Stock Code: 6449

# APAQ TECHNOLOGY CO., LTD. and Subsidiaries

# Consolidated Financial Report and Independent Auditors' Review Report

**Quarter 1 of 2024 and 2023**

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

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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries as of March 31, 2024 and 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the period from January 1 to March 31, 2024 and 2023, along with the notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial 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(6) of the consolidated financial report, APAQ TECHNOLOGY CO., LTD. and Subsidiaries had investments accounted for using the equity method of NT$63,003 thousand and NT$77,662 thousand as of March 31, 2024 and 2023, respectively. The share of profit or loss from associated companies recognized using the equity method for the period from January 1 to March 31, 2024 and 2023, amounted to NT$(1,633) thousand and (NT$2,878) thousand, respectively, based on the reviewed 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 March 31, 2024 and 2023, and their consolidated financial performance for the period from January 1 to March 31, 2024 and 2023, , and cash flows for the period from January 1 to March 31, 2024 and 2023 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

CPAs:

Securities Competent Authority Approval No. : Jin-Guan-Zheng-Shen-Zi No. 1040007866
Jin-Guan-Zheng-Shen-Zi No. 1020002066

April 25, 2024

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

**Consolidated Balance Sheets**

**As of March 31, 2024, December 31 and March 31, 2023**

**Unit: NT$ thousand**

| | | 2024.3.31 | | 2023.12.31 | | 2023.3.31 | |
|---|---|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | $ 1,530,550 | 27 | 1,124,174 | 23 | 1,341,476 | 27 |
| 1110 | Financial assets measured at fair value through profit or loss - current [Note VI (II)] | 47,043 | 1 | 29,775 | 1 | - | - |
| 1120 | Financial assets measured at fair value through other comprehensive income - current [Note VI (III)] | - | - | - | - | 150,249 | 3 |
| 1150 | Notes receivable [Note VI (IV)] | 53,772 | 1 | 49,562 | 1 | 52,434 | 1 |
| 1170 | Accounts receivable [Note VI (IV)] | 1,116,164 | 20 | 1,166,299 | 24 | 883,443 | 18 |
| 1180 | Accounts receivable - related parties [Notes VI (IV) & VII] | 63,532 | 1 | 60,048 | 1 | 40,729 | 1 |
| 1310 | Inventories, net [Note VI (V)] | 748,642 | 13 | 684,754 | 14 | 743,127 | 15 |
| 1479 | Other current assets [Note VI (X)] | 71,033 | 2 | 53,485 | 1 | 50,551 | 1 |
| | | 3,630,736 | 65 | 3,168,097 | 65 | 3,262,009 | 66 |
| | **Non-current assets:** | | | | | | |
| 1517 | Financial assets measured at fair value through other comprehensive income - non-current [Note VI (III)] | 234,044 | 5 | 212,957 | 4 | 149,494 | 3 |
| 1550 | Investments accounted for under the equity method [Note VI (VI)] | 63,003 | 1 | 76,665 | 2 | 77,662 | 2 |
| 1600 | Property, plant and equipment [Note VI (VIII)] | 1,417,024 | 25 | 1,296,039 | 26 | 1,339,753 | 27 |
| 1755 | Right-of-use assets [Note VI (IX) (XIV)] | 80,178 | 1 | 34,754 | 1 | 21,159 | - |
| 1780 | Intangible assets [NoteVI (XI)] | 77,322 | 1 | 25,215 | - | 25,257 | 1 |
| 1840 | Deferred income tax assets | 41,340 | 1 | 61,284 | 1 | 37,365 | 1 |
| 1920 | Refundable deposits | 32,167 | 1 | 29,007 | 1 | 23,264 | - |
| 1990 | Other non-current assets [NoteVI (X)] | 20,930 | - | 18,337 | - | 21,863 | - |
| | | 1,966,008 | 35 | 1,754,258 | 35 | 1,695,817 | 34 |
| | **Total assets** | **$ 5,596,744** | **100** | **4,922,355** | **100** | **4,957,826** | **100** |

| | | 2024.3.31 | | 2023.12.31 | | 2023.3.31 | |
|---|---|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | | | |
| 2100 | Short-term loans [Note VI (XII)] | $ 997,000 | 18 | 837,000 | 17 | 1,244,000 | 25 |
| 2170 | Accounts payable | 373,963 | 7 | 353,109 | 7 | 285,242 | 6 |
| 2180 | Accounts payable - related parties [Note VII] | 12,228 | - | 12,921 | - | 5,199 | - |
| 2201 | Payroll and bonus payable | 145,602 | 3 | 137,035 | 3 | 107,233 | 2 |
| 2213 | Payable on equipment | 39,365 | 1 | 27,339 | 1 | 26,119 | 1 |
| 2280 | Lease liabilities - current [Note VI (XIV)] | 21,056 | - | 14,294 | - | 10,230 | - |
| 2322 | Long-term loans due within one year or one operating cycle [Note VI (XIII)] | 161,500 | 3 | 152,111 | 3 | - | - |
| 2399 | Other current liabilities | 211,122 | 3 | 153,414 | 3 | 135,575 | 3 |
| | | 1,961,836 | 35 | 1,687,223 | 34 | 1,813,598 | 37 |
| | **Non-current liabilities:** | | | | | | |
| 2540 | Long-term loans [Note VI (XIII)] | 285,722 | 5 | 310,389 | 6 | 375,000 | 8 |
| 2580 | Lease liabilities - non-current [Note VI (XIV)] | 48,794 | 1 | 10,368 | - | 421 | - |
| | | 334,516 | 6 | 320,757 | 6 | 375,421 | 8 |
| | **Total liabilities** | 2,296,352 | 41 | 2,007,980 | 40 | 2,189,019 | 45 |
| | **Equity** [Note VI (XVII)]: | | | | | | |
| 3100 | Share capital | 889,535 | 16 | 889,535 | 18 | 889,535 | 18 |
| 3200 | Capital surplus | 768,493 | 14 | 768,493 | 16 | 765,757 | 15 |
| 3300 | Retained earnings | 1,512,087 | 27 | 1,372,023 | 28 | 1,185,520 | 24 |
| 3400 | Other equity | 31,859 | 1 | (75,302) | (1) | (31,631) | (1) |
| 3500 | Treasury stocks | (40,374) | (1) | (40,374) | (1) | (40,374) | (1) |
| | Equity attributable to owners of the parent Company | 3,161,600 | 57 | 2,914,375 | 60 | 2,768,807 | 55 |
| 36XX | Non-controlling equity [Note VI (XVII)] | 138,792 | 2 | - | - | - | - |
| | **Total equity** | 3,300,392 | 59 | 2,914,375 | 60 | 2,768,807 | 55 |
| | **Total liabilities and equity** | **$ 5,596,744** | **100** | **4,922,355** | **100** | **4,957,826** | **100** |

**(See the attached notes to consolidated financial report)**

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

## APAQ TECHNOLOGY CO., LTD. and Subsidiaries
## Consolidated Statements of Comprehensive Income
## For the three months ended March 31, 2024 and 2023

