

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

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

**Quarter 3 of 2023 and 2022**

**Address: 4F., No.2 & 6, Kedong 3rd Rd., Zhunan 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**

The consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries as of September 30, 2023 and September 30, 2022, the consolidated statements of comprehensive income for the three-month periods ended September 30, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022, along with the accompanying notes to the consolidated financial report (including a summary of significant accounting policies), have been reviewed by our CPAs. Management is responsible for the preparation and fair presentation of the consolidated financial report 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 report 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 Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial report 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 6(5) of the consolidated financial report, APAQ TECHNOLOGY CO., LTD. and Subsidiaries had investments accounted for using the equity method of NT\$79,767 thousand and NT\$84,209 thousand as of September 30, 2023 and 2022, respectively. The share of profit or loss from associated companies recognized using the equity method for the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, amounted to NT\$646 thousand, (NT\$2,052) thousand, (NT\$5,409) thousand, and (NT\$2,940) thousand, respectively, based on the unaudited financial report of the investee companies for the same periods.

### **Qualified Conclusion**

Except for possible effects from financial report 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 report do not present fairly, in all material respects, the consolidated financial position of APAQ TECHNOLOGY CO., LTD. and its subsidiaries as of September 30, 2023 and 2022, and their consolidated financial performance for the periods from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, and cash flows for the period from January 1 to September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the Financial Supervisory Commission.

KPMG Taiwan

Chun-Yuan Wu

CPAs

:

Cheng-Hsueh Chen

Securities Competent Authority  
Approval No.

Jin-Guan-Zheng-Shen-Zi No.  
: 1040007866  
Jin-Guan-Zheng-Shen-Zi No.  
1020002066

November 6, 2023

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**  
**Consolidated Balance Sheets**  
**As of September 30, 2023, December 31 and September 30, 2022**

**Unit: NT\$ thousand**

Assets		2023.9.30		2022.12.31		2022.9.30		Liabilities and Equity		2023.9.30		2022.12.31		2022.9.30			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents [Note VI(I)]	\$	1,276,208	25	1,232,368	25	1,204,505	25	2100	Short-term loans [Note VI(X)]	\$	976,000	19	1,254,000	25	1,236,000	26
1120	Financial assets measured at fair value through other comprehensive income - current [Note VI(II)]		-	-	146,010	3	108,095	2	2170	Accounts payable		365,462	7	268,379	5	212,401	4
1150	Notes receivable [Note VI(III)]		39,317	1	46,131	1	48,434	1	2180	Accounts payable - related parties [Note VII]		12,820	-	8,896	-	4,964	-
1170	Accounts receivable [Note VI(III)]		1,163,059	23	885,458	18	761,398	16	2201	Payroll and bonus payable		151,700	3	123,208	2	117,959	2
1180	Accounts receivable - related parties [Notes VI(III) & VII]		52,149	1	46,685	1	53,820	1	2213	Payable on equipment		32,060	1	27,714	1	42,433	1
1310	Inventories, net [Note VI(IV)]		727,013	14	773,510	16	816,045	17	2280	Lease liabilities - current [Note VI(XII)]		4,609	-	14,627	-	5,493	-
1479	Other current assets [Note VI(VIII)]		64,509	1	64,389	1	51,593	1	2322	Long-term loans due within one year or one operating cycle [Note VI(XI)]		139,944	3	-	-	-	-
			3,322,255	65	3,194,551	65	3,043,890	63	2399	Other current liabilities		145,956	3	124,947	3	140,185	3
	Non-current assets:										1,828,551	36	1,821,771	36	1,759,435	36	
1517	Financial assets measured at fair value through other comprehensive income - non-current [Note VI(II)]		220,920	4	145,021	3	137,633	3		Non-current liabilities:							
1550	Investments accounted for under the equity method [Note VI(V)]		79,767	2	80,623	2	84,209	2	2540	Long-term loans [Note VI(XI)]		335,056	7	375,000	8	375,000	8
1600	Property, plant and equipment [Note VI(VI)]		1,341,225	26	1,363,219	28	1,402,601	29	2580	Lease liabilities - non-current [Note VI(XII)]		6,325	-	840	-	1,835	-
1755	Right-of-use assets [Note VI(VII)]		21,482	-	25,986	-	18,079	-				341,381	7	375,840	8	376,835	8
1780	Intangible assets [Note VI(IX)]		22,938	-	26,508	1	27,809	1		Total Liabilities		2,169,932	43	2,197,611	44	2,136,270	44
1840	Deferred income tax assets		42,550	1	39,800	1	41,014	1		Equity [Note VI (XV)]:							
1920	Refundable deposits		29,775	1	23,155	-	23,352	-	3100	Share capital		889,535	17	889,535	18	889,535	19
1990	Other non-current assets [Note VI(VIII)]		28,062	1	19,488	-	25,197	1	3200	Capital surplus		768,493	15	765,757	16	765,757	16
			1,786,719	35	1,723,800	35	1,759,894	37	3300	Retained earnings		1,310,788	26	1,155,909	24	1,119,334	23
	Total assets	\$	5,108,974	100	4,918,351	100	4,803,784	100	3400	Other equity		10,600	-	(50,087)	(1)	(67,461)	(1)
									3500	Treasury stocks		(40,374)	(1)	(40,374)	(1)	(39,651)	(1)
										Total equity		2,939,042	57	2,720,740	56	2,667,514	56
										Total liabilities and equity	\$	5,108,974	100	4,918,351	100	4,803,784	100

(See the attached notes to consolidated financial report)

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 period from July 1 to September 30, 2023 and 2022, and the period from January 1 to September 30, 2023 and 2022**

