

AP Memory Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Three
Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
AP Memory Technology Corporation

Introduction

The consolidated balance sheets of AP Memory Technology Corporation and its subsidiaries as of March 31, 2023, and 2022, as well as the consolidated statements of comprehensive income, changes in equity, and cash flows from January 1 to March 31, 2023, and 2022, along with the notes to the consolidated financial statements (including a summary of significant accounting policies) have been reviewed by us, the auditors. The preparation of these interim consolidated financial statements, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 'Interim Financial Reporting' approved and implemented by the Financial Supervisory Commission (FSC), is the responsibility of the Company's management. Our responsibility is to issue a conclusion on these consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Review Standards 2410 'Review of Financial Statements.' Procedures performed in a review of consolidated financial statements include inquiries (primarily to individuals responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of a review is substantially less than that of an audit; thus, we might not become aware of all significant matters that could be identified in an audit, and therefore, we do not express an audit opinion.

Conclusion

Based on our review, we have not found any significant discrepancies in the consolidated financial statements that indicate they are not prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International

Accounting Standard 34 'Interim Financial Reporting' approved and implemented by the FSC. Thus, these consolidated financial statements fairly represent the financial position of AP Memory Technology Corporation and its subsidiaries as of March 31, 2023, and 2022, and their financial performance and cash flows from January 1 to March 31, 2023, and 2022.

Deloitte & Touche Taipei,
Taiwan Republic of China
April 28, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' review report and consolidated financial statements shall prevail.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Assets	Mar. 31, 2023 (Reviewed)		Dec. 31, 2022 (Audited)		Mar. 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,530,631	72	\$ 8,182,432	70	\$ 7,895,575	65
Financial assets at amortized cost – current (Note 8 and 28)	2,782	-	2,782	-	2,763	-
Trade receivables (Note 5, 9, 20 and 27)	569,704	5	638,597	5	797,803	7
Other receivables (Note 9)	52,595	-	31,879	-	541,624	5
Current income tax assets (Note 4)	-	-	80	-	-	-
Inventories (Note 5 and 10)	1,415,037	12	1,528,392	13	1,748,628	14
Other current assets (Note 16)	69,132	1	62,456	1	18,397	-
Total current assets	<u>10,639,881</u>	<u>90</u>	<u>10,446,618</u>	<u>89</u>	<u>11,004,790</u>	<u>91</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7 and 26)	256,689	2	256,007	2	143,532	1
Financial assets at amortized cost - non-current (Note 8)	6,491	-	6,522	-	6,009	-
Investments accounted for using the equity method (Note 12)	116,823	1	114,991	1	91,592	1
Property, plant and equipment (Note 13)	75,318	1	80,634	1	85,130	1
Right-of-use assets (Note 14)	71,814	1	80,018	1	90,717	1
Intangible assets (Note 15)	17,853	-	21,711	-	15,157	-
Deferred tax assets (Note 4)	32,498	-	31,163	-	26,171	-
Refundable deposits (Note 29)	465,614	4	464,452	4	464,396	4
Other non-current assets (Note 16)	189,669	1	189,195	2	203,995	1
Total non-current assets	<u>1,232,769</u>	<u>10</u>	<u>1,244,693</u>	<u>11</u>	<u>1,126,699</u>	<u>9</u>
TOTAL	<u>\$ 11,872,650</u>	<u>100</u>	<u>\$ 11,691,311</u>	<u>100</u>	<u>\$ 12,131,489</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 20)	\$ 20,392	-	\$ 23,043	-	\$ 106,564	1
Accounts payable	175,127	2	149,961	1	350,938	3
Other payables (Note 17)	1,294,035	11	146,564	1	1,418,482	11
Current tax liabilities (Note 4)	350,612	3	295,101	3	577,208	5
Lease liabilities - current (Note 14)	48,969	-	54,559	1	40,872	-
Other current liabilities (Note 17)	21,435	-	3,262	-	8,841	-
Total current liabilities	<u>1,910,570</u>	<u>16</u>	<u>672,490</u>	<u>6</u>	<u>2,502,905</u>	<u>20</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	44,614	1	45,132	-	26,590	-
Lease liabilities – non-current (Note 14)	3,303	-	9,122	-	41,289	1
Guarantee deposits	16,000	-	14,000	-	14,000	-
Total non-current liabilities	<u>63,917</u>	<u>1</u>	<u>68,254</u>	<u>-</u>	<u>81,879</u>	<u>1</u>
Total liabilities	<u>1,974,487</u>	<u>17</u>	<u>740,744</u>	<u>6</u>	<u>2,584,784</u>	<u>21</u>
EQUITY (Note 19 and 24)						
Share capital						
Ordinary shares	809,266	7	807,786	7	807,096	7
Advance receipts for ordinary shares	-	-	848	-	-	-
Total share capital	<u>809,266</u>	<u>7</u>	<u>808,634</u>	<u>7</u>	<u>807,096</u>	<u>7</u>
Capital surplus	6,195,793	52	6,178,947	53	6,146,315	51
Retained earnings						
Legal reserve	566,709	5	566,709	5	364,163	3
Unappropriated earnings	2,326,719	19	3,396,727	29	2,214,579	18
Total retained earnings	<u>2,893,428</u>	<u>24</u>	<u>3,963,436</u>	<u>34</u>	<u>2,578,742</u>	<u>21</u>
Other equity	(324)	-	(450)	-	14,552	-
Total equity	<u>9,898,163</u>	<u>83</u>	<u>10,950,567</u>	<u>94</u>	<u>9,546,705</u>	<u>79</u>
TOTAL	<u>\$ 11,872,650</u>	<u>100</u>	<u>\$ 11,691,311</u>	<u>100</u>	<u>\$ 12,131,489</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended Mar. 31, 2023		For the Three Months Ended Mar. 31, 2022	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20 and 27)	\$ 727,171	100	\$ 1,544,730	100
OPERATING COSTS (Note 10 and 21)	<u>435,351</u>	<u>60</u>	<u>823,467</u>	<u>53</u>
GROSS PROFIT	<u>291,820</u>	<u>40</u>	<u>721,263</u>	<u>47</u>
OPERATING EXPENSES (Note 9 and 21)				
Selling and marketing expenses	30,810	4	38,073	3
General and administrative expenses	37,603	5	38,002	2
Research and development expenses	111,868	16	110,659	7
Reversal of expected credit loss	<u>9,131</u>	<u>1</u>	(<u>431</u>)	<u>-</u>
Total operating expenses	<u>189,412</u>	<u>26</u>	<u>186,303</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>102,408</u>	<u>14</u>	<u>534,960</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	2,379	-	1,606	-
Share of profit of associates (Note 12)	1,155	-	4,469	-
Interest income	75,842	11	1,840	-
Gains on financial assets at fair value through profit or loss (Note 26)	682	-	1,543	-
Interest expense	(304)	-	(390)	-
Foreign exchange gain (loss), net (Note 21 and 30)	(<u>61,159</u>)	(<u>8</u>)	<u>208,530</u>	<u>14</u>
Total non-operating income and expenses	<u>18,595</u>	<u>3</u>	<u>217,598</u>	<u>14</u>