**Unit: NT$ thousand**

| | | January to March, 2024 | | January to March, 2023 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4110 | Net sales revenue **[Notes VI (XX) & VII]** | $ 721,366 | 100 | 592,818 | 100 |
| 5110 | Cost of goods sold [Notes VI (V), (VIII), (XI), (XXI) and (VII)] | 502,036 | 70 | 450,759 | 76 |
| 5950 | **Gross profit** | 219,330 | 30 | 142,059 | 24 |
| 6000 | Operating expenses [Notes VI (VIII), (XI), (XIV), (XXI) and (VII)]: | | | | |
| 6100 | Selling expenses | 31,945 | 4 | 24,979 | 4 |
| 6200 | Administrative expenses | 54,876 | 8 | 47,826 | 8 |
| 6300 | Research and development expenses | 37,841 | 5 | 21,275 | 4 |
| | **Total operating expenses** | 124,662 | 17 | 94,080 | 16 |
| 6900 | **Operating profit** | 94,668 | 13 | 47,979 | 8 |
| 7000 | **Non-operating income and expenses:** | | | | |
| 7020 | Other gains and losses [Notes VI (II), (VII) and (XXII)] | 38,002 | 4 | 13,630 | 2 |
| 7050 | Financial costs [Notes VI(XIV) & (XXII)] | (6,362) | (1) | (7,369) | (1) |
| 7100 | Interest income [Note VI(XXII)] | 4,714 | 1 | 3,859 | 1 |
| 7230 | Net foreign exchange gain (loss) [Note VI (XXIII)] | 55,401 | 8 | (15,673) | (3) |
| 7370 | Share of profit (loss) of associates accounted for under the equity method [Note VI (VI)] | (1,770) | - | (2,878) | - |
| | **Non-operating income and net expenses** | 89,985 | 12 | (8,431) | (1) |
| 7900 | **Profit before income tax** | 184,653 | 25 | 39,548 | 7 |
| 7950 | Less: Income tax expense**[Note VI (XVI)]** | 46,662 | 6 | 9,937 | 2 |
| | **Net profit in this period** | 137,991 | 19 | 29,611 | 5 |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Items that may not be reclassified subsequently to profit or loss** | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 21,087 | 3 | 8,712 | 1 |
| | **Total of items that may not be reclassified subsequently to profit or loss** | 21,087 | 3 | 8,712 | 1 |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Gains and loss on the exchange differences resulting from translating the financial statements in foreign operations | 107,592 | 15 | 12,180 | 2 |
| 8399 | Less: income tax related to items that may be reclassified [Note VI (XVI)] | (21,518) | 3 | (2,436) | - |
| | **Total of items that may be reclassified subsequently to profit or loss** | 86,074 | 12 | 9,744 | 2 |
| 8300 | **Other comprehensive income (net of tax) for the period** | 107,161 | 15 | 18,456 | 3 |
| 8500 | **Total comprehensive income for the year** | **$ 245,152** | **34** | **48,067** | **8** |
| | **Net profit for the period is attributable to:** | | | | |
| 8610 | Owners of parent company | $ 140,064 | 19 | 29,611 | 5 |
| 8620 | Non-controlling equity | (2,073) | - | - | - |
| | | **$ 137,991** | **19** | **29,611** | **5** |
| | **Comprehensive income attributable to:** | | | | |
| 8710 | Owners of parent company | $ 245,152 | 34 | 48,067 | 8 |
| 8720 | Non-controlling equity | - | - | - | - |
| | | **$ 245,152** | **34** | **48,067** | **8** |
| | **Earnings per share (Unit: NT$)**[Note VI (**XIX**)] | | | | |
| 9750 | Basic earnings per share | **$** | **1.59** | | **0.34** |
| 9850 | Diluted earnings per share | **$** | **1.58** | | **0.33** |

**(See the attached notes to consolidated financial report)**

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

## APAQ TECHNOLOGY CO., LTD. and Subsidiaries
## Consolidated Statements of Changes in Equity
## For the three months ended March 31, 2024 and 2023

**Unit: NT$ thousand**

| | | | Retained earnings | | | | Other equity items | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 from investments in equity instruments measured at fair value through other comprehensive income | Total | Treasury stock | Total equity attributable to owners of the parent Company | Non-controlling equity | Total equity |
| **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 | - | 2,720,740 |
| Net profit in this period | - | - | - | - | 29,611 | 29,611 | - | - | - | - | 29,611 | - | 29,611 |
| Other comprehensive income in current period | - | - | - | - | - | - | 9,744 | 8,712 | 18,456 | - | 18,456 | - | 18,456 |
| Total comprehensive income for the year | - | - | - | - | 29,611 | 29,611 | 9,744 | 8,712 | 18,456 | - | 48,067 | - | 48,067 |
| **Balance as of March 31, 2023** | **$ 889,535** | **765,757** | **196,753** | **98,691** | **890,076** | **1,185,520** | **(57,126)** | **25,495** | **(31,631)** | **(40,374)** | **2,768,807** | **-** | **2,768,807** |
| **Balance as of January 1, 2024** | $ 889,535 | 768,493 | 230,596 | 50,087 | 1,091,340 | 1,372,023 | (102,070) | 26,768 | (75,302) | (40,374) | 2,914,375 | - | 2,914,375 |
| Net Income (loss) for the period | - | - | - | - | 140,064 | 140,064 | - | - | - | - | 140,064 | (2,073) | 137,991 |
| Other comprehensive income in current period | - | - | - | - | - | - | 86,074 | 21,087 | 107,161 | - | 107,161 | - | 107,161 |
| Total comprehensive income for the year | - | - | - | - | 140,064 | 140,064 | 86,074 | 21,087 | 107,161 | - | 247,225 | (2,073) | 245,152 |
| Non-controlling equity arising from mergers and acquisitions | - | - | - | - | - | - | - | - | - | - | - | 140,865 | 140,865 |
| **Balance as of March 31, 2024** | **$ 889,535** | **768,493** | **230,596** | **50,087** | **1,231,404** | **1,512,087** | **(15,996)** | **47,855** | **31,859** | **(40,374)** | **3,161,600** | **138,792** | **3,300,392** |

**(See the attached notes to consolidated financial report)**

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

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**
**Consolidated Statements of Cash Flows**
**For the three months ended March 31, 2024 and 2023**

**Unit: NT$ thousand**

| | | January to March, 2024 | January to March, 2023 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Income before income tax for the period** | $ | 184,653 | 39,548 |
| **Adjustments:** | | | |
| Income and expense items | | | |
| Depreciation | | 60,894 | 60,844 |
| Amortization | | 1,224 | 1,253 |
| Financial assets valuation loss measured at fair value through profit or loss | | 784 | - |
| Interest expenses | | 6,362 | 7,369 |
| Interest income | | (4,714) | (3,859) |
| Share of loss of associates accounted for under the equity method | | 1,770 | 2,878 |
| Gain on disposal of property, plant and equipment | | - | (153) |
| Gain on disposal of investment | | (30,759) | - |
| Total profit and loss items | | 35,561 | 68,332 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable and notes receivable (including related parties) | | 79,217 | 5,676 |
| Inventories | | (43,796) | 33,245 |
| Other operating assets | | (12,624) | 14,092 |
| Accounts payable (including related parties) | | (2,843) | 9,854 |
| Other operating liabilities | | 21,835 | (537) |
| Total adjustments | | 77,350 | 130,662 |
| Cash generated from operations | | 262,003 | 170,210 |
| Interest received | | 4,211 | 3,859 |
| Interest paid | | (6,622) | (7,153) |
| Income tax paid | | (3,981) | (15,401) |
| **Net cash inflows generated by operating activities** | | 255,611 | 151,515 |
| **Cash flows from investing activities:** | | | |
| Acquired financial assets measured at fair value through profit or loss - current | | (18,052) | - |
| Acquisition of investments accounted for under the equity method | | (9,099) | - |
| Net cash inflow from acquisition of subsidiaries | | 66,295 | - |
| Acquisition of property, plant and equipment | | (46,598) | (23,382) |
| Disposal of property, plant and equipment | | - | 936 |
| Increase in refundable deposits | | (879) | - |
| Decrease in other non-current assets | | 783 | 1,777 |
| Increase in prepayments for equipment | | (593) | (8,361) |
| **Net cash inflow (outflow) from investing activities** | | (8,143) | (29,030) |
| **Cash flows from financing activities:** | | | |
| Increase in short-term loans | | 160,000 | 150,000 |
| Repayment of short-term loans | | - | (160,000) |
| Repayment of long-term loans | | (15,278) | - |
| Repayment of lease principal | | (6,486) | (4,871) |
| **Net cash flows generated from financing activities** | | 138,236 | (14,871) |
| Effect of changes in exchange rate | | 20,672 | 1,494 |
| Increase in cash and cash equivalents for the period | | 406,376 | 109,108 |
| Beginning balance of cash and cash equivalents | | 1,124,174 | 1,232,368 |
| Ending balance of cash and cash equivalents | $ | 1,530,550 | 1,341,476 |

**(See the attached notes to consolidated financial report)**

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

**APAQ TECHNOLOGY CO., LTD. and Subsidiaries**
**Notes to Consolidated Financial Report**
**Quarter 1 of 2024 and 2023**
**(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 April 25, 2024, 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, 2024, 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 "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"

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

The standards and interpretations released and amended by the International Accounting Standards Board (hereinafter referred to as "IASB") but not yet endorsed by FSC with potential impact to the consolidated company are as follows:

| New and Amended Standards | Major Amendments | Effective Date Issued by IASB |
|---|---|---|
| IFRS 18 "Presentation and Disclosure in Financial Statements" | The new standard introduces three types of gains and losses, two income statement subtotals and a single note on management performance measures. These three amendments and enhancements to how information is segmented in financial statements lay the foundation for providing users with better and more consistent information and will impact all companies.<br>• A more structured income statement: According to current standards, companies use different formats to express their financial performance, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" sub-total and requires that all gains and losses will be categorized into three new distinct categories based on the company's principal operating activities.<br>• Management Performance Measure (MPM): The new standard introduces a definition of management performance measure and requires companies to explain, for each measure in a separate note to the financial statements, why it provides useful information, how it is calculated and how it reconciles the measure to the amount recognized under IFRS accounting standards.<br>• More disaggregated information: The new standard includes guidance on how companies can enhance the disaggregation of information in their financial statements. This includes guidance on whether the information should be included in the primary financial statements or further disaggregated in the notes. | January 1, 2027 |

The consolidated company is in the process of evaluating the impact on its financial position and performance of the adoption of the aforementioned standards and interpretations. The results thereof will be disclosed when the evaluation is completed. The consolidated company has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"
- Amendments to 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 year ended December 31, 2023. Please refer to Note IV of the consolidated financial report for the year ended December 31, 2023 for details.