**Unit: NT\$ thousand**

		<u>July to</u> <u>September, 2023</u>		<u>July to</u> <u>September, 2022</u>		<u>January to</u> <u>September, 2023</u>		<u>January to</u> <u>September, 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	<b>Net sales revenue</b> [Notes VI(XVIII) & VII]	\$ 822,109	100	518,907	100	2,118,065	100	1,855,645	100
5110	Cost of goods sold [Notes VI(IV), XIX & VII]	600,992	73	376,096	72	1,566,486	74	1,365,064	74
5950	<b>Gross profit</b>	221,117	27	142,811	28	551,579	26	490,581	26
6000	<b>Operating expenses</b> [Notes VI(XIX) & VII]:								
6100	Selling expenses	34,044	4	26,707	5	90,121	4	81,839	4
6200	Administrative expenses	49,515	6	49,385	10	141,142	7	148,309	8
6300	Research and development expenses	28,621	3	23,887	5	72,786	3	69,770	4
	<b>Total operating expenses</b>	112,180	13	99,979	20	304,049	14	299,918	16
6900	<b>Operating income</b>	108,937	14	42,832	8	247,530	12	190,663	10
7000	<b>Non-operating income and expenses:</b>								
7020	Other gains and losses [Notes VI(II) & (XX)]	16,717	2	12,640	2	33,625	1	34,693	2
7050	Finance costs [Notes VI (XII) & (XX)]	(7,585)	(1)	(5,410)	(1)	(22,428)	(1)	(13,171)	(1)
7100	Interest income [Notes VI(XX)]	4,029	-	541	-	13,820	1	2,007	-
7230	Net foreign exchange gain (loss) [Note VI(XXI)]	47,320	6	89,711	17	82,718	4	194,182	10
7370	Share of profit (loss) of associates accounted for under the equity method [Note VI(V)]	646	-	(2,052)	-	(5,409)	-	(2,940)	-
	<b>Non-operating income and expenses, net</b>	61,127	7	95,430	18	102,326	5	214,771	11
7900	<b>Income before income tax</b>	170,064	21	138,262	26	349,856	17	405,434	21
7950	<b>Less: Income tax expense</b> [Note VI(XIV)]	42,445	5	34,565	7	82,713	4	103,577	6
	<b>Net income for the period</b>	127,619	16	103,697	19	267,143	13	301,857	15
8300	<b>Other comprehensive income:</b>								
8310	<b>Items that may not be reclassified subsequently to profit or loss</b>								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	23,464	3	(22,711)	(4)	107,978	5	(22,318)	(1)
	<b>Total of items that may not be reclassified subsequently to profit or loss</b>	23,464	3	(22,711)	(4)	107,978	5	(22,318)	(1)
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Gains and loss on the exchange differences resulting from translating the financial statements in foreign operations	111,336	13	24,670	5	53,422	3	66,935	4
8399	Less: Income tax related to items that may be reclassified [Note VI(XIV)]	22,267	3	4,934	1	10,684	1	13,387	1
	<b>Total of items that may be reclassified subsequently to profit or loss</b>	89,069	10	19,736	4	42,738	2	53,548	3
8300	<b>Other comprehensive income (net of tax) for the period</b>	112,533	13	(2,975)	-	150,716	7	31,230	2
	<b>Total comprehensive income for the period</b>	\$ 240,152	29	100,722	19	417,859	20	333,087	17
	<b>Earnings per Share (EPS) (Unit: NT\$)</b> [Note VI(XVII)]								
9750	Basic Earnings per Share	\$ 1.45		1.17		3.04		3.39	
9850	Diluted earnings per share	\$ 1.45		1.16		3.02		3.36	

(See the attached notes to consolidated financial report)

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 nine months ended September 30, 2023 and 2022**

Unit: NT\$ thousand

	Retained earnings						Other equity items		Total	Treasury stocks	Total equity
	Share capital - common stocks	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Gains and loss on the exchange differences resulting from translating the financial statements in foreign operations	Gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
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	-	-	-	-	301,857	301,857	-	-	-	-	301,857
Other comprehensive income for the period	-	-	-	-	-	-	53,548	(22,318)	31,230	-	31,230
Total comprehensive income for the period	-	-	-	-	301,857	301,857	53,548	(22,318)	31,230	-	333,087
Declaration and Distribution of Surplus:											
Legal reserve appropriated	-	-	30,637	-	(30,637)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	13,390	(13,390)	-	-	-	-	-	-
Cash dividends for common stock	-	-	-	-	(177,907)	(177,907)	-	-	-	-	(177,907)
Repurchase of treasury stocks	-	-	-	-	-	-	-	-	-	(39,651)	(39,651)
Balance as of September 30, 2022	\$ 889,535	765,757	196,753	98,691	823,890	1,119,334	(38,942)	(28,519)	(67,461)	(39,651)	2,667,514
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	-	-	-	-	267,143	267,143	-	-	-	-	267,143
Other comprehensive income for the period	-	-	-	-	-	-	42,738	107,978	150,716	-	150,716
Total comprehensive income for the period	-	-	-	-	267,143	267,143	42,738	107,978	150,716	-	417,859
Declaration and Distribution of Surplus:											
Legal reserve appropriated	-	-	33,843	-	(33,843)	-	-	-	-	-	-
Cash dividends for common stock	-	-	-	-	(202,293)	(202,293)	-	-	-	-	(202,293)
Reversal of special reserve	-	-	-	(48,604)	48,604	-	-	-	-	-	-
Long-term equity investment shareholding ratio change impact amount	-	2,736	-	-	-	-	-	-	-	-	2,736
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	90,029	90,029	-	(90,029)	(90,029)	-	-
Balance as of September 30, 2023	\$ 889,535	768,493	230,596	50,087	1,030,105	1,310,788	(24,132)	34,732	10,600	(40,374)	2,939,042

(See the attached notes to consolidated financial report)

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 nine months ended September 30, 2023 and 2022**

**Unit: NT\$ thousand**

	<b>January to September, 2023</b>	<b>January to September, 2022</b>
<b>Cash flows from operating activities:</b>		
Income before income tax for the period	\$ 349,856	405,434
Adjustments:		
Income and expense items		
Depreciation expenses	181,508	180,461
Amortization	3,571	3,895
Interest expenses	22,428	13,171
Interest income	(13,820)	(2,007)
Dividend income	(6,501)	(11,229)
Loss on market value decline and obsolete and slow-moving inventories	11,065	-
Share of loss of associates accounted for under the equity method	5,409	2,940
Loss (gain) on disposal of property, plant and equipment	133	(177)
Other loss (profit) not affecting cash flows, net	4	434
Total profit and loss items	<u>203,797</u>	<u>187,488</u>
Changes in assets/liabilities related to business activities:		
Accounts receivable and notes receivable (including related parties)	(257,673)	303,034
Inventories	44,556	(103,376)
Other operating assets	205	12,810
Accounts payable (including related parties)	87,879	(217,445)
Other operating liabilities	42,414	(9,161)
Total adjustments	<u>121,178</u>	<u>173,350</u>
Cash inflows generated from operations	471,034	578,784
Interest received	14,438	2,007
Dividends received	6,501	11,229
Interest paid	(22,251)	(12,889)
Income tax paid	(91,151)	(96,731)
Net cash inflows generated by operating activities	<u>378,571</u>	<u>482,400</u>
<b>Cash flows from investing activities:</b>		
Acquired financial assets measured at fair value through other comprehensive income	(1,546)	-
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	250,823	-
Financial assets measured at fair value through other comprehensive income	8,811	-
Acquired financial assets measured at fair value through other comprehensive income - non-current	(80,000)	-
Acquisition of property, plant and equipment	(109,762)	(170,077)
Disposal of property, plant and equipment	24	26
Increase in refundable deposits	(6,193)	-
Decrease in refundable deposits	-	3,535
Decrease in other non-current assets	3,043	4,143
Increase in prepayments for equipment	(17,272)	(11,351)
Net cash flows generated from investing activities	<u>47,928</u>	<u>(173,724)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	720,000	180,000
Decrease in short-term loans	(998,000)	(250,000)
Proceeds from long-term loans	100,000	365,000
Repayment of lease principal	(14,750)	(18,561)
Distribution of cash dividends	(202,293)	(177,907)
Repurchases of treasury stocks	-	(39,651)
Net cash flows generated from financing activities	<u>(395,043)</u>	<u>58,881</u>
Effect of changes in exchange rate	12,384	8,770
Increase in cash and cash equivalents for the period	43,840	376,327
Beginning balance of cash and cash equivalents	1,232,368	828,178
Ending balance of cash and cash equivalents	<u>\$ 1,276,208</u>	<u>1,204,505</u>

(See the attached notes to consolidated financial report)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li



**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Report**  
**Quarter 3 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 & 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 Report**

The consolidated financial report were submitted to and issued on November 6, 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 do not have a material impact on the consolidated financial report.