	For the Three Months Ended Mar. 31, 2023		For the Three Months Ended Mar. 31, 2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 121,003	17	\$ 752,558	49
INCOME TAX EXPENSE (Note 4 and 22)	(58,553)	(8)	(195,556)	(13)
NET PROFIT FOR THE PERIOD	<u>62,450</u>	<u>9</u>	<u>557,002</u>	<u>36</u>
OTHER COMPREHENSIVE INCOME (Note 19)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(112)	-	5,824	-
Share of other comprehensive income of associates accounted for using the equity method	<u>238</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>126</u>	<u>-</u>	<u>5,824</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 62,576</u>	<u>9</u>	<u>\$ 562,826</u>	<u>36</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.39</u>		<u>\$ 3.53</u>	
Diluted	<u>\$ 0.38</u>		<u>\$ 3.48</u>	

The accompanying notes are an integral part of the consolidated financial statements.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 19 and 24)			Retained Earnings (Note 19)			Other equity (Note 19)	Treasury Shares (Note 19)	Total Equity	
	Amount	Advance Receipts for Ordinary Shares	Total Shares	Capital Surplus (Note 19 and 24)	Legal Reserve	Unappropriated Earnings	Total			Exchange Differences on Translation of the Financial Statements of Foreign Operations
BALANCE AT JANUARY 1, 2022	\$ 744,136	\$ 2,861	\$ 746,997	\$ 1,054,788	\$ 364,163	\$ 2,631,525	\$ 2,995,688	\$ 8,728	(\$ 11,246)	\$ 4,794,955
Appropriation of the 2021 earnings										
Cash dividends distributed by the Company	-	-	-	-	-	(968,275)	(968,275)	-	-	(968,275)
Recognition of employee share options by the Company	-	-	-	4,887	-	-	-	-	-	4,887
Net profit for the Three Months Ended Mar. 31, 2022	-	-	-	-	-	557,002	557,002	-	-	557,002
Other comprehensive income (loss) for the Three Months Ended Mar. 31, 2022	-	-	-	-	-	-	-	5,824	-	5,824
Total comprehensive income (loss) for the Three Months Ended Mar. 31, 2022	-	-	-	-	-	557,002	557,002	5,824	-	562,826
Cash capital increase	64,000	-	64,000	5,080,677	-	-	-	-	-	5,144,677
Cancellation of treasury stocks	(2,580)	-	(2,580)	(2,993)	-	(5,673)	(5,673)	-	11,246	-
Issuance of ordinary shares under employee share options	1,540	(2,861)	(1,321)	8,956	-	-	-	-	-	7,635
BALANCE AT MARCH 31, 2022	\$ 807,096	\$ -	\$ 807,096	\$ 6,146,315	\$ 364,163	\$ 2,214,579	\$ 2,578,742	\$ 14,552	\$ -	\$ 9,546,705
BALANCE AT JANUARY 1, 2023	\$ 807,786	\$ 848	\$ 808,634	\$ 6,178,947	\$ 566,709	\$ 3,396,727	\$ 3,963,436	(\$ 450)	\$ -	\$ 10,950,567
Appropriation of the 2022 earnings										
Cash dividends distributed by the Company	-	-	-	-	-	(1,132,458)	(1,132,458)	-	-	(1,132,458)
Change in value of associates accounted for using the equity method	-	-	-	439	-	-	-	-	-	439
Recognition of employee share options by the Company	-	-	-	4,356	-	-	-	-	-	4,356
Net profit for the Three Months Ended Mar. 31, 2023	-	-	-	-	-	62,450	62,450	-	-	62,450
Other comprehensive income (loss) for the Three Months Ended Mar. 31, 2023	-	-	-	-	-	-	-	126	-	126
Total comprehensive income (loss) for the Three Months Ended Mar. 31, 2023	-	-	-	-	-	62,450	62,450	126	-	62,576
Issuance of ordinary shares under employee share options	1,480	(848)	632	12,051	-	-	-	-	-	12,683
BALANCE AT MARCH 31, 2023	\$ 809,266	\$ -	\$ 809,266	\$ 6,195,793	\$ 566,709	\$ 2,326,719	\$ 2,893,428	(\$ 324)	\$ -	\$ 9,898,163