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

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial report:

| Investor company | Name of Subsidiaries | Nature of Business | Percentage of Ownership | | | Description: |
|---|---|---|---|---|---|---|
| | | | 2024.3.31 | 2023.12.31 | 2023.3.31 | |
| The Company | APAQ Investments 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% | |
| The Company | AiPAQ Technology Co., Ltd. | R&D and sales of electronic products | 52% | 30% | 30% | Note |

Note: The consolidated company acquired control over the company on February 15, 2024, and from that date onwards, included the company in the consolidated financial statements.

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

(III) Business Mergers

The Consolidated Company accounts for each business mergers under the Business and Mergers Act. Goodwill is measured at the fair value of the consideration transferred at the date of acquisition, including amounts attributable to any non-controlling equity in the acquiree, less the net amount of identifiable assets acquired and liabilities assumed (usually at fair value.) If the remaining balance after deduction is negative, the consolidated company will reassess whether all acquired assets and assumed liabilities have been correctly identified before recognizing the bargain purchase gain in the profit or loss.

Except for transactions related to the issuance of debt or equity instruments, the transaction costs associated with business mergers should be recognized as expenses of the consolidated company immediately when they occur.

If the non-controlling equity in the acquiree is a present ownership interest and its holder is entitled to a proportionate share of the net assets of the enterprise at the time of liquidation, the consolidated company, on a transaction-by-transaction basis, elects to measure it either at the fair value at the date of acquisition or at the proportionate share of the recognized amount of the acquiree’s identifiable net assets that is based on the present ownership interest in the acquiree. Other non-controlling equity is measured at their fair value as of the acquisition date or based on other measurement bases specified by the Financial Supervisory Commission or recognized IFRS accounting standards.

In phased business mergers, the consolidated company reassesses its previously held equity in the acquiree at fair value as of the acquisition date. Any resulting gains or losses are recognized in the profit or loss. The amount of changes in the fair value of the acquiree's equity recognized in other comprehensive income prior to the acquisition date should be treated in the same manner as the disposal of previously held equity by the consolidated company. If the equity is disposed of and reclassified to profit or loss, then the amount should be reclassified profit or loss.

If the original accounting treatment of a business merger not yet completed before the reporting date of the merger transaction, the consolidated company recognizes the incomplete accounting treatment items at provisional amounts and retrospectively adjusts or recognizes additional assets or liabilities during the measurement period to reflect new information obtained about the facts and circumstances that existed as of the acquisition date during the measurement period. The measurement period shall not exceed one year from the date of acquisition.

(IV) 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 consolidated company's accounting policies are consistent with Note V of the consolidated financial report for the year ended December 31, 2023.

## 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, 2023. Please refer to Note VI of the consolidated financial report for the year ended December 31, 2023 for relevant information.

(I) Cash and cash equivalents

| | | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|---|
| Cash and demand deposit | $ | 1,119,917 | 963,055 | 980,165 |
| Time deposit | | 410,633 | 161,119 | 361,311 |
| Cash and cash equivalents | $ | 1,530,550 | 1,124,174 | 1,341,476 |

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

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

| | | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| U.S. Treasury bonds | $ | 47,043 | 29,775 | - |

The consolidated company purchased US Treasury Securities in January 2024 and in November 2023. The face value of the securities was US$600 thousand and US$1,000 thousand and their fair values at the time of acquisition were US$18,051 thousand and US$29,779 thousand, respectively.

The amount of profit or loss recognized at fair value, please refer to Note VI (XXII).

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

1. Current:

| | | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|---|
| Domestic listed stocks | $ | - | - | 150,249 |

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 a 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:

| | | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|---|
| Domestic and foreign unlisted common stocks - | | | | |
| Foxfortune Technology Ventures Limited | $ | 26,192 | 25,147 | 29,450 |
| Inpaq Korea Co., Ltd. | | 4,859 | 4,196 | 2,036 |
| Element I Venture Capital Co., Ltd. | | 11,056 | 11,696 | 16,992 |
| Kuan Kun Electronic Enterprise Co., Ltd. | | 96,185 | 76,424 | 85,313 |
| AICP Technology Corporation | | 2,578 | 2,777 | 2,873 |
| IPU Semiconductor Co., Ltd. | | 24,144 | 23,597 | 12,830 |
| WK Technology Fund IX II Ltd. | | 27,150 | 27,240 | - |
| I-See Vision Technology Inc. | | 41,880 | 41,880 | - |
| | $ | 234,044 | 212,957 | 149,494 |

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

| | 2024.3.31 | | | 2023.12.31 | | | 2023.3.31 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NT$ | Foreign currency | Exchange rate | NT$ | Foreign currency | Exchange rate | NT$ |
| US$ | $ 971 | 32 | 31,051 | 956 | 30.705 | 29,343 | 1,037 | 30.45 | 31,486 |

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.

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

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Notes receivable | $ 53,772 | 49,562 | 52,434 |
| Accounts receivable | 1,116,164 | 1,166,299 | 883,443 |
| Receivables from related parties | 63,532 | 60,048 | 40,729 |
| | $ 1,233,468 | 1,275,909 | 976,606 |

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.

| | 2024.3.31 | | |
|---|---|---|---|
| | Carrying amount of accounts receivable (including related parties) | Ratio of loss on lifetime expected credit | Allowance for lifetime expected credit loss |
| Not past due | $ 1,223,789 | 0% | - |
| Past due 1-90 days | 9,679 | 0% | - |
| Total | $ 1,233,468 | | - |

| | 2023.12.31 | | |
|---|---|---|---|
| | Carrying amount of accounts receivable (including related parties) | Ratio of loss on lifetime expected credit | Allowance for lifetime expected credit loss |
| Not past due | $ 1,265,569 | 0% | - |
| Past due 1-90 days | 10,340 | 0% | - |
| Total | $ 1,275,909 | | - |

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

The Consolidated Company did not recognize any impairment loss for accounts receivable (including related parties) for the period from January 1 to March 31, 2024 and 2023.

(V) Inventories, net

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Raw materials | $ 157,306 | 157,756 | 203,206 |
| Work in process and semi-finished products | 89,361 | 79,979 | 77,077 |
| Finished goods and merchandise | 501,975 | 447,019 | 462,844 |
| | $ 748,642 | 684,754 | 743,127 |

The details of operating costs were as follows:

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Cost of goods sold | $ 502,036 | 450,759 |
| Loss on market value decline and obsolete and slow-moving inventories | - | - |
| | $ 502,036 | 450,759 |

As of March 31, 2024 and 2023, none of the Consolidated Company's inventories were pledged as collateral.

(VI) Investments accounted for under the equity method

During the period ended on the financial reporting date, the investments accounted for using the equity method by the consolidated company are individually immaterial and are listed as follows:

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Associate | $ 63,003 | 76,665 | 77,662 |

Share attributable to the consolidated company:

| | | January to March, 2024 | January to March, 2023 |
|---|---|---|---|
| Net loss for the current period | $ | (1,770) | (2,878) |
| Other comprehensive income in current period | | - | - |
| Total comprehensive income | $ | (1,770) | (2,878) |

(VII) Business Mergers

On February 15, 2024, the consolidated company acquired 22% of the shares of AiPAQ Technology Co., Ltd. for an additional cash amount of NT$151,920 thousand, resulting in the consolidated company's ownership percentage increasing from 30% to 52%, and gained control over AiPAQ; therefore, the financial statements of AiPAQ are consolidated into the consolidated company from the date of acquisition. In addition, the previously held non-controlling equity was remeasured at fair value, and the entire difference of NT$30,759 thousand in profit was recognized in the current period. Please refer to Note VI (XXII) for details.

AiPAQ's main business is the manufacturing and sales of electronic components. It is expected to expand its market share in the relevant field through mergers and acquisitions.