- 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”

Since May 23, 2023, the consolidated company has adopted the below newly amended IFRSs which does not have a material impact on the consolidated financial report.

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

## **Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)**

### **(II) Impact of Non-Adoption of Internationally Recognized Financial Reporting Standards Approved by the Financial Supervisory Commission**

Since January 1, 2024, the consolidated company has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial report.

- Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”
- Amendment to IAS 1 “Non-current Liabilities with Contractual Terms”
- IAS 7 and Amendments to IFRS 7 “Companies’ Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

### **(III) 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 report.

- 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 IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- IAS 21 “Lack of Exchangeability”

## **IV. Summary of Significant Accounting Policies**

### **(I) Statement of Compliance**

The consolidated financial report has 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. This consolidated financial report does not include all the necessary information that should be disclosed in the annual consolidated financial report prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretation Announcements approved and issued by the Financial Supervisory Commission (hereinafter referred to as the “approved international financial reporting standards by the Financial Supervisory Commission”).

Except for the following descriptions, the consolidated financial report adopts the same accounting policies as the ones used in the consolidated financial report for the

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

year ended December 31, 2022. Please refer to Note IV of the consolidated financial report for the year ended December 31, 2022 for details.

### (II) Basis of consolidation

#### 1. Subsidiaries included in the consolidated financial report:

Name of Investor	Name of Subsidiaries	Nature of Business	Percentage of Ownership		
			2023.9.30	2022.12.31	2022.9.30
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 report: 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 expense is measured by multiplying the pre-tax net profit for the reporting period by the management’s best estimate of the effective tax rate for the full year. The current income tax expense and deferred income tax expense are then allocated based on the proportion of the estimated full-year current income tax expense and deferred income tax expense.

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 report 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 report, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

consolidated company's accounting policies are consistent with Note V of the consolidated financial report 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 report are not materially different from the consolidated financial report for the year ended December 31, 2022. Please refer to Note VI of the consolidated financial report for the year ended December 31, 2022 for relevant information.

#### (I) Cash and cash equivalents

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Cash and demand deposit	\$ 1,012,290	718,732	1,159,785
Time deposit	263,918	513,636	44,720
Cash and cash equivalents	<u><u>\$ 1,276,208</u></u>	<u><u>1,232,368</u></u>	<u><u>1,204,505</u></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>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Domestic listed stocks	<u><u>\$ -</u></u>	<u><u>146,010</u></u>	<u><u>108,095</u></u>

During the period from July 1 to August 31, 2023, the consolidated company sold Chaintech Technology Corporation, which was designated to be measured at fair value through other comprehensive income, with a fair value of NT\$250,823 thousand and an accumulative gain on disposal for NT\$90,029 thousand. As a result, the aforesaid accumulated gain on disposal has been transferred from other equity to retained earnings.

##### 2. Non-current:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	\$ 28,174	29,170	27,680
Inpaq Korea Co., Ltd.	3,622	1,803	1,496
Element I Venture Capital Co., Ltd.	11,744	16,794	15,300
Kuan Kun Electronic Enterprise Co., Ltd.	63,587	66,584	64,737

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
Subsidiaries (continued)**

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
AICP Technology Corporation	3,123	2,510	668
IPU Semiconductor Co., Ltd.	10,717	28,160	27,752
WK Technology Fund IX II Ltd.	27,300	-	-
I-See Vision Technology Inc.	72,653	-	-
	<u><b>\$ 220,920</b></u>	<u><b>145,021</b></u>	<u><b>137,633</b></u>

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

	<u>2023.9.30</u>			<u>2022.12.31</u>			<u>2022.9.30</u>		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
US\$	\$ 986	32.27	31,818	1,010	30.71	31,017	917	31.75	29,115

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 Co., Ltd. reduced its capital and returned NT\$2,000 thousand to the Company in May 2023, as resolved by the shareholders' meeting.

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

The dividend income recognized by the consolidated company for the period from January 1 to September 30, 2023 and 2022 were NT\$6,501 thousand and NT\$11,229 thousand, respectively, based on the above designated investment in equity instruments measured at fair value through other comprehensive income.

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Notes receivable	\$ 39,317	46,131	48,434
Accounts receivable	1,163,059	885,458	761,398
Receivables from related parties	52,149	46,685	53,820
	<u><b>\$ 1,254,525</b></u>	<u><b>978,274</b></u>	<u><b>863,652</b></u>

# Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

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:

<b>2023.9.30</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	\$ 1,243,745	0%	-
Past due 1-90 days	10,780	0%	-
Total	<u><u>\$ 1,254,525</u></u>		<u><u>-</u></u>
<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%	-
Total	<u><u>\$ 978,274</u></u>		<u><u>-</u></u>
<b>2022.9.30</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	\$ 850,555	0%	-
Past due 1-90 days	13,097	0%	-
Total	<u><u>\$ 863,652</u></u>		<u><u>-</u></u>

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
Subsidiaries (continued)**

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022.

(IV) Inventories, net

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Raw materials	\$ 195,334	201,064	208,628
Work in process and semi-finished products	88,528	66,276	63,415
Finished goods and merchandise	443,151	506,170	544,002
	<u><u>\$ 727,013</u></u>	<u><u>773,510</u></u>	<u><u>816,045</u></u>

The details of operating costs were as follows:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Cost of goods sold	\$ 598,654	376,096	1,555,421	1,365,064
Loss on market value decline and obsolete and slow-moving inventories	2,338	-	11,065	-
	<u><u>\$ 600,992</u></u>	<u><u>376,096</u></u>	<u><u>1,566,486</u></u>	<u><u>1,365,064</u></u>

(V) Investments accounted for under the equity method

Investments of the consolidated company accounted for under equity method at financial reporting date are listed below:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Associate	\$ 79,767	80,623	84,209

Share attributable to the consolidated company:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Net Income (loss) for the period	\$ 646	(2,052)	(5,409)	(2,940)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income	<u><u>\$ 646</u></u>	<u><u>(2,052)</u></u>	<u><u>(5,409)</u></u>	<u><u>(2,940)</u></u>

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 report not reviewed by independent auditor as it is not individually material.

# Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

## (VI) Property, plant and equipment

		<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Other equipment and others</b>	<b>Construction in progress and equipment to be tested</b>	<b>Total</b>
<b>Cost:</b>						
Balance as of January 1, 2023	\$	380,034	2,066,646	203,504	174,483	2,824,667
Additions		609	60,151	10,963	48,951	120,674
Disposals and obsolescence		-	(4,860)	(822)	-	(5,682)
Reclassification		622	104,443	4,925	(109,994)	(4)
Effects of changes in foreign exchange rate		7,371	41,964	2,629	2,185	54,149
Balance as of September 30, 2023	\$	<b>388,636</b>	<b>2,268,344</b>	<b>221,199</b>	<b>115,625</b>	<b>2,993,804</b>
Balance as of January 1, 2022	\$	374,665	1,788,724	179,724	225,930	2,569,043
Additions		-	70,992	16,123	112,054	199,169
Disposals and obsolescence		-	(3,075)	(296)	(1,408)	(4,779)
Reclassification		-	149,120	3,100	(152,795)	(575)
Effects of changes in foreign exchange rate		10,757	50,652	3,493	5,941	70,843
Balance as of September 30, 2022	\$	<b>385,422</b>	<b>2,056,413</b>	<b>202,144</b>	<b>189,722</b>	<b>2,833,701</b>
<b>Depreciation:</b>						
Balance as of January 1, 2023	\$	194,791	1,137,524	129,133	-	1,461,448
Depreciation for the period		17,037	123,343	26,209	-	166,589
Disposals and obsolescence		-	(4,715)	(810)	-	(5,525)
Effects of changes in foreign exchange rate		4,245	23,876	1,946	-	30,067
Balance as of September 30, 2023	\$	<b>216,073</b>	<b>1,280,028</b>	<b>156,478</b>	<b>-</b>	<b>1,652,579</b>
Balance as of January 1, 2022	\$	166,899	974,161	97,478	-	1,238,538
Depreciation for the period		19,804	116,586	25,319	-	161,709
Disposals and obsolescence		-	(3,501)	(295)	-	(3,796)
Effects of changes in foreign exchange rate		4,962	27,845	1,842	-	34,649
Balance as of September 30, 2022	\$	<b>191,665</b>	<b>1,115,091</b>	<b>124,344</b>	<b>-</b>	<b>1,431,100</b>
<b>Carrying Amount:</b>						
January 1, 2023	\$	<b>185,243</b>	<b>929,122</b>	<b>74,371</b>	<b>174,483</b>	<b>1,363,219</b>
September 30, 2023	\$	<b>172,563</b>	<b>988,316</b>	<b>64,721</b>	<b>115,625</b>	<b>1,341,225</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>
September 30, 2022	\$	<b>193,757</b>	<b>941,322</b>	<b>77,800</b>	<b>189,722</b>	<b>1,402,601</b>



# Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

## (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
Additions	-	10,150	-	10,150
Disposals (contract expiration and early termination)	-	(2,794)	-	(2,794)
Effects of changes in foreign exchange rate	228	243	-	471
Balance as of September 30, 2023	<u>\$ 12,026</u>	<u>40,177</u>	<u>1,567</u>	<u>53,770</u>
Balance as of January 1, 2022	\$ 11,631	39,940	1,567	53,138
Additions	-	15,003	-	15,003
Disposals (contract expiration and early termination)	-	(22,637)	-	(22,637)
Effects of changes in foreign exchange rate	334	104	-	438
Balance as of September 30, 2022	<u>\$ 11,965</u>	<u>32,410</u>	<u>1,567</u>	<u>45,942</u>
Depreciation of right-of-use assets:				
Balance as of January 1, 2023	\$ 1,169	18,004	784	19,957
Depreciation for the period	217	14,310	392	14,919
Disposals (contract expiration and early termination)	-	(2,794)	-	(2,794)
Effects of changes in foreign exchange rate	29	177	-	206
Balance as of September 30, 2023	<u>\$ 1,415</u>	<u>29,697</u>	<u>1,176</u>	<u>32,288</u>
Balance as of January 1, 2022	\$ 864	22,031	262	23,157
Depreciation for the period	220	18,140	392	18,752
Disposals (contract expiration and early termination)	-	(14,177)	-	(14,177)
Effects of changes in foreign exchange rate	27	104	-	131
Balance as of September 30, 2022	<u>\$ 1,111</u>	<u>26,098</u>	<u>654</u>	<u>27,863</u>
Carrying amount of right-of-use assets:				
January 1, 2023	<u>\$ 10,629</u>	<u>14,574</u>	<u>783</u>	<u>25,986</u>
September 30, 2023	<u>\$ 10,611</u>	<u>10,480</u>	<u>391</u>	<u>21,482</u>
January 1, 2022	<u>\$ 10,767</u>	<u>17,909</u>	<u>1,305</u>	<u>29,981</u>
September 30, 2022	<u>\$ 10,854</u>	<u>6,312</u>	<u>913</u>	<u>18,079</u>

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
Subsidiaries (continued)**

(VIII) Other assets - current and non-current

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Prepaid expenses	\$ 35,606	19,900	27,944
Prepayments for equipment	22,043	10,458	14,390
Business tax credit	16,835	31,731	11,367
Deferred expenses	6,019	9,030	10,807
Prepayments for goods and others	<u>12,068</u>	<u>12,758</u>	<u>12,282</u>
	<u><u>\$ 92,571</u></u>	<u><u>83,877</u></u>	<u><u>76,790</u></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>
September 30, 2023	<u>\$ 106</u>	<u>22,832</u>	<u>22,938</u>
January 1, 2022	<u>\$ 2,297</u>	<u>29,400</u>	<u>31,697</u>
September 30, 2022	<u>\$ 1,224</u>	<u>26,585</u>	<u>27,809</u>

There were no material additions, disposals, provision or reversal of impairment where the consolidated company's intangible assets were concerned for the period from January 1 to September 30, 2023 and 2022. Please refer to Note XII for amortization amount for the period and Note VI(IX) of the consolidated financial report for the year ended December 31, 2022 for other relevant information.

(X) Short-term loans

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Unsecured bank loans	<u>\$ 976,000</u>	<u>1,254,000</u>	<u>1,236,000</u>
Unused credit	<u>\$ 1,450,592</u>	<u>1,044,506</u>	<u>758,628</u>
Interest rate range	<u>1.65%~1.88%</u>	<u>1.43%~2%</u>	<u>1.29%~1.73%</u>

The additional amount from January 1 to September 30, 2023 and 2022 was NT\$720,000 thousand and \$180,000 thousand respectively, with interest rates of 1.65%-1.88% and 1.31%-1.51% respectively, and the maturity dates were from October to December 2023 and October to December 2022 respectively, and the repayment amount was NT\$998,000 thousand and \$250,000 thousand respectively.

