-</b>

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

	<b>2022.6.30</b>		
	<b>Carrying amount of accounts receivable (including related parties)</b>	<b>Ratio of loss on lifetime expected credit</b>	<b>Allowance for Lifetime Expected Credit Loss</b>
Not past due	\$ 990,020	0%	-
Past due 1-90 days	11,284	0%	-
<b>Total</b>	<b>\$ 1,001,304</b>		<b>-</b>

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the three months and the six months ended June 30, 2023 and 2022.

(IV) Inventories, net	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Raw materials	\$ 217,932	201,064	216,658
Work in process and semi-finished products	79,733	66,276	65,639
Finished goods and commodity	491,223	506,170	539,900
	<b>\$ 788,888</b>	<b>773,510</b>	<b>822,197</b>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

The details of operating costs were as follows:

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Cost of goods sold	\$ 506,008	422,216	956,767	988,968
Loss on market value decline and obsolete and slow-moving inventories	8,727	-	8,727	-
	<b><u>\$ 514,735</u></b>	<b><u>422,216</u></b>	<b><u>965,494</u></b>	<b><u>988,968</u></b>

(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:

	<b>2023.6.30</b>	<b>2022.12.31</b>	<b>2022.6.30</b>
Associate	<b><u>\$ 74,369</u></b>	<b><u>80,623</u></b>	<b><u>84,329</u></b>

Share attributable to the consolidated company:

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Net loss for the period	\$ (3,177)	(595)	(6,055)	(888)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	<b><u>\$ (3,177)</u></b>	<b><u>(595)</u></b>	<b><u>(6,055)</u></b>	<b><u>(888)</u></b>

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.

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment and others</u>	<u>Constructi on in progress and equipment to be tested</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2023	\$ 380,034	2,066,646	203,504	174,483	2,824,667
Additions	-	28,882	5,842	25,466	60,190
Disposals and obsolescence	-	(3,373)	(607)	-	(3,980)
Reclassification	-	48,146	1,558	(49,704)	-
Effect of exchange rate changes	(8,609)	(45,787)	(2,996)	(3,510)	(60,902)
Balance as of June 30, 2023	<b>\$ 371,425</b>	<b>2,094,514</b>	<b>207,301</b>	<b>146,735</b>	<b>2,819,975</b>
Balance as of January 1, 2022	\$ 374,665	1,788,724	179,724	225,930	2,569,043
Additions	-	37,939	11,828	95,253	145,020
Disposals and obsolescence	-	(1,711)	(253)	-	(1,964)
Reclassification	-	67,320	3,100	(70,420)	-
Reclassification adjustments	-	-	-	(448)	(448)
Effect of exchange rate changes	6,993	31,769	2,228	3,959	44,949
Balance as of June 30, 2022	<b>\$ 381,658</b>	<b>1,924,041</b>	<b>196,627</b>	<b>254,274</b>	<b>2,756,600</b>
Depreciation:					
Balance as of January 1, 2023	\$ 194,791	1,137,524	129,133	-	1,461,448
Depreciation for the period	11,287	81,214	17,804	-	110,305
Disposals and obsolescence	-	(3,361)	(595)	-	(3,956)
Effect of exchange rate changes	(4,552)	(25,603)	(2,079)	-	(32,234)
Balance as of June 30, 2023	<b>\$ 201,526</b>	<b>1,189,774</b>	<b>144,263</b>	<b>-</b>	<b>1,535,563</b>
Balance as of January 1, 2022	\$ 166,899	974,161	97,478	-	1,238,538
Depreciation for the period	13,944	77,157	16,931	-	108,032
Disposals and obsolescence	-	(1,707)	(252)	-	(1,959)
Effect of exchange rate changes	3,119	17,544	1,084	-	21,747
Balance as of June 30, 2022	<b>\$ 183,962</b>	<b>1,067,155</b>	<b>115,241</b>	<b>-</b>	<b>1,366,358</b>
Carrying Amount:					
January 1, 2023	<b>\$ 185,243</b>	<b>929,122</b>	<b>74,371</b>	<b>174,483</b>	<b>1,363,219</b>
June 30, 2023	<b>\$ 169,899</b>	<b>904,740</b>	<b>63,038</b>	<b>146,735</b>	<b>1,284,412</b>
January 1, 2022	<b>\$ 207,766</b>	<b>814,563</b>	<b>82,246</b>	<b>225,930</b>	<b>1,330,505</b>
June 30, 2022	<b>\$ 197,696</b>	<b>856,886</b>	<b>81,386</b>	<b>254,274</b>	<b>1,390,242</b>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