The accompanying notes are an integral part of the consolidated financial statements.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended Mar. 31, 2023	For the Three Months Ended Mar. 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 121,003	\$ 752,558
Adjustments for:		
Depreciation expenses	15,123	14,894
Amortization expenses	4,212	3,419
Reversal of expected credit loss	9,131	(431)
Net gain on financial assets at fair value through profit or loss	(682)	(1,543)
Interest expense	304	390
Interest income	(75,842)	(1,840)
Dividend income	-	(199)
Compensation cost of employee share options	4,356	4,887
Share of profit of associates	(1,155)	(4,469)
Inventory devaluation and obsolescence losses (reversal gains)	7,544	(947)
Unrealized (gain) loss on foreign currency exchange	2,397	(17,507)
Changes in operating assets and liabilities		
Trade receivables	57,297	71,344
Other receivables	3,199	(493,945)
Inventories	105,811	(51,060)
Other assets	(7,150)	24,591
Refundable deposits	(1,162)	575
Contract liabilities	(2,651)	(67,038)
Accounts payable	25,048	(253,539)
Other payables	14,947	256,108
Other current liabilities	<u>18,173</u>	<u>4,583</u>
Cash generated from operations	299,903	240,831
Interest received	51,938	1,800
Dividends received	-	199

	For the Three Months Ended Mar. 31, 2023	For the Three Months Ended Mar. 31, 2022
Interest paid	(\$ 304)	(\$ 390)
Income tax paid	(4,815)	-
Net cash generated from operating activities	<u>346,722</u>	<u>242,440</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,353)	(11,091)
Acquisition of intangible assets	(501)	(1,274)
Net cash used in investing activities	<u>(1,854)</u>	<u>(12,365)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	2,000	-
Repayment of the principal portion of lease liabilities	(11,435)	(9,705)
Seasoned equity offering	-	5,144,677
Proceeds from exercise of employee share options	<u>12,683</u>	<u>7,635</u>
Net cash generated from (used) in financing activities	<u>3,248</u>	<u>5,142,607</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>83</u>	<u>5,446</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	348,199	5,378,128
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>8,182,432</u>	<u>2,517,447</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 8,530,631</u>	<u>\$ 7,895,575</u>

The accompanying notes are an integral part of the consolidated financial statements.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Reviewed, Not Audited)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

AP Memory Technology Corporation (hereinafter referred to as the “Company”) was incorporated on August 4, 2011, upon approval of the Ministry of Economic Affairs. The Company mainly engages in the research, development, production and sale of various integrated circuit (IC) products, and provides technical services related to the product design, research and development.

Upon approval of Taipei Exchange (TPEX) in June 2015, the Company started trading on Emerging Stock Board of TPEX and then trading on Taiwan Stock Exchange (TWSE) on May 31, 2016. In January 2022, the Company will make an initial public offering of global depositary receipts (GDRs) by way of a capital raising issue of new shares and will be listed on the Bourse de Luxembourg.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on April 28, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Company and entities controlled by the Company (collectively, the “Group”).

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Undefined
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Initial application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11 and Tables 4 and 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other Significant Accounting Policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022.

1. Income tax expenses

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

2. Deferred income tax

Deferred income tax is calculated from the temporary differences that arise between the carrying amounts of assets and liabilities and their tax bases used in the computation of taxable profit. Temporary differences arising from the

initial recognition of assets and liabilities that affect neither taxable profit nor accounting profit, and from the initial recognition of an asset or a liability in a transaction that is not a business combination, are not recognized as deferred tax assets or liabilities. Furthermore, taxable temporary differences associated with the initial recognition of goodwill are not recognized as deferred tax liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except as stated below, please refer to the consolidated financial statements for the year ended December 31, 2022 for the critical accounting judgments and key sources of estimation uncertainty

a. Estimated impairment of financial assets

The estimated impairment of trade receivables is based on the Group's assumptions about the probability of default and the loss rate of default. The Group considers historical experience, current market and forward-looking information to make assumptions and selects the impairment assessment to input values. Please refer to Note 9 for the assumptions used. If actual future cash flows fall short of the Group's expectations, a significant impairment loss could result. In addition, the uncertainty of the impact of the covid-19 epidemic and the impact of financial market fluctuations on the credit risk of financial assets have resulted in a greater degree of uncertainty in the estimation of the probability of default.

b. Impairment of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to complete the sale, and is based on current market conditions and historical sales experience for similar products; changes in market conditions may materially affect the results of these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Cash on hand	\$ 57	\$ 30	\$ 57
Checking accounts and demand deposits	1,343,219	1,112,475	5,814,518
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	7,187,355	7,069,927	2,081,000
	<u>\$ 8,530,631</u>	<u>\$ 8,182,432</u>	<u>\$ 7,895,575</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Deposits	0.010%~3.050%	0.001%~1.550%	0.001%~1.438%
Time deposits	0.430%~4.841%	0.310%~4.310%	0.280%~0.400%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Financial assets - non-current</u>			
Non-derivative financial assets			
Overseas unlisted			
Haining Changmeng Technology Partnership Enterprise (Limited Partnership) (a)	\$ 249,090	\$ 248,619	\$ 128,248
Domestic listed			
Powerchip Semiconductor Manufacturing Corp. (b)	5,579	5,368	8,934
Domestic unlisted			
GeneASIC Technologies Corporation (c)	<u>2,020</u>	<u>2,020</u>	<u>6,350</u>
	<u>\$ 256,689</u>	<u>\$ 256,007</u>	<u>\$ 143,532</u>

- a. The Group signed an investment agreement with Haining Changmeng Technology Partnership Enterprise (Limited Partnership) (hereinafter referred to as Haining Changmeng) in August 2019. The Group obtained 24.64% equity interest of Haining Changmeng with a total investment of RMB6,900 thousand. The Group does not have the ability to influence relevant activities per the agreement and does not have significant influence over Haining Changmeng. As of March 31, 2023, the amount of capital paid by the Group accounted for 24.64% of the paid-in capital.
- b. The Group acquired 1,500 thousand ordinary shares of Powerchip Semiconductor Manufacturing Corp. (hereinafter referred to as PSMC), which accounted for 0.048% of PSMC's issued shares in August 2019 at the price of \$15,150 thousand. Later in June 2021 and August 2021, the Group sold 250 thousand shares and 451 thousand shares at \$16,713 thousand and \$30,809 thousand, and recognized realized gains of \$14,188 thousand and 26,253 thousand, respectively. In April 2021, PSMC increased its cash capital and the Group purchased 70 thousand shares with a total investment

amount of \$2,782 thousand. As of March 31, 2023, the Group held 0.004% PSMC's issued shares.