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
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(XI) Long-term loans

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Unsecured bank loans	\$ 475,000	375,000	375,000
Less: Due within one year	(139,944)	-	-
	<u>\$ 335,056</u>	<u>375,000</u>	<u>375,000</u>
Unused credit	<u>\$ 575,000</u>	<u>275,000</u>	<u>425,000</u>
Interest rate range	1.8%~ <u>2.1343%</u>	1.675%~ <u>1.87089%</u>	1.325%~ <u>1.575%</u>

(XII) Lease liabilities

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

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Current	<u>\$ 4,609</u>	<u>14,627</u>	<u>5,493</u>
Non-current	<u>\$ 6,325</u>	<u>840</u>	<u>1,835</u>

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

The amount recognized in profit or loss of the lease is as follows:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Interest expense on lease liabilities	<u>\$ 40</u>	<u>21</u>	<u>130</u>	<u>195</u>
Expense for lease assets of low value	<u>\$ 18</u>	<u>19</u>	<u>55</u>	<u>62</u>

The lease amounts recognized in the statements of cash flows are:

	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Total cash outflow for lease	<u>\$ 14,935</u>	<u>18,818</u>

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings as of September 30, 2023 with lease term of 1 to 5 years. Some leases include the option to extend for the same period when the lease terminates.

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

Some of the above-mentioned leases include the option to extend. These leases are managed separately 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 term for leasing office premises of the consolidated company is two years. These leases are of low value, and the consolidated company chooses to apply the recognition exemptions requirement instead of recognizing the right-of-use assets and lease liabilities.

### (XIII) Employee benefits

For pension expenses of the consolidated company for the period from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 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 July 1 to September 30, 2023 and 2022, and the period from January 1 to September 30, 2023 and 2022 were as follows:

The amount of the consolidated company's income tax expense was as follows:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Current amount	\$ 42,445	34,565	93,692	114,400
Adjustment of current income tax from the previous period	-	-	(10,979)	(10,823)
Current income tax expenses	<u>\$ 42,445</u>	<u>34,565</u>	<u>82,713</u>	<u>103,577</u>

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
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2. The amount of the consolidated company's income tax expense recognized in other comprehensive income was as follows:

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Exchange differences on financial report arising from translation of foreign operations	<b>\$ 22,267</b>	<b>4,934</b>	<b>10,684</b>	<b>13,387</b>

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

1. Capital surplus

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
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
Long-term equity investment shareholding ratio change effect amount	2,736	-	-
	<b>\$ 768,493</b>	<b>765,757</b>	<b>765,757</b>

In accordance with the Company Act, realized additional paid-in capital can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized additional paid-in capital includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

“Regulations Governing the Offering and Issuance of Securities by Securities Issuers,” the total of additional paid-in capital 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 and approved in the shareholders’ meetings held on June 12, 2023, and 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	<u>202,293</u>	2	<u>177,907</u>

There is no difference between the above-mentioned earnings distribution and the content of the resolution of the Board of Directors of the Company, and the relevant information can be found at the Market Observation Post System.

### 3. Treasury stocks

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

Unit: Shares in thousand

January to September, 2023					
Reason for buyback	Number of shares - beginning	Increase for the period	Transfer for the period	Cancellation for the period	Number of shares - ending
Transfer to employees	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

  

January to September, 2022					
Reason for buyback	Number of shares - beginning	Increase for the period	Transfer for the period	Cancellation for the period	Number of shares - ending
Transfer to employees	<u>-</u>	<u>982</u>	<u>-</u>	<u>-</u>	<u>982</u>

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 additional paid-in capital. No treasury stock held by the Company has exceeded the aforementioned limit. In accordance with provisions of the Securities and Exchange Act, the treasury

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
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stocks held by the Company cannot be pledged, and are not entitled to the rights of shareholders before being transferred.

(XVI) Share-based Payment

New Restricted Employee Equity Plan of the Company

The shareholders' meeting of the Company on June 21, 2022 resolved to issue 3,000 thousand new shares with restricted employee rights, which are limited to full-time employees of the Company who meet certain conditions, and have been reported to the Securities and Futures Bureau of the Financial Supervision Commission to take effect, pending the date of issuance by the resolution of the Board of Directors.

Before the vested conditions are met, the new shares allotted to employees with restricted employee rights shall be fully delivered to the institutional trust designated by the Company for safekeeping, and the new shares with restricted employee rights shall not be sold, pledged, transferred, gifted, set up, or otherwise disposed of. Except for the rights placed in trust custody and restricted rights before vested conditions are met, all other rights are the same as the issued common stock shares of the Company. In addition, if the restricted employee rights shares allotted to the employees in accordance with the issuance method do not meet the vested conditions, the shares will be fully recovered by the Company from the employees free of charge and canceled.

(XVII) Earnings per Share (EPS)

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Basic EPS:				
Net income attributable to the Company for the period	<u>\$ 127,619</u>	<u>103,697</u>	<u>267,143</u>	<u>301,857</u>
Weighted average number of common stocks outstanding (in thousands of shares)	<u>87,954</u>	<u>88,859</u>	<u>87,954</u>	<u>88,922</u>
Basic EPS (NT\$)	<u>\$ 1.45</u>	<u>1.17</u>	<u>3.04</u>	<u>3.39</u>
Diluted EPS:				
Net income attributable to the Company for the period	<u>\$ 127,619</u>	<u>103,697</u>	<u>267,143</u>	<u>301,857</u>
Weighted average number of common stocks outstanding (in thousands of shares)	87,954	88,859	87,954	88,922
Effect of potential diluted ordinary shares:				
Employee compensation to be distributed in stocks	<u>211</u>	<u>294</u>	<u>559</u>	<u>926</u>
Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares)	<u>88,165</u>	<u>89,153</u>	<u>88,513</u>	<u>89,848</u>
Diluted EPS (NT\$)	<u>\$ 1.45</u>	<u>1.16</u>	<u>3.02</u>	<u>3.36</u>

# Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

## (XVIII) Revenue of customer contract

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Major regional markets				
China	\$ 784,919	497,743	2,022,635	1,735,251
Taiwan	23,541	18,218	53,002	106,772
Other Countries	13,649	2,946	42,428	13,622
	<u>\$ 822,109</u>	<u>518,907</u>	<u>2,118,065</u>	<u>1,855,645</u>
Major products				
Coiled conductive polymer solid capacitors	\$ 564,288	413,216	1,527,421	1,450,651
Chip-type conductive polymer solid state appliances	257,821	105,691	590,644	404,994
	<u>\$ 822,109</u>	<u>518,907</u>	<u>2,118,065</u>	<u>1,855,645</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% of profit shall be allocated for employee compensation, and no more than 3% 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\$15,264 thousand, NT\$11,759 thousand, NT\$29,337 thousand, and NT\$33,607 thousand as employee compensation and NT\$4,490 thousand, NT\$3,458 thousand, NT\$8,629 thousand, and NT\$9,884 thousand as remuneration for Directors for the period from July 1 to September 30, 2023 and 2022, and the period from January 1 to September 30, 2023 and 2022, respectively. These amounts were calculated using the Company's net 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.



## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

The amounts allocated for remuneration to employees were NT\$36,375 thousand and NT\$33,222 thousand and the remuneration to the Board of 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

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Dividend income	\$ 4,334	3,392	6,501	11,229
Subsidy income	12,358	8,928	25,743	22,483
Gain (loss) on disposal of property, plant and equipment	(132)	156	(133)	177
Others	157	164	1,514	804
	<u>\$ 16,717</u>	<u>12,640</u>	<u>33,625</u>	<u>34,693</u>

2. Finance costs

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Interest expenses of loans	\$ 7,545	5,389	22,298	12,976
Interest expense on lease liabilities	40	21	130	195
	<u>\$ 7,585</u>	<u>5,410</u>	<u>22,428</u>	<u>13,171</u>

3. Interest income

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Interests on bank deposits	\$ 4,026	539	13,813	1,999
Other interest income	3	2	7	8
	<u>\$ 4,029</u>	<u>541</u>	<u>13,820</u>	<u>2,007</u>

(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 report for the year ended December 31, 2022 for relevant information.

# Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

## 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 September 30, 2023, December 31, 2022 and September 30, 2022, 43%, 46%, and 39%, respectively, of the consolidated company's accounts receivables were due from five customers, 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 measured 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 report 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>September 30, 2023</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 976,000	978,789	978,789	-	-
Accounts payable (including related parties)	378,282	378,282	378,282	-	-
Payroll and bonus payable	151,700	151,700	151,700	-	-
Payable on equipment	32,060	32,060	32,060	-	-
Expenses payable (recorded as other current liabilities)	91,455	91,455	91,455	-	-
Lease liabilities (including current and non-current)	10,934	11,125	2,963	1,742	6,420
Long-term loans (including within one year)	475,000	497,459	32,349	116,665	348,445
	<b>\$ 2,115,431</b>	<b>2,140,870</b>	<b>1,667,598</b>	<b>118,407</b>	<b>354,865</b>

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
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	<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>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
Long-term loans	375,000	399,226	3,228	3,317	392,681
	<b><u>\$ 2,148,891</u></b>	<b><u>2,176,488</u></b>	<b><u>1,774,293</u></b>	<b><u>8,671</u></b>	<b><u>393,524</u></b>
<b>September 30, 2022</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 1,236,000	1,238,306	1,238,306	-	-
Accounts payable (including related parties)	217,365	217,365	217,365	-	-
Payroll and bonus payable	117,959	117,959	117,959	-	-
Payable on equipment	42,433	42,433	42,433	-	-
Expenses payable (recorded as other current liabilities)	63,938	63,938	63,938	-	-
Lease liabilities (including current and non-current)	7,328	7,393	3,288	2,263	1,842
Long-term loans	375,000	396,462	2,652	2,726	391,084
	<b><u>\$ 2,060,023</u></b>	<b><u>2,083,856</u></b>	<b><u>1,685,941</u></b>	<b><u>4,989</u></b>	<b><u>392,926</u></b>

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

### 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:

	2023.9.30			2022.12.31			2022.9.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>									
<u>Monetary items</u>									
US\$	\$ 51,032	32.27	1,646,803	48,596	30.71	1,492,383	45,383	31.75	1,440,910
CNY	87,716	4.4946	394,248	79,120	4.4094	348,872	69,985	4.472	312,973
<u>Financial liabilities</u>									
<u>Monetary items</u>									
US\$	2,004	32.27	64,669	1,176	30.71	36,115	2,066	31.75	65,596

#### (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\$ and CNY. Changes in net income for the period from January 1 to September 30, 2023 and 2022 due to depreciation or appreciation of NT\$ against US\$ and CNY as of September 30, 2023, December 31, 2022 and September 30, 2022 with all other variables held constant were as follows:

	Range of the fluctuations	January to September, 2023	January to September, 2022
NT\$ exchange rate	1% depreciation against USD	<u>\$ 12,657</u>	<u>11,003</u>
	1% appreciation against USD	<u>\$ (12,657)</u>	<u>(11,003)</u>
	1% depreciation against CNY	<u>\$ 3,154</u>	<u>2,504</u>
	1% appreciation against CNY	<u>\$ (3,154)</u>	<u>(2,504)</u>

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

The amount of foreign exchange gains (including realized and unrealized) for the period from July 1 to September 30, 2023 and 2022, and the period from January 1 to September 30, 2023 and 2022, were NT\$47,320

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

thousand, NT\$89,711 thousand, NT\$82,718 thousand, and NT\$194,182 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 comprehensive income for the nine months ended September 30, 2023 and 2022 due to changes in interest rate with all other variables held constant were as follows:

	<b>Range of the fluctuations</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Annual borrowing rate	Increase by 1%	<u>\$ (8,706)</u>	<u>(9,666)</u>
	Decrease by 1%	<u>\$ 8,706</u>	<u>9,666</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:

	<b>January to September, 2023</b>		<b>January to September, 2022</b>	
<b>Securities price as of the reporting date</b>	<b>Other comprehensive income, net of tax</b>	<b>Net income for the period</b>	<b>Other comprehensive income, net of tax</b>	<b>Net income for the period</b>
Increase by 1%	\$ 2,209	-	2,457	-
Decrease by 1%	(2,209)	-	(2,457)	-

### 6. Fair value of financial instruments

#### (1) Type and fair value of financial instruments

The consolidated company's financial assets measured 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 measured at fair value

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
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and whose carrying amounts are reasonable approximations of their fair value and lease liabilities are not required to be disclosed) were as follows:

		2023.9.30				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income - non-current						
Domestic unlisted stocks		\$ 220,920	-	-	220,920	220,920
		2022.12.31				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income - current						
Domestic listed stocks		\$ 146,010	146,010	-	-	146,010
Financial assets measured at fair value through other comprehensive income - non-current						
Domestic unlisted stocks		\$ 145,021	-	-	145,021	145,021
		2022.9.30				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income - current						
Domestic listed stocks		\$ 108,095	108,095	-	-	108,095
Financial assets measured at fair value through other comprehensive income - non-current						
Domestic unlisted stocks		\$ 137,633	-	-	137,633	137,633

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

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

For financial assets measured at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and

## **Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)**

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 wide 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., Taipei Exchange 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

# Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

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 discount effect of the lack of market liquidity of the equity securities.