The original accounting for the acquisition of AiPAQ was provisional as of the balance sheet date. As of the date of the issuance of these consolidated financial statements, the required market evaluation and other calculations had not yet been completed, and therefore, the acquisition was recognized at a provisional probable value based only on the best estimates of the Consolidated Company's management. The main categories of consideration transferred, as well as the assets acquired and liabilities assumed on the acquisition date, are as follows:

1. The main categories of consideration transferred are as follows on the acquisition date fair value:

| | | |
|---|---|---|
| Long-term equity investments - valued at remeasurements | $ | 54,000 |
| Cash | | 151,920 |
| Total | $ | 205,920 |

2. Identifiable assets acquired and liabilities assumed (provisional)

The (provisional) fair values of identifiable assets acquired and liabilities assumed at the acquisition date are summarized below:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 218,215 |
| Accounts receivable | | 737 |
| Other current assets | | 4,421 |

| | |
|---|---|
| Real property, plant, and equipment | 74,646 |
| Right-of-use assets | 15,068 |
| Other non-current assets | 4,756 |
| Accounts payable | (704) |
| Other current liabilities | (23,669) |
| Fair value of identifiable net assets | $ 293,470 |

3. The goodwill (provisional) recognized due to the capital increase in AiPAQ is as follows:

| | |
|---|---|
| Consideration transferred | $ 205,920 |
| Add: Non-controlling equity (measured as the proportion of identifiable net assets to non-controlling equity) | 140,865 |
| Less: Fair value of identifiable net assets (provisional) | (293,470) |
| Goodwill (provisional) | $ 53,315 |

As of the date of issuance of these consolidated financial statements, the fair value valuations and other calculations of identifiable assets and liabilities acquired at the date of acquisition described above have not been completed, and therefore have been recognized at provisional probable fair values based only on management's best estimates.

(VIII) Real property, plant, and equipment

| | Buildings | Machinery and equipment | Other equipment and others | Construction in progress and equipment to be tested | Total |
|---|---|---|---|---|---|
| Cost: | | | | | |
| Balance as of January 1, 2024 | $ 374,858 | 2,189,675 | 218,193 | 146,742 | 2,929,468 |
| Acquisition of mergers (Note VI (VII)) | - | - | - | 74,646 | 74,646 |
| Additions | - | 21,307 | 7,110 | 22,062 | 50,479 |
| Disposals and obsolescence | - | (222) | - | - | (222) |
| Reclassification | - | 74,696 | 2,742 | (77,438) | - |
| Effects of changes in foreign exchange rate | 15,133 | 85,830 | 5,485 | 5,633 | 112,081 |
| Balance as of March 31, 2024 | $ 389,991 | 2,371,286 | 233,530 | 171,645 | 3,166,452 |

| | Buildings | Machinery and equipment | Other equipment and others | Construction in progress and equipment to be tested | Total |
|---|---|---|---|---|---|
| Balance as of January 1, 2023 | $ 380,034 | 2,066,646 | 203,504 | 174,483 | 2,824,667 |
| Additions | - | 4,618 | 2,247 | 20,014 | 26,879 |
| Disposals and obsolescence | - | (4,146) | (78) | - | (4,224) |
| Reclassification | - | 14,034 | 661 | (14,695) | - |
| Effects of changes in foreign exchange rate | 1,877 | 9,778 | 635 | 857 | 13,147 |
| Balance as of March 31, 2023 | $ 381,911 | 2,090,930 | 206,969 | 180,659 | 2,860,469 |
| Depreciation: | | | | | |
| Balance as of January 1, 2024 | $ 214,105 | 1,259,269 | 160,055 | - | 1,633,429 |
| Depreciation for the period | 5,800 | 40,103 | 8,344 | - | 54,247 |
| Disposals and obsolescence | - | (222) | - | - | (222) |
| Effects of changes in foreign exchange rate | 8,766 | 48,966 | 4,242 | - | 61,974 |
| Balance as of March 31, 2024 | $ 228,671 | 1,348,116 | 172,641 | - | 1,749,428 |
| Balance as of January 1, 2023 | $ 194,791 | 1,137,524 | 129,133 | - | 1,461,448 |
| Depreciation for the period | 5,826 | 41,077 | 9,009 | - | 55,912 |
| Disposals and obsolescence | - | (3,364) | (77) | - | (3,441) |
| Effects of changes in foreign exchange rate | 971 | 5,421 | 405 | - | 6,797 |
| Balance as of March 31, 2023 | $ 201,588 | 1,180,658 | 138,470 | - | 1,520,716 |
| Carrying Amount: | | | | | |
| January 1, 2024 | $ 160,753 | 930,406 | 58,138 | 146,742 | 1,296,039 |
| March 31, 2024 | $ 161,320 | 1,023,170 | 60,889 | 171,645 | 1,417,024 |
| January 1, 2023 | $ 185,243 | 929,122 | 74,371 | 174,483 | 1,363,219 |
| March 31, 2023 | $ 180,323 | 910,272 | 68,499 | 180,659 | 1,339,753 |

(IX) Right-of-use assets

| | | Land use rights | Buildings | Transportation equipment | Total |
|---|---|---|---|---|---|
| Cost of right-of-use assets: | | | | | |
| Balance as of January 1, 2024 | $ | 11,598 | 46,006 | 1,567 | 59,171 |
| Acquisition of mergers (Note VI (VII)) | | - | 15,323 | - | 15,323 |
| Additions | | - | 36,262 | - | 36,262 |
| Disposals (contract expiration and early termination) | | - | (11,564) | - | (11,564) |
| Effects of changes in foreign exchange rate | | 468 | 500 | - | 968 |
| Balance as of March 31, 2024 | **$** | **12,066** | **86,527** | **1,567** | **100,160** |
| Balance as of January 1, 2023 | $ | 11,798 | 32,578 | 1,567 | 45,943 |
| Effects of changes in foreign exchange rate | | 58 | 62 | - | 120 |
| Balance as of March 31, 2023 | **$** | **11,856** | **32,640** | **1,567** | **46,063** |
| Depreciation of right-of-use assets: | | | | | |
| Balance as of January 1, 2024 | $ | 1,437 | 21,674 | 1,306 | 24,417 |
| Acquisition of mergers (Note VI (VII)) | | - | 255 | - | 255 |
| Depreciation for the period | | 73 | 6,443 | 131 | 6,647 |
| Disposals (contract expiration and early termination) | | - | (11,564) | - | (11,564) |
| Effects of changes in foreign exchange rate | | 60 | 167 | - | 227 |
| Balance as of March 31, 2024 | **$** | **1,570** | **16,975** | **1,437** | **19,982** |
| Balance as of January 1, 2023 | $ | 1,169 | 18,004 | 784 | 19,957 |
| Depreciation for the period | | 73 | 4,728 | 131 | 4,932 |

| | Land use rights | Buildings | Transportation equipment | Total |
|---|---|---|---|---|
| Effects of changes in foreign exchange rate | 6 | 9 | - | 15 |
| Balance as of March 31, 2023 | $ 1,248 | 22,741 | 915 | 24,904 |
| Carrying amount of right-of-use assets: | | | | |
| January 1, 2024 | $ 10,161 | 24,332 | 261 | 34,754 |
| March 31, 2024 | $ 10,496 | 69,552 | 130 | 80,178 |
| January 1, 2023 | $ 10,629 | 14,574 | 783 | 25,986 |
| March 31, 2023 | $ 10,608 | 9,899 | 652 | 21,159 |

(X) Other assets - current and non-current

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Prepaid expenses | $ 34,695 | 24,413 | 21,684 |
| Business tax credit | 22,854 | 17,550 | 14,565 |
| Prepayments for equipment | 14,519 | 11,573 | 14,580 |
| Deferred expenses | 6,411 | 6,764 | 7,283 |
| Prepayments for goods and others | 13,484 | 11,522 | 14,302 |
| | $ 91,963 | 71,822 | 72,414 |