- c. In August 2020, the Group acquired 500 thousand ordinary shares of GeneASIC Technologies Corporation (hereinafter referred to as GeneASIC) at the price of \$500 thousand. As of March 31, 2023, the Group held 14.46% of shares issued by GeneASIC.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ <u>2,782</u>	\$ <u>2,782</u>	\$ <u>2,763</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	\$ <u>6,491</u>	\$ <u>6,522</u>	\$ <u>6,009</u>

Please refer to Note 28 for information relating to pledged assets.

9. TRADE RECEIVABLE AND OTHER RECEIVABLES

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Trade receivables (a)</u>			
At amortized cost			
Gross carrying amount	\$ 578,839	\$ 638,601	\$ 798,856
Less: Allowance for impairment loss	(<u>9,135</u>)	(<u>4</u>)	(<u>1,053</u>)
	<u>\$ 569,704</u>	<u>\$ 638,597</u>	<u>\$ 797,803</u>
<u>Other receivables</u>			
Interests receivable	\$ 36,383	\$ 12,556	\$ 1,276
Tax refunds receivables	12,894	16,947	60,512
Wafer purchase agent receivables (Note 20)	-	-	477,095
Others	<u>3,318</u>	<u>2,376</u>	<u>2,741</u>
	<u>\$ 52,595</u>	<u>\$ 31,879</u>	<u>\$ 541,624</u>

Trade receivables

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that an adequate allowance is made for possible irrecoverable

amounts. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group measures the impairment loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The ECLs on note and trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. The Group distinguishes its customers based on the history of credit losses and sets the expected credit loss rate based on the number of days past due on trade receivables for each customer group.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For note and trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's allowance matrix:

Mar. 31, 2023

	Not Past Due	Due in 1-30 Days	Due in 31-60 Days	Due in 61-90 Days	Due in 91-180 Days	Due in 181-360 Days	Due in More than 360 Days	Total
Gross carrying amount	\$ 339,859	\$ 66,957	\$ -	\$ -	\$ 39,585	\$ 132,438	\$ -	\$ 578,839
Allowance for impairment loss (lifetime ECLs)	-	-	-	-	-	(9,135)	-	(9,135)
Amortized cost	<u>\$ 339,859</u>	<u>\$ 66,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,585</u>	<u>\$ 123,303</u>	<u>\$ -</u>	<u>\$ 569,704</u>

Dec. 31, 2022

	Not Past Due	Due in 1-30 Days	Due in 31-60 Days	Due in 61-90 Days	Due in 91-180 Days	Due in 181-360 Days	Due in More than 360 Days	Total
Gross carrying amount	\$ 305,585	\$ 60,262	\$ 15,355	\$ 24,568	\$ 232,831	\$ -	\$ -	\$ 638,601
Allowance for impairment loss (lifetime ECLs)	-	-	-	-	(4)	-	-	(4)
Amortized cost	<u>\$ 305,585</u>	<u>\$ 60,262</u>	<u>\$ 15,355</u>	<u>\$ 24,568</u>	<u>\$ 232,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,597</u>

Mar. 31, 2022

	Not Past Due	Due in 1-30 Days	Due in 31-60 Days	Due in 61-90 Days	Due in 91-180 Days	Due in 181-360 Days	Due in More than 360 Days	Total
Gross carrying amount	\$ 656,092	\$ 115,514	\$ 26,395	\$ -	\$ -	\$ -	\$ 855	\$ 798,856
Allowance for impairment loss (lifetime ECLs)	(5)	(3)	(190)	-	-	-	(855)	(1,053)
Amortized cost	<u>\$ 656,087</u>	<u>\$ 115,511</u>	<u>\$ 26,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 797,803</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Balance at January 1	\$ 4	\$ 1,484
Add: Impairment losses recognized this year (reversal gains)	<u>9,131</u>	(<u>431</u>)
Balance at March 31	<u>\$ 9,135</u>	<u>\$ 1,053</u>

10. INVENTORIES

	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Finished goods	\$ 284,974	\$ 340,443	\$ 412,804
Work-in-process progress	280,927	219,087	403,961
Raw materials	<u>849,136</u>	<u>968,862</u>	<u>931,863</u>
	<u>\$ 1,415,037</u>	<u>\$ 1,528,392</u>	<u>\$ 1,748,628</u>

The nature of operating costs is as follows:

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Cost of inventories sold	\$ 427,807	\$ 824,414
Inventory devaluation and obsolescence (reversal gains) losses	<u>7,544</u>	(<u>947</u>)
	<u>\$ 435,351</u>	<u>\$ 823,467</u>