(VII) Right-of-use assets

	<u>Land use rights</u>	<u>Buildings</u>	<u>Transport ation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2023	\$ 11,798	32,578	1,567	45,943
Additions	-	9,676	-	9,676
Disposals (contract expiration and early termination)	-	(2,320)	-	(2,320)
Effect of exchange rate changes	(267)	(286)	-	(553)
Balance as of June 30, 2023	<b><u>\$ 11,531</u></b>	<b><u>39,648</u></b>	<b><u>1,567</u></b>	<b><u>52,746</u></b>
Balance as of January 1, 2022	\$ 11,631	39,940	1,567	53,138
Additions	-	15,645	-	15,645
Write-off	-	(22,637)	-	(22,637)
Effect of exchange rate changes	217	(30)	-	187
Balance as of June 30, 2022	<b><u>\$ 11,848</u></b>	<b><u>32,918</u></b>	<b><u>1,567</u></b>	<b><u>46,333</u></b>
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	\$ 1,169	18,004	784	19,957
Depreciation for the period	145	9,456	261	9,862
Disposals (contract expiration and early termination)	-	(2,320)	-	(2,320)
Effect of exchange rate changes	(28)	(211)	-	(239)
Balance as of June 30, 2023	<b><u>\$ 1,286</u></b>	<b><u>24,929</u></b>	<b><u>1,045</u></b>	<b><u>27,260</u></b>
Balance as of January 1, 2022	\$ 864	22,031	262	23,157
Depreciation for the period	147	12,858	261	13,266
Disposals (contract expiration and early termination)	-	(14,177)	-	(14,177)
Effect of exchange rate changes	16	(19)	-	(3)
Balance as of June 30, 2022	<b><u>\$ 1,027</u></b>	<b><u>20,693</u></b>	<b><u>523</u></b>	<b><u>22,243</u></b>
Carrying amount of right-of-use assets:				
January 1, 2023	<b><u>\$ 10,629</u></b>	<b><u>14,574</u></b>	<b><u>783</u></b>	<b><u>25,986</u></b>
June 30, 2023	<b><u>\$ 10,245</u></b>	<b><u>14,719</u></b>	<b><u>522</u></b>	<b><u>25,486</u></b>
January 1, 2022	<b><u>\$ 10,767</u></b>	<b><u>17,909</u></b>	<b><u>1,305</u></b>	<b><u>29,981</u></b>
June 30, 2022	<b><u>\$ 10,821</u></b>	<b><u>12,225</u></b>	<b><u>1,044</u></b>	<b><u>24,090</u></b>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

(VIII) Other assets - current and non-current

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Prepayments for business facilities	\$ 15,524	10,458	16,880
Business tax credit	22,613	31,731	27,783
Prepaid expenses	24,923	19,900	22,909
Deferred expenses	6,230	9,030	12,094
Prepayments for goods and others	12,028	12,758	8,972
	<u>\$ 81,318</u>	<u>83,877</u>	<u>88,638</u>

(IX) Intangible assets

	<u>Computer software</u>	<u>Royalty fees</u>	<u>Total</u>
Carrying Amount:			
January 1, 2023	<u>\$ 861</u>	<u>25,647</u>	<u>26,508</u>
June 30, 2023	<u>\$ 259</u>	<u>23,770</u>	<u>24,029</u>
January 1, 2022	<u>\$ 2,297</u>	<u>29,400</u>	<u>31,697</u>
June 30, 2022	<u>\$ 1,583</u>	<u>27,523</u>	<u>29,106</u>