(XI) Intangible assets

The cost and amortization details of the consolidation company’s intangible assets are as follows:

| | Goodwill | Computer software | Royalty fees | Total |
|---|---|---|---|---|
| Cost: | | | | |
| Balance as of January 1, 2024 | $ - | 12,170 | 45,038 | 57,208 |
| Acquisition of mergers (Note VI (VII)) | 53,315 | - | - | 53,315 |
| Effects of changes in foreign exchange rate | - | 65 | - | 65 |
| Balance as of March 31, 2024 | $ 53,315 | 12,235 | 45,038 | 110,588 |
| Balance as of January 1, 2023 | $ - | 8,775 | 45,038 | 53,813 |
| Effects of changes in foreign exchange rate | - | 7 | - | 7 |

| | Goodwill | Computer software | Royalty fees | Total |
|---|---|---|---|---|
| Balance as of March 31, 2023 | $ - | 8,782 | 45,038 | 53,820 |
| Amortization: | | | | |
| Balance as of January 1, 2024 | $ - | 8,849 | 23,144 | 31,993 |
| Amortization for the period | - | 286 | 938 | 1,224 |
| Effects of changes in foreign exchange rate | - | 49 | - | 49 |
| Balance as of March 31, 2024 | $ - | 9,184 | 24,082 | 33,266 |
| Balance as of January 1, 2023 | $ - | 7,914 | 19,391 | 27,305 |
| Amortization for the period | - | 315 | 938 | 1,253 |
| Effects of changes in foreign exchange rate | - | 5 | - | 5 |
| Balance as of March 31, 2023 | $ - | 8,234 | 20,329 | 28,563 |
| Carrying Amount: | | | | |
| January 1, 2024 | $ - | 3,321 | 21,894 | 25,215 |
| March 31, 2024 | $ 53,315 | 3,051 | 20,956 | 77,322 |
| January 1, 2023 | $ - | 861 | 25,647 | 26,508 |
| March 31, 2023 | $ - | 548 | 24,709 | 25,257 |

(XII) Short-term loans

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Unsecured bank loans | $ 997,000 | 837,000 | 1,244,000 |
| Unused credit | $ 853,000 | 1,406,408 | 924,528 |
| Interest rate range | 1.72%-1.89% | 1.72%-1.88% | 1.55%-1.95% |

The new amounts are $160,000 thousand and $150,000 thousand for the period from January 1 to March 31, 2024 and 2023, respectively. The interest rates range from 1.72% to 1.80% and 1.60% to 1.7252%, respectively, and the maturity dates are from April to May 2024 and June 2023, respectively; and the repayment amounts are $0 thousand and $160,000 thousand, respectively.

(XIII) Long-term loans

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Unsecured bank loans | $ 447,222 | 462,500 | 375,000 |
| Less: Due within one year | (161,500) | (152,111) | - |
| | $ 285,722 | 310,389 | 375,000 |
| Unused credit | $ 375,000 | 475,000 | 525,000 |
| Interest rate range | 1.80%-2.135% | 1.80%-2.13% | 1.675%-2.01% |

(XIV) Lease liabilities

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

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Current | $ 21,056 | 14,294 | 10,230 |
| Non-current | $ 48,794 | 10,368 | 421 |

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

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

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Interest expense on lease liabilities | $ 219 | 40 |
| Expense for lease assets of low value | $ 19 | 19 |

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

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Total cash outflow for lease | $ 6,724 | 4,930 |

1. Leasing of houses and buildings

   The consolidated company leased houses and buildings as office premises and factory buildings as of March 31, 2024 with lease term of 1 to 5 years. Some leases include the option to extend for the same period when the lease terminates.

   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.

(XV) Employee benefits

For pension expenses of the consolidated company for the periods from January 1 to March 31, 2024 and 2023, please refer to Note XII for details.

(XVI) Income tax

1. Income tax expenses

The Income tax expenses of the consolidated company for the period from January 1 to March 31, 2024 and 2023 are detailed as follows:

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

| | **January to March, 2024** | **January to March, 2023** |
|---|---|---|
| Current income tax expenses | $ 48,236 | 9,937 |
| Deferred income tax expense | (1,574) | - |
| | $ 46,662 | 9,937 |

2. The amount of the consolidated company's income tax expense recognized in other comprehensive income was as follows:

| | **January to March, 2024** | **January to March, 2023** |
|---|---|---|
| Exchange differences on financial report arising from translation of foreign operations | $ 21,518 | 2,436 |

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

(XVII) Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the consolidated company for the period from January 1 to March 31, 2024 and 2023. Please refer to Note VI (XVI) of the consolidated financial report for the year ended December 31, 2023 for details.

1. Capital surplus

| | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|
| Share premium | $ 320,766 | 320,766 | 320,766 |
| Compensation cost of shares retained for employee subscription at cash capital increase | 7,852 | 7,852 | 7,852 |
| Subscription right to convertible corporate bonds | 117 | 117 | 117 |
| Treasury stock transactions | 3,642 | 3,642 | 3,642 |
| Premium from conversion of corporate bonds to common stocks | 433,380 | 433,380 | 433,380 |
| Long-term equity investment shareholding ratio change effect amount | 2,736 | 2,736 | - |
| | **$ 768,493** | **768,493** | **765,757** |

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 "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 Board meeting and shareholders' meetings held on February 20, 2024, and on June 12, 2023, respectively. Information on dividends appropriated to owners is as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Dividends per share** | **Amount** | **Dividends per share** | **Amount** |
| Dividends distributed to owners of common stocks: | | | | |
| Cash (NT$) | **$ 2.3** | **202,293** | **2.3** | **202,293** |

The number of appropriations of earnings for 2022 does not differ from that resolved by the Board of Directors of the Company. The appropriation of 2023 earnings is subject to the resolution of the Company's shareholders' meeting, and related information is available on the MOPS.

3. Non-controlling equity

| | January to March, 2024 |
|---|---|
| Opening balance | $ - |
| Net loss for the current period | (2,073) |
| Arising from mergers and acquisitions | 140,865 |
| Balance at end of the period | **$ 138,792** |

(XVIII) 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.

(XIX) Earnings per share

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Basic EPS: | | |
| Net income attributable to the Company for the period | $ 140,064 | 29,611 |
| Weighted average number of common stocks outstanding (in thousands of shares) | 87,954 | 87,954 |
| Basic EPS (NT$) | $ 1.59 | 0.34 |
| Diluted EPS: | | |
| Net income attributable to the Company for the period | $ 140,064 | 29,611 |
| Weighted average number of common stocks outstanding (in thousands of shares) | 87,954 | 87,954 |
| Effect of potential diluted ordinary shares: | | |
| Employee compensation to be distributed in stocks | 488 | 518 |
| Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares) | 88,442 | 88,472 |
| Diluted EPS (NT$) | $ 1.58 | 0.33 |

(XX) Revenue of customer contract

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Major regional markets | | |
| China | $ 657,726 | 565,106 |
| Taiwan | 32,388 | 15,030 |
| Other Countries | 31,252 | 12,682 |
| | $ 721,366 | 592,818 |
| Major products | | |
| Coiled conductive polymer solid capacitors | $ 520,082 | 442,755 |
| Chip-type conductive polymer solid state capacitors | 201,284 | 150,063 |
| | $ 721,366 | 592,818 |

Disclosure of accounts receivable and their impairment, please refer to Note VI (IV).

(XXI) 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$16,945 thousand and NT$2,923 thousand as employee compensation and NT$4,984 thousand and NT$860 thousand as remuneration for Directors for the period from January 1 to March 31, 2024 and 2023, respectively. These amounts were calculated using the Company's income before income tax before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in shares, the number of shares is determined by dividing the amount of compensation by the closing price of common shares on the day preceding the Board of Directors' meeting.

The amounts allocated for remuneration to employees were NT$35,769 thousand and NT$36,375 thousand and the remuneration to the Board of Directors were NT$10,520 thousand and NT$10,699 thousand for the as of December 31, 2023 and 2022 respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XXII) Non-operating income and expenses

1. Other gains and losses, net

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Gain on disposal of investment [Note VI (VII)] | $ 30,759 | - |
| Subsidy income | 6,379 | 13,460 |
| Loss on valuation of financial assets | (784) | - |
| Gain on disposal of property, plant and equipment | - | 153 |
| Others | 1,648 | 17 |
| | $ 38,002 | 13,630 |

2. Finance costs

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Interest expenses of bank loans | $ 6,143 | 7,329 |
| Interest expense on lease liabilities | 219 | 40 |
| | $ 6,362 | 7,369 |

3. Interest income

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Interests on bank deposits | $ 4,707 | 3,857 |
| Other interest income | 7 | 2 |
| | $ 4,714 | 3,859 |

(XXIII) Financial instruments

Except for the following descriptions, there have 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(XXII) of consolidated financial report for the year ended December 31, 2023 for relevant information.

1. Credit risk

(1) Credit risk concentration

The consolidated company's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the consolidated company continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As of March 31, 2024, December 31, 2023 and March 31, 2023, 46%, 43%, and 47%, 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 (IV) 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, 2023 for details on how the consolidated company determines the level of credit risk).