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Note
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022	
AP Memory Technology Corporation ("AP Memory")	AP Memory Corp, USA (hereinafter referred to as "AP-USA")	IC research and development services	100%	100%	100%	(1)
AP Memory Technology Corporation ("AP Memory")	Zentel Electronics Corporation (hereinafter referred to as "Zentel Electronics")	IC research, development and sales	-	-	100%	(2)
AP Memory Technology Corporation ("AP Memory")	AP Memory Technology (Hangzhou) Limited Co. (hereinafter referred to as "AP Hangzhou")	IC research, development and sales	100%	100%	100%	(3)
AP Memory Technology Corporation ("AP Memory")	APware Technology Corp. (hereinafter referred to as "APware")	IC research, development and sales	100%	100%	100%	(4)

AP Memory Technology Corporation (“AP Memory”)	VIVR Corporation (hereinafter referred to as “VIVR”)	IC research, development and sales	100%	100%	-	(5)
AP Memory Technology Corporation (“AP Memory”)	CascadeTeq Inc. (hereinafter referred to as “CascadeTeq”)	IC sales	100%	100%	-	(6)
AP Hangzhou	AP Memory Technology (Hong Kong) Co. Limited (hereinafter referred to as “AP Hong Kong”)	IC sales	100%	100%	100%	(7)

- (1) Established in the state of Oregon in the United States in February 2012, AP-USA mainly engages in the research and development of integrated circuits (ICs). As of April 28, 2023, the Company already contributed US\$2,000 thousand of capital thereto.
- (2) To integrate resources and take advantage of economies of scale, the Company decided to publicly acquire the common shares of Zentel Electronics on September 2, 2016. By the end of the acquisition period, the Company had acquired 55.24% of Zentel Electronics' shares for a total price of \$544,291 thousand. On June 19, 2017, the shareholders approved the acquisition of the remaining 44.76% of Zentel Electronics' issued shares for a price of \$441,040 thousand. As a result, the Company now owns 100% of Zentel Electronics' shares. Zentel Electronics is engaged in the design, development, and sales of integrated circuit products. Zentel Electronics completed a capital reduction of \$399,000 thousand on July 30, 2021, to improve operational planning and capital utilization. Considering the overall operational planning and resource allocation of the group, Zentel Electronics dissolved on June 30, 2022, and completed the liquidation process on January 12, 2023.
- (3) AP Memory Hangzhou was established in Hangzhou in December 2017, mainly engaged in the design, development, and sales of integrated circuits. As of April 28, 2023, the company's paid-in capital is US\$2,000 thousand.
- (4) In line with the growth of the scale of the investee company and future operation planning, the Company established APware in the British Cayman Islands on October 15, 2021 by resolution of the board of directors. APware was established in October 2021 and is principally engaged in the design, development and sales of integrated circuits. As of April 28, 2023, the Company has not yet made any actual capital investment.

- (5) To respond to future product development and operational planning, the Company resolved in a board meeting on August 30, 2022, to establish a subsidiary, VIVR, in the United States. VIVR, which mainly deals in the design, development, and sales of integrated circuits, was established in December 2022. As of April 28, 2023, the company's paid-in capital is US\$1,000 thousand. VIVR completed the establishment of its Taiwanese branch on February 8, 2023.
- (6) To plan for future operations, the Company decided in a board meeting on October 28, 2022, to establish a subsidiary, CascadeTeq Inc. CascadeTeq Inc., mainly engaged in the sales of integrated circuits, was established in December 2022. As of April 28, 2023, the company's paid-in capital is \$5,000 thousand.
- (5) AP Hangzhou established AP Hong Kong, a company primarily engages in the sale of ICs in October 2019 in Hong Kong. AP Hangzhou already contributed US\$10 thousand of capital thereto in June 2021. As of April 28, 2023, AP Hong Kong's paid-in capital amounted to US\$10 thousand.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Investments in associates</u>			
Associates that are not individually insignificant material			
Lyontek Inc. ("Lyontek")			
(1)	\$ 92,542	\$ 88,690	\$ 91,592
ONECENT TECHNOLOGY LTD. ("ONECENT")			
(2)	<u>24,281</u>	<u>26,301</u>	<u>-</u>
	<u>\$ 116,823</u>	<u>\$ 114,991</u>	<u>\$ 91,592</u>

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
The Group's share of:		
Net profit for the period	\$ 1,155	\$ 4,469
Other comprehensive income	<u>238</u>	<u>-</u>
Total comprehensive income	<u>\$ 1,393</u>	<u>\$ 4,469</u>