There were no material additions, disposals, provision or reversal of impairment where the consolidated company's intangible assets were concerned for the six months ended June 30, 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

	<u>2023.6.30</u>	<u>2022.12.31</u>	<u>2022.6.30</u>
Unsecured bank loans	<u>\$ 1,214,000</u>	<u>1,254,000</u>	<u>1,336,000</u>
Unused facilities	<u>\$ 1,051,802</u>	<u>1,044,506</u>	<u>638,612</u>
Interest rate range	<u>1.72%~1.895%</u>	<u>1.43%~2%</u>	<u>1.14%~1.4502%</u>

For the six months ended June 30, 2023 and 2022, new short-term borrowings amounted to NT\$520,000 thousand and NT\$80,000 thousand with interest rates of 1.72%~1.895% and 1.18%~1.19% per annum and maturity dates from July 2023 to September 2023 and July 2022 to September 2022, respectively. Payments of short-term borrowings amounted to NT\$560,000 thousand and NT\$50,000 thousand for the six months ended June 30, 2023 and 2022, respectively



**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

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

The pension expenses of the consolidated company for the three months from April 1 to June 30, 2023 and 2022, and for the six months from January 1 to June 30, 2023 and 2022 are disclosed in Note XII.

(XIV) Income tax

1. Income tax expense

The income tax expense (benefit) of the consolidated company for the three months from April 1 to June 30, 2023 and 2022, and for the six months from January 1 to June 30, 2023 and 2022 were as follows:

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

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Current income tax expenses	\$ 41,310	51,477	51,247	79,835
Adjustments to current income tax of prior periods	<u>(10,979)</u>	<u>(10,823)</u>	<u>(10,979)</u>	<u>(10,823)</u>
Current income tax expenses	<b><u>\$ 30,331</u></b>	<b><u>40,654</u></b>	<b><u>40,268</u></b>	<b><u>69,012</u></b>

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

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Exchange differences on translation of foreign operations	<b><u>\$ 14,019</u></b>	<b><u>8,336</u></b>	<b><u>11,583</u></b>	<b><u>(8,453)</u></b>

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

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

(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 June 30, 2023 and 2022. Please refer to Note VI(XVI) of the consolidated financial statements for the year ended December 31, 2022 for details.

1. Retained earnings

The appropriation of earnings of the two most recent years were resolved in the Board of Directors' meeting held on June 12 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 aforesaid earnings distribution is consistent with the resolution approved by the Company's board of directors. Relevant information is available at the Market Observation Post System website(MOPS).

2. 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:

Reason for buyback	January to June, 2023				Number of shares - ending
	Number of shares - beginning	Increase	Transfer	Cancelled	
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.

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

(XVI) Share-based payments

The Company's employee restricted stock awards plan

On June 21, 2022, the Company's shareholders meeting approved the issuance of 3,000 thousand restricted stock awards, to be granted to qualified full-time employees of the Company, which has been reported to and became effective by the Securities and Futures Bureau of the Financial Supervisory Commission. The record date of issuance is pending on the board of directors' approval.

The restricted stock awards granted to employees are required to be kept by a trust appointed by the Company before the vesting conditions are met. The employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of the restricted stock awards. Other than the rights being restricted before vesting conditions are met, the restricted stock awards carry the same rights as the Company's issued ordinary shares. In addition, any restricted stock awards that do not meet the vesting conditions will be forfeited and retired by the Company without compensation to the employees.