2. Liquidity risk

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

| | Carrying amount | Contract Cash Flow | Less than 6 months | 6-12 months | More than 12 months |
|---|---|---|---|---|---|
| **March 31, 2024** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | $ 997,000 | 999,872 | 999,872 | - | - |
| Accounts payable (including related parties) | 386,191 | 386,191 | 386,191 | - | - |
| Payroll and bonus payable | 145,602 | 145,602 | 145,602 | - | - |
| Payable on equipment | 39,365 | 39,365 | 39,365 | - | - |
| Expenses payable (recorded as other current liabilities) | 113,224 | 113,224 | 113,224 | - | - |
| Lease liabilities (including current and non-current) | 69,850 | 72,087 | 14,349 | 7,521 | 50,217 |
| Long-term loans (including those due within one year) | 447,222 | 460,181 | 116,259 | 52,606 | 291,316 |
| | **$ 2,198,454** | **2,216,522** | **1,814,862** | **60,127** | **341,533** |
| **December 31, 2023** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | $ 837,000 | 839,882 | 839,882 | - | - |
| Accounts payable (including related parties) | 366,030 | 366,030 | 366,030 | - | - |
| Payroll and bonus payable | 137,035 | 137,035 | 137,035 | - | - |
| Payable on equipment | 27,339 | 27,339 | 27,339 | - | - |
| Expenses payable (recorded as other current liabilities) | 97,822 | 97,822 | 97,822 | - | - |
| Lease liabilities (including current and non-current) | 24,662 | 25,173 | 9,369 | 5,262 | 10,542 |
| Long-term loans | 462,500 | 477,570 | 36,255 | 123,806 | 317,509 |
| | **$ 1,952,388** | **1,970,851** | **1,513,732** | **129,068** | **328,051** |

| | Carrying amount | Contract Cash Flow | Less than 6 months | 6-12 months | More than 12 months |
|---|---|---|---|---|---|
| **March 31, 2023** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term loans | $ 1,244,000 | 1,247,556 | 1,247,556 | - | - |
| Accounts payable (including related parties) | 290,441 | 290,441 | 290,441 | - | - |
| Payroll and bonus payable | 107,233 | 107,233 | 107,233 | - | - |
| Payable on equipment | 26,119 | 26,119 | 26,119 | - | - |
| Expenses payable (recorded as other current liabilities) | 92,139 | 92,139 | 92,139 | - | - |
| Lease liabilities (including current and non-current) | 10,651 | 10,710 | 8,795 | 1,493 | 422 |
| Long-term loans | 375,000 | 397,797 | 3,252 | 3,342 | 391,203 |
| | $ 2,145,583 | 2,171,995 | 1,775,535 | 4,835 | 391,625 |

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:

| | 2024.3.31 | | | 2023.12.31 | | | 2023.3.31 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NT$ | Foreign currency | Exchange rate | NT$ | Foreign currency | Exchange rate | NT$ |
| Financial assets | | | | | | | | | |
| Monetary items | | | | | | | | | |
| US$ | $ 53,619 | 32.00 | 1,715,816 | 53,400 | 30.705 | 1,639,655 | 51,844 | 30.45 | 1,578,650 |
| RMB | 64,551 | 4.5102 | 291,138 | 61,167 | 4.3352 | 265,171 | 76,611 | 4.4312 | 339,479 |
| Financial liabilities | | | | | | | | | |
| Monetary items | | | | | | | | | |
| US$ | 1,451 | 32.00 | 46,433 | 1,742 | 30.705 | 53,488 | 1,448 | 30.45 | 44,092 |

(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 RMB. Changes in net income for the period from January 1 to March 31, 2024 and 2023 due to depreciation or appreciation of NT$ against US$ and RMB as of March 31, 2024, December 31, 2023 and March 31, 2023 with all other variables held constant were as follows:

| | Range of the fluctuations | January to March, 2024 | January to March, 2023 |
|---|---|---|---|
| NT$ exchange rate | 1% depreciation against USD | $ 13,355 | 12,276 |
| | 1% appreciation against USD | $ (13,355) | (12,276) |
| | 1% depreciation against RMB | $ 2,328 | 2,716 |
| | 1% appreciation against RMB | $ (2,328) | (2,716) |

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

As the consolidated company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (including realized and unrealized) for the period from January 1 to March 31, 2024 and 2023 were NT$55,401 thousand and NT$(15,673) 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 three months ended March 31, 2024 and 2023 due to changes in interest rate with all other variables held constant were as follows:

| | Range of the fluctuations | January to March, 2024 | January to March, 2023 |
|---|---|---|---|
| Annual borrowing rate | Increase by 1% | $ (2,888) | (3,238) |
| | Decrease by 1% | $ 2,888 | 3,238 |

5. Other price risk

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

| | January to March, 2024 | | January to March, 2023 | |
|---|---|---|---|---|
| **Price as of the reporting date** | **Other comprehensive income before tax** | **Income before income tax for the period** | **Other comprehensive income before tax** | **Income before income tax for the period** |
| Increase by 1% | $ 2,340 | 470 | 2,997 | - |
| Decrease by 1% | (2,340) | (470) | (2,997) | - |

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 and whose carrying amounts are reasonable approximations of their fair value and lease liabilities are not required to be disclosed) were as follows:

| | 2024.3.31 | | | | |
|---|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | | | |
| | | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets at fair value through profit or loss - current** | | | | | |
| Government bonds | $ 47,043 | 47,043 | - | - | 47,043 |
| **Financial assets measured at fair value through other comprehensive income - non-current** | | | | | |
| Domestic unlisted stocks | $ 234,044 | - | - | 234,044 | 234,044 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | $ 1,530,550 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 1,233,468 | - | - | - | - |

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

| | 2024.3.31 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Refundable deposits | 32,167 | - | - | - | - |
| | $2,796,185 | - | - | - | - |
| **Financial liabilities measured at amortized cost** | | | | | |
| Short-term loans | $ 997,000 | - | - | - | - |
| Accounts payable (including related parties) | 386,191 | - | - | - | - |
| Payroll and bonus payable | 145,602 | - | - | - | - |
| Payable on equipment | 39,365 | - | - | - | - |
| Expenses payable (recorded as other current liabilities) | 113,224 | - | - | - | - |
| Lease liabilities (including current and non-current) | 69,850 | - | - | - | - |
| Long-term loans (including those due within one year) | 447,222 | - | - | - | - |
| | $2,198,454 | - | - | - | - |

| | 2023.12.31 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss - current** | | | | | |
| Government bonds | $ 29,775 | 29,775 | - | - | 29,775 |
| **Financial assets at fair value through profit or loss - non-current** | | | | | |
| Domestic unlisted stocks | $ 212,957 | - | - | 212,957 | 212,957 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 1,124,174 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 1,275,909 | - | - | - | - |
| Refundable deposits | 29,007 | - | - | - | - |
| | $2,429,090 | - | - | - | - |

| | 2023.12.31 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities measured at amortized cost** | | | | | |
| Short-term loans | $ 837,000 | - | - | - | - |
| Accounts payable (including related parties) | 366,030 | - | - | - | - |
| Payroll and bonus payable | 137,035 | - | - | - | - |
| Payable on equipment | 27,339 | - | - | - | - |
| Expenses payable (recorded as other current liabilities) | 97,822 | - | - | - | - |

| | 2023.12.31 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Lease liabilities (including current and non-current) | 24,662 | - | - | - | - |
| Long-term loans (including those due within one year) | 462,500 | - | - | - | - |
| | $1,952,388 | - | - | - | - |

| | 2023.3.31 | | | | |
|---|---|---|---|---|---|
| | 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 | $ 150,249 | 150,249 | - | - | 150,249 |
| **Financial assets measured at fair value through other comprehensive income - non-current** | | | | | |
| Domestic unlisted stocks | $ 149,494 | - | - | 149,494 | 149,494 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | $ 1,341,476 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 976,606 | - | - | - | - |
| Refundable deposits | 23,264 | - | - | - | - |
| | $2,341,346 | - | - | - | - |
| **Financial liabilities measured at amortized cost** | | | | | |

| | 2023.3.31 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Short-term loans | 1,244,000 | - | - | - | - |
| Accounts payable (including related parties) | 290,441 | - | - | - | - |
| Payroll and bonus payable | 107,233 | - | - | - | - |
| Payable on equipment | 26,119 | - | - | - | - |
| Expenses payable (recorded as other current liabilities) | 92,139 | - | - | - | - |
| Lease liabilities (including current and non-current) | 10,651 | - | - | - | - |
| Long-term loans (including those due within one year) | 375,000 | - | - | - | - |
| | $2,145,583 | - | - | - | - |

(2) 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.