- (1) The Group invested acquired 3,600 thousand shares of Lyontek at the price of NT\$75,060 thousand in October 2016, representing a 30% shareholding. The goodwill of \$2,610 thousand arose from the investment in Lyontek is recognized as the cost of investments in associates.
- (2) The consolidated company invested \$238 thousand and \$33,533 thousand respectively in May and August 2022, and cumulatively acquired 3,600 thousand common shares of ONECENT, holding a 48% stake. The company's management believes that it only has significant influence over ONECENT, and thus categorizes it as an associate of the consolidated company. The goodwill generated from acquiring ONECENT is included in the associated investment costs, and its initial accounting treatment is provisional at the balance sheet date. As of the approval date of this consolidated report, the required market valuations and other calculations have not been completed, so the provisional values are based on the best estimates of the management of the consolidated company.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Lyontek which have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Computer and Communications Equipment	Office Equipment	Leasehold Improvement	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 168,238	\$ 13,579	\$ 4,952	\$ 16,736	\$ 203,505
Additions	-	615	-	954	1,569
Effect of foreign currency exchange differences	<u>7</u>	(<u>4</u>)	<u>10</u>	<u>8</u>	<u>21</u>
Balance at March 31, 2023	<u>168,245</u>	<u>14,190</u>	<u>4,962</u>	<u>17,698</u>	<u>205,095</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	97,558	9,750	4,420	11,143	122,871
Depreciation expenses	5,312	536	81	961	6,890
Effect of foreign currency exchange differences	<u>6</u>	(<u>7</u>)	<u>10</u>	<u>7</u>	<u>16</u>
Balance at March 31, 2023	<u>102,876</u>	<u>10,279</u>	<u>4,511</u>	<u>12,111</u>	<u>129,777</u>
Carrying amount at December 31, 2022	<u>\$ 70,680</u>	<u>\$ 3,829</u>	<u>\$ 532</u>	<u>\$ 5,593</u>	<u>\$ 80,634</u>
Carrying amount at March 31, 2023	<u>\$ 65,369</u>	<u>\$ 3,911</u>	<u>\$ 451</u>	<u>\$ 5,587</u>	<u>\$ 75,318</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 146,711	\$ 11,294	\$ 4,259	\$ 16,364	\$ 178,628
Additions	9,970	-	400	-	10,370
Disposals	-	(178)	-	-	(178)
Effect of foreign currency exchange differences	<u>49</u>	<u>34</u>	<u>76</u>	<u>50</u>	<u>209</u>
Balance at March 31, 2022	<u>156,730</u>	<u>11,150</u>	<u>4,735</u>	<u>16,414</u>	<u>189,029</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	77,546	8,361	3,971	7,351	97,229
Depreciation expenses	5,323	315	94	941	6,673
Disposals	-	(178)	-	-	(178)
Effect of foreign currency exchange differences	<u>27</u>	<u>29</u>	<u>69</u>	<u>50</u>	<u>175</u>
Balance at March 31, 2022	<u>82,896</u>	<u>8,527</u>	<u>4,134</u>	<u>8,342</u>	<u>103,899</u>
Carrying amount at December 31, 2021	<u>\$ 69,165</u>	<u>\$ 2,933</u>	<u>\$ 288</u>	<u>\$ 9,013</u>	<u>\$ 81,399</u>
Carrying amount at March 31, 2022	<u>\$ 73,834</u>	<u>\$ 2,623</u>	<u>\$ 601</u>	<u>\$ 8,072</u>	<u>\$ 85,130</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	3 to 5 years
Computer and communications equipment	3 to 7 years
Office equipment	3 to 7 years
Leasehold improvement	2 to 3 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Carrying amounts			
Buildings	\$ 15,012	\$ 18,000	\$ 13,049
Machinery and equipment	<u>56,802</u>	<u>62,018</u>	<u>77,668</u>
	<u>\$ 71,814</u>	<u>\$ 80,018</u>	<u>\$ 90,717</u>

	<u>For the Three Months Ended Mar. 31, 2023</u>	<u>For the Three Months Ended Mar. 31, 2022</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 3,017	\$ 3,005
Machinery and equipment	<u>5,216</u>	<u>5,216</u>
	<u>\$ 8,233</u>	<u>\$ 8,221</u>

b. Lease liabilities

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Carrying amounts			
Current	<u>\$ 48,969</u>	<u>\$ 54,559</u>	<u>\$ 40,872</u>
Non-current	<u>\$ 3,303</u>	<u>\$ 9,122</u>	<u>\$ 41,289</u>

Range of discount rate for lease liabilities was as follows:

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Buildings	2%~4%	2%~4%	1.8%~2%
Machinery and equipment	1.8%	1.8%	1.8%

c. Other lease information

	<u>For the Three Months Ended Mar. 31, 2023</u>	<u>For the Three Months Ended Mar. 31, 2022</u>
Expense relating to short-term leases	<u>\$ 1,184</u>	<u>\$ 1,088</u>
Total cash outflow for leases	<u>(\$ 12,923)</u>	<u>(\$ 11,183)</u>

The consolidated company chooses to apply exemptions for the recognition of short-term leases for offices, dormitories, and several parking spaces, and does not recognize related right-of-use assets and lease liabilities for these leases.

15. Intangible assets

	<u>Computer Software</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 125,005
Additions	501
Decrease in the current period	(37,065)
Effect of foreign currency exchange differences	(<u>632</u>)
Balance at March 31, 2023	<u>\$ 87,809</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 103,294
Amortization expenses	4,212
Decrease in the current period	(37,065)
Effect of foreign currency exchange differences	(<u>485</u>)
Balance at March 31, 2023	<u>\$ 69,956</u>
Carrying amount at December 31, 2022	<u>\$ 21,711</u>
Carrying amount at March 31, 2023	<u>\$ 17,853</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 100,349
Additions	1,274
Effect of foreign currency exchange differences	<u>1,558</u>
Balance at March 31, 2022	<u>\$ 103,181</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 83,371
Amortization expenses	3,419
Effect of foreign currency exchange differences	<u>1,234</u>
Balance at March 31, 2022	<u>\$ 88,024</u>
Carrying amount at December 31, 2021	<u>\$ 16,978</u>
Carrying amount at March 31, 2022	<u>\$ 15,157</u>

Amortization expense is calculated on a straight-line bases over the estimated useful lives as follows:

Computer software	1 to 3 years
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16. OTHER ASSETS

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Current</u>			
Prepayments	\$ 63,915	\$ 48,751	\$ -
Offsets against business tax payable	4,825	5,090	6,839
Others	<u>392</u>	<u>8,615</u>	<u>11,558</u>
	<u>\$ 69,132</u>	<u>\$ 62,456</u>	<u>\$ 18,397</u>
<u>Non-current</u>			
Masks and probe cards	\$ 120,161	\$ 116,676	\$ 181,889
Long-term prepayments	60,800	60,800	-
Prepayment of bonuses	<u>8,708</u>	<u>11,719</u>	<u>22,106</u>
	<u>\$ 189,669</u>	<u>\$ 189,195</u>	<u>\$ 203,995</u>