(XVII) Earnings per Share (EPS)

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Basic EPS:				
Net income attributable to the Company	<u>\$ 109,913</u>	<u>113,188</u>	<u>139,524</u>	<u>198,160</u>
Weighted average number of common stocks outstanding (in thousands of shares)	<u>87,954</u>	<u>88,954</u>	<u>87,954</u>	<u>88,954</u>
Basic EPS (NT\$)	<u>\$ 1.25</u>	<u>1.27</u>	<u>1.59</u>	<u>2.23</u>
Diluted EPS:				
Net income attributable to the Company	<u>\$ 109,913</u>	<u>113,188</u>	<u>139,524</u>	<u>198,160</u>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Weighted average number of common stocks outstanding (in thousands of shares)	87,954	88,954	87,954	88,954
Effect of potential diluted ordinary shares:				
Employee compensation to be distributed in stocks	<u>212</u>	<u>237</u>	<u>499</u>	<u>573</u>
Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares)	<u><b>88,166</b></u>	<u><b>89,191</b></u>	<u><b>88,453</b></u>	<u><b>89,527</b></u>
Diluted EPS (NT\$)	<u><b>\$ 1.25</b></u>	<u><b>1.27</b></u>	<u><b>1.58</b></u>	<u><b>2.21</b></u>

(XVIII) Revenue of customer contract

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Major regional markets				
China	\$ 672,610	556,425	1,237,716	1,237,508
Taiwan	14,431	36,426	29,461	88,554
Other Countries	<u>16,097</u>	<u>7,793</u>	<u>28,779</u>	<u>10,676</u>
	<u><b>\$ 703,138</b></u>	<u><b>600,644</b></u>	<u><b>1,295,956</b></u>	<u><b>1,336,738</b></u>
Major products				
Coiled conductive polymer solid capacitors	\$ 520,378	455,231	963,133	1,037,435
Chip-type conductive polymer solid state appliances	<u>182,760</u>	<u>145,413</u>	<u>332,823</u>	<u>299,303</u>
	<u><b>\$ 703,138</b></u>	<u><b>600,644</b></u>	<u><b>1,295,956</b></u>	<u><b>1,336,738</b></u>

(XIX) 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.

For the three months ended June 30, 2023 and 2022, the accrued employee bonuses were NT\$11,150 thousand and NT\$11,659 thousand, respectively; the accrued director

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

remuneration were NT\$3,279 thousand and NT\$3,429 thousand, respectively. For the six months ended June 30, 2023 and 2022, the accrued employee bonuses were NT\$14,073 thousand and NT\$21,848 thousand, respectively; the accrued director remuneration were NT\$4,139 thousand and NT\$6,426 thousand, respectively. The bonuses and remuneration were estimated based on the Company's net income before income tax and before deduction of employee bonuses and director remuneration for the respective periods, multiplied by the bonus and remuneration percentage stated in the Company's articles of incorporation, and were recognized as operating costs or operating expenses for the respective 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.

(XX) Non-operating income and expenses

1. Other gains and losses, net

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Dividend income	\$ 2,167	7,837	2,167	7,837
Subsidy income	(75)	7,025	13,385	13,555
Loss on disposal of property, plant and equipment	(11)	(4)	(1)	21
Others	1,197	(213)	1,357	640
	<b><u>\$ 3,278</u></b>	<b><u>14,645</u></b>	<b><u>16,908</u></b>	<b><u>22,053</u></b>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

2. Finance costs

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Interest expenses of loans from banks	\$ 7,424	4,152	14,753	7,587
Interest expense on lease liabilities	50	75	90	174
	<b><u>\$ 7,474</u></b>	<b><u>4,227</u></b>	<b><u>14,843</u></b>	<b><u>7,761</u></b>

3. Interest income

	<b>April to June, 2023</b>	<b>April to June, 2022</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
Interests on bank deposits	\$ 5,930	728	9,787	1,460
Other interest income	2	2	4	6
	<b><u>\$ 5,932</u></b>	<b><u>730</u></b>	<b><u>9,791</u></b>	<b><u>1,466</u></b>

(XXI) 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 June 30, 2023, December 31, 2022 and June 30, 2022, 43%, 46%, and 43%, 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

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

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):