(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
Additions	80,000
Return of share payment due to decrease in capital	(8,811)
Recognized in other comprehensive income	4,710
Balance as of September 30, 2023	<b><u>\$ 220,920</u></b>
Balance as of January 1, 2022	\$ 129,807
Recognized in other comprehensive income	7,826
Balance as of September 30, 2022	<b><u>\$ 137,633</u></b>



## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

The above mentioned total gain or loss is recorded and reported under “unrealized valuation gains (losses) from investments in equity instruments measured 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 asset measured at fair value through other comprehensive income - non-current (equity investments without an active market)	Net asset value method	<ul style="list-style-type: none"> <li>Net asset value</li> <li>Marketability discount (9%, 9% and 10%-20% for September 30, 2023, December 31, 2022 and September 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 measured 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-to-book ratio (PBR) multiples (1.3-5.34, 1.12-4.16 and 1.21-4.12 for September 30, 2023, December 31, 2022 and September 30, 2022)</li> <li>Price-to-earnings ratio (PER) multiples (13.47-25.52, 13.3-13.7 and 11.61-11.98 for September 30, 2023, December 31, 2022 and September 30, 2022)</li> <li>Marketability discount (14.48%-28.15%, 14.48%-28.15% and 15% for September 30, 2023, December 31, 2022 and September 30, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>The higher the price-to-book ratio, the higher the fair value.</li> <li>The higher the price-to-earnings 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

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

The consolidated company'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:

		Increase or decrease change	Fair value change reflected in other comprehensive income	
Inputs			Favorable change	Unfavorable change
September 30, 2023				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	2,728	(2,728)
	Net asset value method	±1%	739	(739)
	Price-to-book ratio (PBR) multiples	±1%	2,552	(2,552)
	Price-to-earnings ratio (PER) multiples	±1%	55	(55)
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-to-book ratio (PBR) multiples	±1%	5,369	(5,369)
	Price-to-earnings ratio (PER) multiples	±1%	76	(76)
September 30, 2022				
Financial assets measured at fair value through other comprehensive income				
Investments in equity instrument without active market	Marketability discount	±1%	1,620	(1,620)
	Net asset value method	±1%	506	(506)
	Price-to-book ratio (PBR) multiples	±1%	3,172	(3,172)
	Price-to-earnings ratio (PER) multiples	±1%	86	(86)

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

The consolidated company'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 report 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 report 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 report for the year ended December 31, 2022. For relevant information, please refer to Note VI(XXIII) of the consolidated financial report for the year ended December 31, 2022.

### (XXIV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the period from January 1 to September 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>2023.9.30</u>
			<u>Change in exchange fluctuations</u>	<u>Other changes</u>	
Short-term loans	\$ 1,254,000	(278,000)	-	-	976,000
Lease liabilities	15,467	(14,750)	67	10,150	10,934
Long-term loans (including within one year)	375,000	100,000	-	-	475,000
	<u>\$ 1,644,467</u>	<u>(192,750)</u>	<u>67</u>	<u>10,150</u>	<u>1,461,934</u>

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
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	<b>2022.1.1</b>	<b>Cash flow</b>	<b>Non-cash changes</b>		<b>2022.9.30</b>
			<b>Change in exchange fluctuations</b>	<b>Other changes</b>	
Short-term loans	\$ 1,306,000	(70,000)	-	-	1,236,000
Lease liabilities	19,487	(18,561)	-	6,402	7,328
Long-term loans	10,000	365,000	-	-	375,000
	<b><u>\$ 1,335,487</u></b>	<b><u>276,439</u></b>	<b><u>-</u></b>	<b><u>6,402</u></b>	<b><u>1,618,328</u></b>

**VII. Related Party Transactions**

(I) Related parties' names and relationships

<b><u>Name of related party</u></b>	<b><u>Relationship with the consolidated company</u></b>
Shenzhen Gather Electronics Science Co., Ltd.	An associate to the consolidated company measured at equity method
Hubei Gather Electronics Co., Ltd.	A subsidiary controlled by Shenzhen Gather Electronics Science Co., Ltd.
INPAQ Technology Co., Ltd.	The consolidated company's chairman is this Company's natural person director.
WALSIN Technology Corporation	Parent company of INPAQ Technology Co., Ltd.
JDX Technology Co., Ltd.	An associate to the consolidated company measured at equity method
AiPAQ Technology CO., LTD	An associate to the consolidated company measured at equity method

Note: On April 13, 2023, the former juridical person and director of the Company, INPAQ Technology Co., Ltd. was terminated in accordance with the law when it transferred more than one-half of the shares held at the time of election.

(II) Significant transactions with related parties

1. Operating revenue

	<b><u>July to September, 2023</u></b>	<b><u>July to September, 2022</u></b>	<b><u>January to September, 2023</u></b>	<b><u>January to September, 2022</u></b>
Hubei Gather Electronics Co., Ltd.	\$ 21,471	19,268	53,157	56,576
JDX Technology Co., Ltd.	119	-	199	-
	<b><u>\$ 21,590</u></b>	<b><u>19,268</u></b>	<b><u>53,356</u></b>	<b><u>56,576</u></b>

The consolidated company's 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.

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

Therefore, the pricing strategy is not significantly different. The credit conditions of the related parties are from 90 days to 150 days settlement time. 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 settlement time.

### 2. Purchases

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Hubei Gather Electronics Co., Ltd.	\$ 6,781	2,071	16,732	9,193
AiPAQ Technology CO., LTD	172	-	172	-
	<u>\$ 6,953</u>	<u>2,071</u>	<u>16,904</u>	<u>9,193</u>

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days settlement time for general suppliers, and 60 to 90 days settlement time for related parties.

### 3. Receivables from Related Parties

Financial Statement Account	Category of Related Parties	2023.9.30	2022.12.31	2022.9.30
Accounts Receivable	Hubei Gather Electronics Co., Ltd.	\$ 51,956	46,639	53,820
	WALSIN Technology Corporation	-	45	-
	JDX Technology Co., Ltd.	193	-	-
		<u>\$ 52,149</u>	<u>46,684</u>	<u>53,820</u>

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
Subsidiaries (continued)**

4. Payables to Related Parties

<b>Financial Statement Account</b>	<b>Category of Related Parties</b>	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Accounts payable	Hubei Gather Electronics Co., Ltd.	\$ 12,638	7,513	4,964
	AiPAQ Technology CO., LTD	182	-	-
		<u><b>\$ 12,820</b></u>	<u><b>7,513</b></u>	<u><b>4,964</b></u>

5. Property Transactions

The Company purchased other equipment from INPAQ Technology Co., Ltd. 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 has been fully paid as of March 31, 2023.

6. Other transactions

The consolidated company engaged in contracts associated with winding machines with INPAQ Technology. Service income generated was NT\$0 thousand, NT\$0 thousand, NT\$0 thousand, NT\$843 thousand, respectively, for the period from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	<b>July to September, 2023</b>	<b>July to September, 2022</b>	<b>January to September, 2023</b>	<b>January to September, 2022</b>
Short-term employee benefits	\$ 15,846	13,116	34,895	38,070
Benefits after retirement	108	108	324	324
	<u><b>\$ 15,954</b></u>	<u><b>13,224</b></u>	<u><b>35,219</b></u>	<u><b>38,394</b></u>

**VIII. Pledged Assets: None.**

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

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

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

**Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and  
Subsidiaries (continued)**

**XII. Others**

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

Function Type	July to September, 2023			July to September, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expense	76,744	62,241	138,985	52,692	57,669	110,361
Labor and health insurance expense	545	3,927	4,472	206	1,938	2,144
Pension expense	256	1,317	1,573	222	1,120	1,342
Other employee benefits expenses	1,211	1,991	3,202	1,053	2,137	3,190
Depreciation	52,122	9,219	61,341	51,404	7,759	59,163
Amortization	84	1,010	1,094	222	1,076	1,298