17. OTHER LIABILITIES

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Current</u>			
Other payables			
Dividends payable	\$ 1,132,458	\$ -	\$ 968,275
Payable for compensation of employees	71,450	71,466	115,226
Payable for salaries or bonuses	33,602	21,888	48,134
Payable for masks and probe cards	11,643	13,759	240
Payable for remuneration of directors	6,200	5,000	9,800
Payable for compensated absences	6,009	7,371	6,798
Payable for labor and national health insurances	3,047	2,547	2,816
Payable for labor costs	2,660	2,583	6,492
Payable for pension	2,498	2,450	2,144
Payables for purchases of equipment	911	695	584
Research fees payable	-	1,228	-
Payable for outsourced wafers	-	-	242,918
Others	<u>23,557</u>	<u>17,577</u>	<u>15,055</u>
	<u>\$ 1,294,035</u>	<u>\$ 146,564</u>	<u>\$ 1,418,482</u>
Other liabilities			
Receipts under custody	\$ 3,106	\$ 2,387	\$ 8,774
Temporary receipts	<u>18,329</u>	<u>875</u>	<u>67</u>
	<u>\$ 21,435</u>	<u>\$ 3,262</u>	<u>\$ 8,841</u>

18. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Group's subsidiaries in China and the United States are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the subsidiaries with respect to the retirement benefit plan is to make the specified contributions.

19. EQUITY

a. Share capital

1. Ordinary shares

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>161,853</u>	<u>161,557</u>	<u>161,419</u>
Shares issued	<u>\$ 809,266</u>	<u>\$ 807,786</u>	<u>\$ 807,096</u>
Advance receipts for ordinary shares	<u>\$ -</u>	<u>\$ 848</u>	<u>\$ -</u>

The changes in the Company's capital stock were due to the issuance of global depositary receipts, the exercise of stock options by employees and the cancellation of treasury stock.

The Company had 10,500 units of executed stock options that had not yet issued new shares as of December 31, 2022. The received execution price of \$848 thousand was recorded as capital collected in advance.

2. Issuance of global depositary receipts

On December 6, 2021, the Company resolved at the extraordinary shareholders' meeting to issue additional common shares by seasoned equity offering for global depositary receipts (GDRs), and on January 25, 2022, the Company issued 6,400 thousand units of GDRs on the Bourse de Luxembourg

for US\$29.65 per unit, with each unit carrying two shares of the Company's common stock, for a total of 12,800 thousand shares, raising total funds of US\$189,760 thousand. The aforementioned GDRs were fully redeemed in February 2022.

b. Capital surplus

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 5,744,027	\$ 5,731,976	\$ 5,720,556
Exercised and invalid employee share options	193,460	189,031	187,324
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	153,042	153,042	153,042
Vested restricted shares for employees	\$ 47,595	\$ 47,595	\$ 47,595
Cash capital increase reserved for employees	<u>467</u>	<u>467</u>	<u>467</u>
	6,138,591	6,122,111	6,108,984
<u>May be used to offset a deficit only (2)</u>			
Changes in ownership interests in subsidiaries and associates accounted for using the equity method	840	401	401
<u>Not be used for any purpose</u>			
Employee share options	<u>56,362</u>	<u>56,435</u>	<u>36,930</u>
	<u>\$ 6,195,793</u>	<u>\$ 6,178,947</u>	<u>\$ 6,146,315</u>

- Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- Changes in subsidiaries' ownership interests recognized using the equity method shall only be used to offset a deficit. No other use is allowed.

c. Retained earnings and dividend policy

Under the Company's dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. If such surplus earning is distributed in the form of cash, it shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration of directors, refer to Note 21(c) on employees' compensation and remuneration of directors.

Considering the Company's environment and growth stage, dividends may be distributed in cash or in shares in response to the future demand for funds and long-term financial plan. Among them, the proportion of cash dividends shall not be less than 20% of the dividends distributed to shareholders.

The aforesaid proportion of dividend distribution may be adjusted according to the Company's earnings and available funds for the year upon resolution of the shareholders meeting.

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

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ <u>194,170</u>	\$ <u>202,546</u>
Special reserve	\$ <u>450</u>	\$ <u>-</u>
Cash dividends	\$ <u>1,132,458</u>	\$ <u>968,275</u>
Dividends per share (NT\$)	\$ 7.0	\$ 6.0

The above-mentioned cash dividends were resolved and distributed by the board of directors on February 24, 2023, and February 25, 2022, respectively. The remaining surplus distribution for the year 2021 was decided at the annual shareholder meeting on May 27, 2022. The distribution of the remaining surplus for the year 2022 is pending resolution at the annual shareholder meeting to be held on May 29, 2023.

The per share dividend for the fiscal year 2021 was adjusted to \$5.99628435 due to the exercise of employee stock options.

d. Other equity items

Exchange differences on translation of the financial statements of foreign operations

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Balance at January 1	(\$ 450)	\$ 8,728
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	(112)	5,824
Share of other comprehensive income from associates accounted for using the equity method	238	-
Balance at March 31	<u>(\$ 324)</u>	<u>\$ 14,552</u>

e. Treasury shares (For the Three Months Ended Mar. 31, 2023: None.)

<u>For the Three Months Ended</u>	<u>Shares Transferred to Employees (In Thousands of Shares)</u>
<u>March 31, 2022</u>	
Balance at January 1	\$ 516
Reduction in the period	(516)
Balance at March 31	<u>\$ -</u>

To transfer shares to employees, the Company had, upon resolution of the board of directors on October 8, 2018, bought back 258 thousand shares between October 9, 2018 and December 8, 2018 at the price of NT\$11,246 thousand. In August 2021, the Company amended its articles of incorporation by resolution of the shareholders' meeting to change the par value of each share from \$10 to \$5. The conversion was completed in October 2021, resulting in an increase in the number of treasury shares

bought back to 516 thousand shares. On February 25, 2022, the board of directors resolved to cancel the 516 thousand shares of treasury stock and complete the registration of the change.