	<u>Carrying amount</u>	<u>Contract Cash Flow</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>More than 12 months</u>
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 1,214,000	1,218,071	1,218,071	-	-
Accounts payable (including related parties)	416,131	416,131	416,131	-	-
Payroll and bonus payable	111,889	111,889	111,889	-	-
Payable on equipment	39,744	39,744	39,744	-	-
Dividends payable	202,293	202,293	202,293	-	-
Expenses payable (recorded as other current liabilities)	84,453	84,453	84,453	-	-
Lease liabilities (including current and non-current)	15,325	15,621	6,703	2,118	6,800
Long-term loans (including current portion)	375,000	395,236	3,531	10,475	381,230
	<b><u>\$ 2,458,835</u></b>	<b><u>2,483,438</u></b>	<b><u>2,082,815</u></b>	<b><u>12,593</u></b>	<b><u>388,030</u></b>
<b>December 31, 2022</b>					
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

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

	Carrying amount	Contract Cash Flow	Less than 6 months	6-12 months	More than 12 months
Long-term loans	375,000	399,226	3,228	3,317	392,681
	<b>\$ 2,148,891</b>	<b>2,176,488</b>	<b>1,774,293</b>	<b>8,671</b>	<b>393,524</b>

**June 30, 2022**

Non-derivative financial liabilities

Short-term loans	\$ 1,336,000	1,337,961	1,337,961	-	-
Accounts payable (including related parties)	355,166	355,166	355,166	-	-
Payroll and bonus payable	130,537	130,537	130,537	-	-
Payable on equipment	27,886	27,886	27,886	-	-
Dividends payable	177,907	177,907	177,907	-	-
Lease liabilities (including current and non-current)	13,408	13,507	7,758	2,868	2,881
Expenses payable (recorded as other current liabilities)	65,921	65,921	65,921	-	-
Long-term loans	85,000	89,999	660	678	88,661
	<b>\$ 2,191,825</b>	<b>2,198,884</b>	<b>2,103,796</b>	<b>3,546</b>	<b>91,542</b>

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:

	2023.6.30			2022.12.31			2022.6.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial Assets</u>									
<u>Monetary items</u>									
USD	\$ 53,452	31.14	1,664,495	48,596	30.71	1,492,383	47,394	29.72	1,408,550
RMB	79,796	4.3096	343,889	79,120	4.4094	348,872	63,450	4.4283	280,976
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,338	31.14	41,665	1,176	30.71	36,115	1,936	29.72	57,538

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

(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 six months ended June 30, 2023 and 2022 due to depreciation or appreciation of NT dollars against US dollars and RMB as of June 30, 2023, December 31, 2022 and June 30, 2022 with all other variables held constant were as follows:

	<b>Range of the fluctuations</b>	<b>January to June, 2023</b>	<b>January to June, 2022</b>
TWD exchange rate	1% depreciation against USD	<u>\$ 12,983</u>	<u>10,808</u>
	1% appreciation against USD	<u>\$ (12,983)</u>	<u>(10,808)</u>
	1% depreciation against RMB	<u>\$ 2,751</u>	<u>2,248</u>
	1% appreciation against RMB	<u>\$ (2,751)</u>	<u>(2,248)</u>

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

The foreign exchange gains (losses) (including realized and unrealized) for the three months and six months ended June 30, 2023 and 2022 were NT\$51,071 thousand, NT\$62,673 thousand, NT\$35,398 thousand, and NT\$104,471 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 June 30, 2023 and 2022 due to changes in interest rate with all other variables held constant were as follows:

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

	<u>Range of the fluctuations</u>	<u>January to Jun, 2023</u>	<u>January to Jun, 2022</u>
Annual borrowing rate	Increase by 1%	<u>\$ (6,356)</u>	<u>(5,684)</u>
	Decrease by 1%	<u>\$ 6,356</u>	<u>5,684</u>

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:

<u>Securities price as of the reporting date</u>	<u>January to Jun, 2023</u>		<u>January to Jun, 2022</u>	
	<u>Other comprehensive income, net of tax</u>	<u>Net income for the period</u>	<u>Other comprehensive income, net of tax</u>	<u>Net income for the period</u>
Increase of 1%	\$ 3,667	-	2,684	-
Decrease of 1%	(3,667)	-	(2,684)	-