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

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

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

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

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

| | Financial assets measured at fair value through other comprehensive income - inactive market |
|---|---|
| Balance as of January 1, 2024 | $ 212,957 |
| Recognized in other comprehensive income | 21,087 |
| Balance as of March 31, 2024 | **$ 234,044** |
| Balance as of January 1, 2023 | $ 145,021 |
| Recognized in other comprehensive income | 4,473 |
| Balance as of March 31, 2023 | **$ 149,494** |

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."

(5) 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 | • Net asset value<br>• Marketability discount (9% for 2024.3.31, 2023.12.31 and 2023.3.31) | • The higher the value of net asset, the higher the fair value.<br>• The higher the marketability discount, the lower the fair value. |
| Financial asset measured at fair value through other comprehensive income - non-current (equity investments without an active market) | Market approach | • Price-book ratio (1.04-4.81 for 2024.3.31, 1.06-4.81 for 2023.12.31, 1.27-5.46 for 2023.3.31 )<br>• P/E ratio (18.31-22.33 for 2024.3.31, 18.91-21.33 for 2023.12.31, 19.47-21.97 for 2023.3.31 )<br>• Marketability discount (15.09%-25% for 2024.3.31, 15.09%-23.22% for 2023.12.31, 14.48%-28.15% for 2023.3.31 ) | • The higher the price-to-book ratio, the higher the fair value.<br>• The higher the price-to-earning ratio, the higher the fair value.<br>• The higher the marketability discount, the lower the fair value. |

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

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:

| | Inputs | Increase or decrease change | Fair value change reflected in other comprehensive income: Favorable change | Fair value change reflected in other comprehensive income: Unfavorable change |
|---|---|---|---|---|
| **March 31, 2024** | | | | |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Investments in equity instrument without active market | Marketability discount | ±1% | 2,863 | (2,863) |
| | Net asset value method | ±1% | 708 | (708) |
| | Price-to-book ratio (PBR) multiples | ±1% | 24,159 | (24,159) |
| | Price-to-earnings ratio (PER) multiples | ±1% | 67 | (67) |
| **December 31, 2023** | | | | |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Investments in equity instrument without active market | Marketability discount | ±1% | 2,589 | (2,589) |
| | Net asset value method | ±1% | 705 | (705) |
| | Price-to-book ratio (PBR) multiples | ±1% | 12,854 | (12,854) |
| | Price-to-earnings ratio (PER) multiples | ±1% | 55 | (55) |
| **March 31, 2023** | | | | |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Investments in equity instrument without active market | Marketability discount | ±1% | 1,808 | (1,808) |

| Inputs | Increase or decrease change | Fair value change reflected in other comprehensive income | |
|---|---|---|---|
| | | Favorable change | Unfavorable change |
| Net asset value method | ±1% | 465 | (465) |
| Price-to-book ratio (PBR) multiples | ±1% | 2,836 | (2,836) |
| Price-to-earnings ratio (PER) multiples | ±1% | 48 | (48) |

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.

(XXIV) 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 (XXIII) of the consolidated financial report for the year ended December 31, 2023.

(XXV) 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, 2023. 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, 2023. For relevant information, please refer to Note VI (XXIV) of the consolidated financial report for the year ended December 31, 2023.

(XXVI) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the period from January 1 to March 31, 2024 and 2023 were as follows:

1. For right-of-use assets obtained via leases, please refer to Note VI (IX).

2. Reconciliation of liabilities arising from financing activities were as follows:

| | 2024.1.1 | Cash flow | Non-cash changes: Change in exchange fluctuations | Non-cash changes: Merger acquisition | Non-cash changes: Other changes | 2024.3.31 |
|---|---|---|---|---|---|---|
| Short-term loans | $ 837,000 | 160,000 | - | - | - | 997,000 |
| Lease liabilities | 24,662 | (6,486) | 334 | 15,078 | 36,262 | 69,850 |
| Long-term loans (including within one year) | 462,500 | (15,278) | - | - | - | 447,222 |
| | $ 1,324,162 | 138,236 | 334 | 15,078 | 36,262 | 1,514,072 |

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

## VII. Related Party Transactions

(I) Related parties' names and relationships

| Name of related party | Relationship with the consolidated company |
|---|---|
| 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. (Note 1) | The consolidated company's chairman is this Company's natural person director. |
| WALSIN Technology Corporation (Note I) | 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. (Note II) | Subsidiary of the consolidated company |

Note1: 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.

Note2: Originally an equity-method associate of the consolidated company, it became a subsidiary of the consolidated company on February 15, 2024

(II) Significant transactions with related parties

1. Operating revenue

| | | January to March, 2024 | January to March, 2023 |
|---|---|---|---|
| Hubei Gather Electronics Co., Ltd. | $ | 20,559 | 13,594 |
| JDX Technology Co., Ltd. | | 149 | - |
| | $ | 20,708 | 13,594 |

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. 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

| | | January to March, 2024 | January to March, 2023 |
|---|---|---|---|
| Hubei Gather Electronics Co., Ltd. | $ | 7,473 | 2,891 |
| AiPAQ Technology Co., Ltd. | | 698 | - |
| | $ | 8,171 | 2,891 |

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 | | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|---|---|
| Accounts Receivable | Hubei Gather Electronics Co., Ltd. | $ | 63,143 | 59,749 | 40,684 |
| | WALSIN Technology Corporation | | - | - | 45 |
| | JDX Technology Co., Ltd. | | 389 | 299 | - |
| | | $ | 63,532 | 60,048 | 40,729 |

4. Payables to Related Parties

| Financial Statement Account | Category of Related Parties | 2024.3.31 | 2023.12.31 | 2023.3.31 |
|---|---|---|---|---|
| Accounts payable | Hubei Gather Electronics Co., Ltd. | $ 12,228 | 10,689 | 5,199 |
| | AiPAQ Technology Co., Ltd. | - | 2,232 | - |
| | | $ 12,228 | 12,921 | 5,199 |

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

| | January to March, 2024 | January to March, 2023 |
|---|---|---|
| Short-term employee benefits | $ 16,390 | 6,365 |
| Benefits after retirement | 108 | 108 |
| | $ 16,498 | 6,473 |

**VIII. Pledged Assets: None.**

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

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

**XI. Significant Subsequent Events**

On April 25, 2024, the consolidated company's Board of Directors resolved to participate in the cash capital increase of Syntec Technology Co., Ltd. by investing 1,400 thousand shares with a total investment amount of NT$210,000 thousand.

**XII. Others**

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

| Function / Type | January to March, 2024 Operating costs | Operating expenses | Total | January to March, 2023 Operating costs | Operating expenses | Total |
|---|---|---|---|---|---|---|
| Employee benefit expenses | | | | | | |
| Salary expense | 81,117 | 69,664 | 150,781 | 61,182 | 41,283 | 102,465 |
| Labor and health insurance expense | 388 | 2,510 | 2,898 | 287 | 2,086 | 2,373 |
| Pension expense | 325 | 1,441 | 1,766 | 231 | 1,188 | 1,419 |
| Other employee benefits expenses | 1,916 | 2,760 | 4,676 | 1,492 | 2,005 | 3,497 |
| Depreciation | 50,440 | 10,454 | 60,894 | 51,900 | 8,944 | 60,844 |
| Amortization | 29 | 1,195 | 1,224 | 220 | 1,033 | 1,253 |

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

### XIII. Supplementary Disclosures

(I) Significant transactions information

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the merged company shall disclose the following information concerning material transactions:

1. Financing provided to others:

| No. | Lending Company | Borrower | Account | Related party | Maximum balance for the period | Balance at end of the period | Actual amount drawn down | Interest rate range | Nature of financing | Transaction amount | Reason for short-term financing | Loss allowance | Collateral | | Financing limits for each borrowing company | Financing company's total financing amount limits |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | The Company | APAQ Wuxi | Other receivables - related parties | Yes | 192,000 | 192,000 | - | - | Business Transaction | 1,931,416 | | - | | - | 1,264,640 | 1,264,640 |
| 0 | The Company | APAQ Hubei | Other receivables - related parties | Yes | 192,000 | 192,000 | - | | Short-term Financing Facility | - | Business Needs of Subsidiary | - | | - | 1,264,640 | 1,264,640 |

Note1: The amount of the Company's loan to an individual company or business with which the Company has a business relationship shall be limited to the total value of the underlying transactions between the parties.