Function Type	January to September, 2023			January to September, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expense	210,187	155,994	366,181	223,123	165,402	388,525
Labor and health insurance expense	1,116	8,145	9,261	851	6,730	7,581
Pension expense	717	3,707	4,424	719	3,292	4,011
Other employee benefits expenses	4,011	5,888	9,899	4,154	5,900	10,054
Depreciation	154,562	26,946	181,508	154,716	25,745	180,461
Amortization	518	3,053	3,571	664	3,231	3,895

**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:

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

### 1. Financing provided to others:

No.	Lending Company	Borrower	Account	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	Apac Wuxi	Other Receivables - Related Parties	Yes	193,620	193,620	-	-	Business Transaction	1,695,410		-		-	1,175,617	1,175,617
0	The Company	Apac Hubei	Other Receivables - Related Parties	Yes	193,620	193,620	-		Short-term Financing Facility	-	Business Needs of Subsidiary	-		-	1,175,617	1,175,617

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 report 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 of Endorsement and Guarantee for 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	Apac Wuxi	Subsidiary	2,939,042	225,890	225,890	-	-	7.69%	2,939,042	Y	N	Y
0	The Company	Apac Hubei	Subsidiary	2,939,042	225,890	225,890	-	-	7.69%	2,939,042	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 report 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 report 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	Foxfortune Technology Ventures Limited	None	Financial assets measured at fair value through other comprehensive income - non-current	780	28,174	5.80%	28,174	
The Company	Inpaq Korea	None	Financial assets measured at fair value through other comprehensive income - non-current	18	3,622	10.73%	3,622	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	1,600	11,744	3.64%	11,744	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	3,770	63,587	5.39%	63,587	
The Company	AICP Technology Corporation	None	Financial assets measured at fair value through other comprehensive income - non-current	240	3,123	3.20%	3,123	
The Company	IPU Semiconductor Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	800	10,717	8.00%	10,717	
The Company	WK Technology Fund IX II Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	3,000	27,300	2.67%	27,300	
The Company	I-See Vision Technology Inc.	None	Financial assets measured at fair value through other comprehensive income - non-current	5,000	72,653	11.18%	72,653	



## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

4. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital:

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Name of the Counterparty	Relationship	Beginning		Purchase		Sales				End of the Period	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Disposal gains and losses	Shares	Amount
The Company	Chaintech Technology Corporation Common Stock	Financial assets measured at fair value through other comprehensive income - current	None	None	4,710	159,248	30	1,546	4,740	250,823	160,794	90,029	-	-

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% of the paid-in capital: None.

Name of Trader	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 purchases (sales)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	1,483,711	99%	60 days monthly settlement	-	Note 1	545,789	99%	Note 2
Apaq Wuxi	Apaq Hubei	Same parent company	Purchases	377,759	38%	120 days monthly settlement	-	Note 1	102,322	21%	Note 2

Note 1: The payment term of general suppliers ranges from 30 days to 90 days settlement time, and the payment term for ApaQ Wuxi and ApaQ Hubei are 60 days and 120 days settlement time.

Note 2: Related transactions and ending balances have been eliminated from the consolidated financial report.

8. The receivables from related party reach NT\$100 million or 20% of paid-in 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	545,789 (Note 1)	-	-	-	182,240	-

Note 1: Including accounts receivable arising from sales.

Note 2: It refers to the recovery status as of October 18, 2023.

9. Trading in derivative instruments: None.

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

### 10. Parent-subsidary 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	1,483,711	60 days monthly settlement	70%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Sales	49,566	60 days monthly settlement	2%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Accounts payable	545,789	60 days monthly settlement	11%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Purchases	377,759	120 days monthly settlement	18%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Sales	19,109	120 days monthly settlement	1%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Accounts payable	102,322	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	Location	Primary Business	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee for the period	Investment Profit or Loss Recognized for the period	Remark
				End of the Current Period	End of Last Year	Shares	%	Carrying amount			
The Company	APAQ Samoa	Samoa	Holding	1,396,226	1,377,960	45,104	100%	2,337,856	130,020	141,547	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology CO., LTD	Taiwan	Production and sales of electronic components	30,000	30,000	3,000	30%	23,238	(8,111)	(2,433)	Associate
The Company	JDX Technology Co., Ltd.	Taiwan	Production and sales of electronic components	7,000	7,000	700	23.33%	3,694	(6,051)	(2,376)	Associate

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

Note 2: Related transactions and ending balances have been eliminated from the consolidated financial report.

### (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 for the period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee for the period	The Company's Percentage of Direct or Indirect Ownership	Investment Gains (Losses) Recognized for the period	Carrying Amount of Investment at the End of Period	Ending Balance of Accumulated Inward Remittance of Investment Earnings	Remark
					Outward Remittance	Recovery							
Apag Wuxi	Production and sales of electronic components	1,244,562 (US\$41,700 thousand)	Note 1	1,293,113 (US\$41,700 thousand)	-	-	1,293,113 (US\$41,700 thousand)	134,301	100%	134,301 Note 3	2,308,028 Note 3	-	Note 5
Shenzhen Gather Electronics Co., Ltd.	Production and sales of electronic components	44,946 (CNY10,000 thousand)	Note 1	44,898 (CNY9,800 thousand)	-	-	44,898 (CNY9,800 thousand)	(482)	35%	(600) Note 4	52,835 Note 4	-	
Apag Hubei	Production and sales of electronic components	257,270 (US\$8,500 thousand)	Note 2	231,962 (US\$8,000 thousand)	NT\$15,222 thousand (US\$500 thousand)	-	247,184 (US\$8,500 thousand)	32,022	100%	31,566 Note 3	368,406 Note 3	-	Note 5

## Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)

### 2. Limits of reinvestments in Mainland China:

<b>Accumulated investment remitted from Taiwan to Mainland China at the end of the current period (Note 6)</b>	<b>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)</b>	<b>Upper limit on investment authorized by MOEAIC (Note 7)</b>
NT\$1,585,195 thousand (US\$50,200 thousand and CNY9,800 thousand)	NT\$1,698,140 thousand (US\$53,700 thousand and CNY9,800 thousand)	

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 report of the same period reviewed by the CPAs.

Note 4: It was recognized based on financial report of the same period not reviewed by the CPAs.

Note 5: Related transactions and ending balances have been eliminated from the consolidated financial report.

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 US\$53,700 thousand and CNY9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of September 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 certification letter of the range of the enterprise operational headquarter issued by the Industrial Development Bureau of the Ministry of Economic Affairs. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

### 3. Significant transactions:

Please refer to the “Information on Significant Transactions” for direct or indirect significant transactions between the consolidated company and investees in China (which have been eliminated during the preparation of consolidated financial report) for the period from January 1 to September 30, 2023.

### (IV) Information on major shareholders:

Unit: Shares

<b>Name of Major Shareholder</b>	<b>Shareholding</b>	<b>No. of Shares Held</b>	<b>Shareholding %</b>
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%

## **Notes to Consolidated Financial Report of APAQ TECHNOLOGY CO., LTD. and Subsidiaries (continued)**

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preferred stock 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 report. 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.