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:

	<u>2023.6.30</u>				
	<u>Carrying amount</u>	<u>Fair Value</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	<u>\$ 191,462</u>	<u>191,462</u>	<u>-</u>	<u>-</u>	<u>191,462</u>
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	<u>\$ 175,272</u>	<u>-</u>	<u>-</u>	<u>175,272</u>	<u>175,272</u>

2022.12.31



## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

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

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

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:

	<b>Financial assets measured at fair value through other comprehensive income - inactive market</b>
Balance as of January 1, 2023	\$ 145,021
Capital refunded from capital reduction	(8,811)
Recognized in other comprehensive income	39,062
Balance as of June 30, 2023	<b>\$ 175,272</b>
Balance as of January 1, 2022	\$ 129,807
Recognized in other comprehensive income	4,397
Balance as of June 30, 2022	<b>\$ 134,204</b>

The abovementioned 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:

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Relationship between significant unobservable inputs and fair value measurement</b>
Financial assets measured at fair value through other comprehensive income - non-current (inactive market)	Net asset value method	<ul style="list-style-type: none"> <li>• Net asset value</li> <li>• Marketability discount (9% for June 30, 2023, December 31, 2022, and 10~20% for June 30, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the value of net asset, the higher the fair value</li> <li>• The higher the marketability discount, the lower the fair value.</li> </ul>
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Market approach	<ul style="list-style-type: none"> <li>• Price-book ratio (PBR) multiples (1.26~5.59, 1.12~4.16 and 1.17~4.16 for Jun 30, 2023, December 31, 2022 and Jun 30, 2022)</li> <li>• Price-earnings ratio (PER) multiples (22.75~ 48.03, 13.3~13.7 and 12.12~15.03 for Jun 30, 2023, and December 31, 2022 and Jun 30, 2022)</li> <li>• Marketability discount (14.48%~28.15%, 14.48%~28.15% and 15% for Jun 30, 2023, December 31, 2022 and Jun 30, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value.</li> <li>• The higher the price-to-earning ratio, the higher the fair value</li> <li>• The higher the marketability discount, the lower the fair value.</li> </ul>

(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:

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and  
Subsidiaries (continued)**

	Inputs	Increase or decrease change	Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change
<b>Jun 30, 2023</b>				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	2,142	(2,142)
	Net asset value method	±1%	407	(407)
	Price-book ratio (PBR) multiples	±1%	4,557	(4,557)
	Price-earnings ratio (PER) multiples	±1%	32	(32)
<b>December 31, 2022</b>				
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)
<b>Jun 30, 2022</b>				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	1,579	(1,579)
	Net asset value method	±1%	512	(512)
	Price-book ratio (PBR) multiples	±1%	3,949	(3,949)
	Price-earnings ratio (PER) multiples	±1%	75	(75)

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

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.

(XXII) 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.

(XXIII) 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.

(XXIV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the six months ended June 30, 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:

	<u>2023.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2023.6.30</u>
			<u>Change in Exchange fluctuations</u>	<u>Other changes</u>	
Short-term loans	\$ 1,254,000	(40,000)	-	-	1,214,000
Lease liabilities	15,467	(9,744)	(74)	9,676	15,325
Long-term loans	375,000	-	-	-	375,000
	<u>\$ 1,644,467</u>	<u>(49,744)</u>	<u>(74)</u>	<u>9,676</u>	<u>1,604,325</u>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and  
Subsidiaries (continued)**

	<u>2022.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2022.6.30</u>
			<u>Change in Exchange fluctuations</u>	<u>Other changes</u>	
Short-term loans	\$ 1,306,000	30,000	-	-	1,336,000
Lease liabilities	19,487	(13,125)	1	7,045	13,408
Long-term loans	10,000	75,000	-	-	85,000
	<b><u>\$ 1,335,487</u></b>	<b><u>91,875</u></b>	<b><u>1</u></b>	<b><u>7,045</u></b>	<b><u>1,434,408</u></b>