Note2: 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 | Endorsement/guarantee counterparty | | Limit on Endorsements /Guarantees Provided for A Single Party | Maximum Balance of Endorsement and Guarantee for Current Period | Ending Balance of Endorsement and Guarantee | Actual amount drawn down | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company Name | Relationship | | | | | | | | | | |
| 0 | The Company | APAQ Wuxi | Subsidiary | 3,161,600 | 224,000 | 224,000 | - | - | 7.09% | 3,161,600 | Y | N | Y |
| 0 | The Company | APAQ Hubei | Subsidiary | 3,161,600 | 224,000 | 224,000 | - | - | 7.09% | 3,161,600 | Y | N | Y |

Note1: The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

Note2: The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

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

| Held company | Marketable securities type and name | Relationship with the issuer | Financial statement account | End of the Period | | | | Remark |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares | Carrying amount | Shareholding ratio | Fair Value | |
| The Company | U.S. Treasury bonds | None | Financial assets at fair value through profit or loss - current | 16,000 | 47,043 | - % | 47,043 | |
| The Company | Foxfortune Technology Ventures Limited | None | Financial assets measured at fair value through other comprehensive income - non-current | 780 | 26,192 | 5.80% | 26,192 | |

| Held company | Marketable securities type and name | Relationship with the issuer | Financial statement account | End of the Period | | | | Remark |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares | Carrying amount | Shareholding ratio | Fair Value | |
| The Company | Inpaq Korea | None | Financial assets measured at fair value through other comprehensive income - non-current | 18 | 4,859 | 10.73% | 4,859 | |
| The Company | Element I Venture Capital Co., Ltd. | None | Financial assets measured at fair value through other comprehensive income - non-current | 1,600 | 11,056 | 3.64% | 11,056 | |
| The Company | Kuan Kun Electronic Enterprise Co., Ltd. | None | Financial assets measured at fair value through other comprehensive income - non-current | 3,770 | 96,185 | 5.39% | 96,185 | |
| The Company | AICP Technology Corporation | None | Financial assets measured at fair value through other comprehensive income - non-current | 240 | 2,578 | 3.20% | 2,578 | |
| The Company | IPU Semiconductor Co., Ltd. | None | Financial assets measured at fair value through other comprehensive income - non-current | 800 | 24,144 | 8.00% | 24,144 | |
| The Company | WK Technology Fund IX II Ltd. | None | Financial assets measured at fair value through other comprehensive income - non-current | 3,000 | 27,150 | 2.67% | 27,150 | |
| The Company | I-See Vision Technology Inc. | None | Financial assets measured at fair value through other comprehensive income - non-current | 5,000 | 41,880 | 11.18% | 41,880 | |

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

| Name of Trader | Counterparty | Relationship | Transaction Details | | | | Details of non-arm's length transaction | | Notes/Accounts Receivable or Payable | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases/sales | Amount | Ratio of total purchases (sales) | Payment terms | Unit Price | Payment terms | Ending balance | Ratio to Total Notes/Accounts Receivable or Payable | |
| The Company | APAQ Wuxi | Subsidiary | Purchases | 445,783 | 99 % | 60 days monthly settlement | - | Note 1 | 411,566 | 86% | Note 2 |
| APAQ Wuxi | APAQ Hubei | Same parent company | Purchases | 110,628 | 32 % | 120 days monthly settlement | - | Note 1 | 68,385 | 15% | Note 2 |

Note1: The payment term of general suppliers ranges from 30 days to 90 days on monthly settlement, and the payment term for APAQ Wuxi and APAQ Hubei are 60 days and 120 days settlement time.

Note2: Related transactions and ending balances have been eliminated from the consolidated financial statements.

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

1. Receivables from related party reach NT$100 million or 20% of paid-in capital amount:

| Company | Counterparty | Relationship | Balance of receivables from related parties | Turnover rate | Overdue receivables from related parties | | Amounts received in subsequent periods (Note) | Loss allowance |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Treatment method | | |
| Apaq Wuxi | The Company | Parent-subsidiary company | 411,566 | - | - | - | 191,358 | - |

Note: It refers to the recovery status as of April 12, 2024.

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

| No. | Name of Trader | Counterparty | Nature of relationship | Transaction details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount | Transaction Terms | Percentage of consolidated revenue or assets |
| 0 | The Company | Apaq Wuxi | Parent-subsidiary | Purchases | 445,783 | 60 days monthly settlement | 62% |
| 0 | The Company | Apaq Wuxi | Parent-subsidiary | Sales | 33,820 | 60 days monthly settlement | 5% |
| 0 | The Company | Apaq Wuxi | Parent-subsidiary | Accounts payable | 411,566 | 60 days monthly settlement | 7% |
| 1 | APAQ Wuxi | Apaq Hubei | Subsidiary-subsidiary | Purchases | 110,628 | 120 days monthly settlement | 15% |
| 1 | APAQ Wuxi | Apaq Hubei | Subsidiary-subsidiary | Accounts payable | 68,385 | 120 days monthly settlement | 1% |

(II) Information on reinvestment:

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

| Investor company | 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 period | End of last year | Shares | Percentage | Carrying amount | | | |
| The Company | APAQ Samoa | Samoa | Holding | 1,405,325 | 1,396,220 | 45,392 | 100% | 2,387,530 | 12,789 | 17,531 | Subsidiary, Note 1 and Note 2 |
| The Company | AiPAQ Technology CO., LTD | Taiwan | Production and sales of electronic components | 181,920 | 30,000 | 18,192 | 52% | 203,674 | (4,777) | (2,383) | Subsidiary, Note 2 |
| The Company | JDX Technology Co., Ltd. | Taiwan | Production and sales of electronic components | 7,000 | 7,000 | 700 | 23.33% | 3,038 | (7,222) | (383) | Associate |

Note1: Share of profit/loss includes adjustments for upstream transactions between associates.

Note2: Related transactions and ending balances have been eliminated from the consolidated financial statements.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China:

| Investee company | Primary Business | Paid-in Capital | Method of Investment | Accumulated outflow of investment from Taiwan as of beginning of the period | Investment flows | | Accumulated outflow of investment from Taiwan as of end of the period | Net income (loss) of the investee for the period | The Company's percentage of direct or indirect ownership | Investment profit or loss recognized for the period | Carrying amount of investment at the end of period | Accumulated inward remittance of investment earnings as of the end of period | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward Remittance | Recovery | | | | | | | |
| APAQ Wuxi | Production and sales of electronic components | 2,341,534 (USD41,700 thousand) | Note 1 | 1,293,113 (USD41,700 thousand) | - | - | 1,293,113 (USD41,700 thousand) | 15,310 | 100% | 15,310 Note 3 | 2,341,544 Note 3 | - | Note 5 |
| Shenzhen Gather Electronics Co., Ltd. | Production and sales of electronic components | 72,163 (RMB16,000 thousand) | Note 1 | 44,898 (RMB9,800 thousand) | 9,099 (RMB2,100 thousand) | - | 53,997 (RMB11,900 thousand) | (2,121) | 35% | (1,250) Note 4 | 59,965 Note 4 | - | |
| APAQ Hubei | Production and sales of electronic components | 258,163 (US$8,500 thousand) | Note 2 | 247,184 (USD8,500 thousand) | - | - | 247,184 (USD8,500 thousand) | 11,665 | 100% | 8,408 Note 3 | 389,560 Note 3 | - | Note 5 |

2. Limits of reinvestments in Mainland China:

| Accumulated investment remitted from Taiwan to Mainland China at the end of the current period (Note 6) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6) | Upper limit on investment authorized by MOEAIC |
|---|---|---|
| 1,594,294 (USD50,200 thousand and RMB11,900 thousand) | 1,642,294 (USD53,700 thousand and RMB11,900 thousand) | (Note 7) |

Note1: Investment in Mainland China indirectly through a third area.

Note2: Direct investment in Mainland China.

Note3: It was recognized based on financial report of the same period reviewed by the CPAs.

Note4: It was recognized based on financial report of the same period not reviewed by the CPAs.

Note5: Related transactions and ending balances have been eliminated from the consolidated financial statements.

Note6: 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 RMB11,900 thousand is converted into NT dollars at previous exchange rates. In addition, as of March 31, 2024, 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.

Note7: The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. 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 March 31, 2024.

(IV) Information on major shareholders:

Unit: Shares

| Shareholding / Name of Major Shareholder | No. of Shares Held | Shareholding % |
|---|---|---|
| TAI-TECH ADVANCED ELECTRONICS CO., LTD. | 25,000,000 | 28.10% |
| Parawin Venture Capital Corp. | 10,668,012 | 11.99% |
| TAIFLEX Scientific Co., Ltd. | 6,139,000 | 6.90% |

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