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

**VII. Related Party Transactions**

(I) Related parties' name and relationships

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Shenzhen Gather Electronics Science Co., Ltd.	An associate to the consolidated company
Hubei Gather Electronics Science Co., Ltd.	Is a subsidiary controlled by Shenzhen Gather Electronics Science Co., Ltd.
INPAQ Technology Co., Ltd.(Note)	The chairman of the consolidated company is also a natural person director of the company.
WALSIN Technology Corporation(Note)	Parent company of INPAQ Technology Co., Ltd.
JDX Technology Co.,Ltd.	Affiliate companies of the consolidated company valued by the equity method.

"Note: INPAQ Technology was originally a corporate director of this company. From April 13, 2023, due to the transfer of shares exceeding half of the holdings at the time of appointment, its director position was automatically terminated according to the law."

(II) Significant transactions with related parties

1. Operating revenue

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Hubei Gather Electronics Science Co., Ltd.	\$ 18,092	19,117	31,686	37,308
JDX Technology Co.,Ltd.	80	-	80	-
	<u>\$ 18,172</u>	<u>19,117</u>	<u>31,766</u>	<u>37,308</u>

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 90 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.

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

2. Purchases

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Hubei Gather Electronics Science Co., Ltd.	\$ 7,060	5,071	9,951	7,122

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	2023.6.30	2022.12.31	2022.6.30
Accounts receivable	Hubei Gather Electronics Science Co., Ltd.	\$ 46,282	46,639	50,329
	WALSIN Technology Corporation	-	45	-
	JDX Technology Co.,Ltd.	85	-	-
		\$ 46,367	46,684	50,329

4. Payables to related parties

Financial Statement Account	Category of Related Parties	2023.6.30	2022.12.31	2022.6.30
Accounts payable	Hubei Gather Electronics Science Co., Ltd.	\$ 9,490	7,513	7,440

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. The service revenues generated from April 1 to June 30, 2022 and 2023, and from January 1 to June 30 in the 2022 and 2023 were respectively NTD\$ (0) thousand, NTD\$ (211) thousand, NTD\$ (0) thousand, and NTD\$ (843) thousand.

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and  
Subsidiaries (continued)**

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Short-term employee benefits	\$ 12,684	13,039	19,049	24,954
Benefits after retirement	108	108	216	216
	<b>\$ 12,792</b>	<b>13,147</b>	<b>19,265</b>	<b>25,170</b>

**VIII. Pledged Assets: None.**

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

**X. Significant Disaster Loss: None.**

**XI. Significant Subsequent Events : None.**

**XII. Others**

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

Function Type	April to June, 2023			April to June, 2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	72,261	52,470	124,731	86,747	53,726	140,473
Labor and health insurance expense	284	2,132	2,416	314	1,965	2,279
Pension expense	230	1,202	1,432	250	1,103	1,353
Other employee benefits expenses	1,308	1,892	3,200	1,773	1,635	3,408
Depreciation	50,540	8,783	59,323	52,888	6,387	59,275
Amortization	214	1,010	1,224	220	1,078	1,298

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)**

Function Type	January to June, 2023			January to June, 2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit expenses						
Salary expense	133,443	93,753	227,196	170,431	107,733	278,164
Labor and health insurance expense	571	4,218	4,789	645	4,792	5,437
Pension expense	461	2,390	2,851	497	2,172	2,669
Other employee benefits expenses	2,800	3,897	6,697	3,101	3,763	6,864
Depreciation	102,440	17,727	120,167	103,312	17,986	121,298
Amortization	434	2,043	2,477	442	2,155	2,597

**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	Found Borrower Type	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	Apaaq Wuxi	Other Receivables - Related Parties	Yes	186,840	186,840	-	-	Business Transaction	1,695,410		-			1,078,462	1,078,462
0	The Company	Apaaq Hubei	Other Receivables - Related Parties	Yes	186,840	186,840	-	-	Short-term Financing	-	Business Needs of Subsidiary	-			1,078,462	1,078,462

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	Apaaq Wuxi	Subsidiary	2,696,154	217,980	217,980	-	-	8.08%	2,696,154	Y	N	Y
0	The Company	Apaaq Hubei	Subsidiary	2,696,154	217,980	217,980	-	-	8.08%	2,696,154	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.

## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

### 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			Fair Value	Remark
				Shares	Carrying amount	Shareholding %		
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income - current	4,710	191,462	4.64%	191,462	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - current	780	22,799	5.80%	22,799	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - current	18	2,301	10.73%	2,301	
The Company	Chia Lin Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	1,600	14,272	3.64%	14,272	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	3,770	118,389	5.39%	118,389	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	240	3,206	3.20%	3,206	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income - current	800	14,305	8.00%	14,305	

4. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of the 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% of the paid-in capital: None.

Company Name	Name of the Counterparty	Relationship	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remark
			Purchases/sales	Amount	Ratio of total purchase (sales)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	989,187	99 %	60 days days monthly settlement	-	Note 1	609,355	99%	Note 2
Apaq Wuxi	Apaq Hubei	Same parent company	Purchases	237,875	38 %	120 days monthly settlement	-	Note 1	87,770	18%	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.

## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

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		
Apag Wuxi	The Company	Parent-subsidiary company	609,355 (Note 1)	-	-	-	222,386	-

Note 1: Including accounts receivable arising from sales.

Note 2: It refers to the recovery status as of July 19, 2023.

9. Trading in derivative instruments: None.

10. Parent-subsidiary company business relation and significant transactions:

No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Conditions of Transactions			
				Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	Apag Wuxi	Parent company to a subsidiary	Purchases	989,187	60 days days monthly settlement	76%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Sales	40,012	60 days days monthly settlement	3%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Accounts receivable	54,894	60 days days monthly settlement	1%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Accounts payable	609,355	60 days days monthly settlement	12%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Purchases	237,875	120 days monthly settlement	18%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Accounts payable	87,770	120 days monthly settlement	2%

### (II) Information on reinvestment:

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

Name of Investor	Name of investees	Primary Business	Primary Business	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Investment Profit or Loss Recognized in the Current Period	Remark
				End of the period	End of Last Year	Shares	%	Carrying amount			
The Company	APAQ Samoa	Samoa	Holding	1,396,226	1,377,960	45,104	100%	2,220,601	129,602	120,953	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components	30,000	30,000	3,000	30%	24,080	(5,301)	(1,590)	Associate
The Company	JDX Technology Co.,Ltd.	Taiwan	Production and sales of electronic components	7,000	7,000	700	45%	1,436	(4,204)	(1,899)	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.

## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

### (III) Information on investments in Mainland China:

#### 1. Information on reinvestments in Mainland China

Name of Investee	Primary Business	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		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
					Outward Remittance	Recovery							
Apag Wuxi	Production and sales of electronic components	1,193,336 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	134,642	100%	134,642 Note 3	2,213,560 Note 3	-	Note 5
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	43,096 (RMB10,000 thousand)	Note 1	44,898(RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	(6,161)	35%	(2,566) Note 4	48,853 Note 4	-	
Apag Hubei	Production and sales of electronic components	246,681 (USD8,500 thousand)	Note 2	231,962 (USD8,000 thousand)	15,222 (USD500 thousand)	-	247,184 (USD8,500 thousand)	16,687	100%	16,537 Note 3	338,703 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)	1,694,185 (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 June 30, 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.

## Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

### 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 June 30, 2023.

### (IV) Information on major shareholders:

Unit: Shares

Name of Major Shareholder	Shareholding No. of Shares Held	Shareholding %
TAI-TECH Advanced Electronics Co., Ltd.	25,000,000	28.10%
Hua Cheng Venture Capital Co., Ltd.	10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90%

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.