According to Securities and Exchange Act, the number of shares bought may not exceed ten percent of the total number of issued and outstanding shares of the Company. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus. The shares bought back by the Company for having them transferred to employees shall be transferred within 3 years from the redemption date. The shares not transferred within the said time limit shall be deemed as not issued by the Company and amendment registration shall be proceeded. The shares bought back by the Company for maintaining the Company's creditability and shareholders' equity shall be retired within 6 months from the redemption date. Treasury shares possessed by the Company shall not be pledged; and, before transfer, the shareholders' rights shall not be enjoyed as prescribed in Securities and Exchange Act.

20. REVENUE

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 629,672	\$ 1,426,103
Revenue from the rendering of services	74,217	88,296
Revenue from licensing	18,327	28,565
Other income	4,955	1,766
	<u>\$ 727,171</u>	<u>\$ 1,544,730</u>

a. Contract information

1. Revenue from the sale of goods

Sales revenue from goods comes from the sale of integrated circuit products. As the integrated circuit products have a fixed price and usage rights by the customers at the time of trade conditions fulfillment, and the customers bear the main responsibility for resale and the risk of the goods becoming obsolete, the consolidated company recognizes revenue and accounts receivable at that point. Prepayments from goods sales are recognized as contract liabilities before the products arrive.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2. Revenue from the rendering of services

Revenue from services is derived from the purchase of wafers and the provision of design and development services.

With respect to wafer purchase services for customers, the Group does not have control over the wafers when they are transferred to customers and is not responsible for the acceptance of the wafers by customers. In addition, the Group has no commitment to purchase wafers prior to the customer's order and therefore has no inventory risk. The Group provides wafer purchase services as an agent and recognizes revenue and trade receivables on a net basis when control of the wafers is transferred to the customer with no subsequent obligation, with the remaining receivables and payables classified as other receivables and other payables for wafer purchase.

Design and development services provided by the Group are recognized on the basis of the degree of contract completion.

3. Revenue from licensing

Since the technology licensing transactions do not commit to engage in activities that change the functionality of SIP core technology and the technology can be maintained without updating or technical support, the license fee received is recognized as license revenue when the right to use SIP core is transferred.

b. Contract balances

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>	<u>Jan. 1, 2022</u>
Trade receivables (Note 9)	<u>\$ 569,704</u>	<u>\$ 638,597</u>	<u>\$ 797,803</u>	<u>\$ 854,080</u>
Contract liabilities Sale of goods	<u>\$ 20,392</u>	<u>\$ 23,043</u>	<u>\$ 106,564</u>	<u>\$ 173,602</u>

The change in contract liabilities mainly comes from the difference between the timing of fulfilling performance obligations and the timing of customer payments.

21. NET PROFIT

a. Depreciation and amortization

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
An analysis of depreciation by function		
Operating costs	\$ 10,543	\$ 10,370
Operating expenses	<u>4,580</u>	<u>4,524</u>
	<u>\$ 15,123</u>	<u>\$ 14,894</u>
An analysis of amortization by function		
Operating costs	\$ 13	\$ -
Operating expenses	<u>4,199</u>	<u>3,419</u>
	<u>\$ 4,212</u>	<u>\$ 3,419</u>

b. Employee benefits expense

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Post-employment benefits (Note 18)		
Defined contribution plans	\$ <u>3,963</u>	\$ <u>3,439</u>
Share-based payments		
Equity-settled	<u>4,356</u>	<u>4,887</u>
Other employee benefits		
Salary	104,762	134,292
Labor and health insurance	6,330	5,370
Others	<u>5,839</u>	<u>5,330</u>
	<u>116,931</u>	<u>144,992</u>
Total employee benefits expense	<u>\$ 125,250</u>	<u>\$ 153,318</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 9,528	\$ 16,167
Operating expenses	<u>115,722</u>	<u>137,151</u>
	<u>\$ 125,250</u>	<u>\$ 153,318</u>

c. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues employees' compensation and board directors' remuneration at the rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors.

The compensation of employees and the remuneration of directors for the three months and three months ended March 31, 2023 and 2022 were as follows:

Accrual rate	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Compensation of employees	4.18%	2.16%
Remuneration of directors	0.95%	0.23%

Amount	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Compensation of employees	\$ 5,258	\$ 16,651
Remuneration of directors	1,200	1,800

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriation of compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on February 24, 2023 and February 25, 2022, separately, are as shown below:

	Cash	
	2022	2021
Compensation of employees	\$ 35,191	\$ 74,262
Remuneration of directors	5,000	8,000

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Foreign exchange gains	\$ 120,503	\$ 235,041
Foreign exchange losses	(181,662)	(26,511)
Net gains (losses)	<u>(\$ 61,159)</u>	<u>\$ 208,530</u>

22. INCOME TAX

a. Income tax recognized in profit or loss:

Major components of income tax expense are as follows:

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Current tax		
In respect of the current period	\$ 29,099	\$ 146,197
Income tax on unappropriated earnings	29,791	42,732
In respect of prior years	1,516	-
Deferred tax		
In respect of the current period	(<u>1,853</u>)	<u>6,627</u>
Income tax expense recognized in profit or loss	<u>\$ 58,553</u>	<u>\$ 195,556</u>

b. Income tax assessments

The Company's income tax filing cases up to the fiscal year of 2021 have been settled by the tax collection authorities. The subsidiary, Zentel Electronics, has been liquidated, along with its previous year's settlement filing cases that have been settled by the tax collection authorities.

23. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Basic earnings per share	<u>\$ 0.39</u>	<u>\$ 3.53</u>
Diluted earnings per share	<u>\$ 0.38</u>	<u>\$ 3.48</u>

The earnings and weighted-average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 62,450</u>	<u>\$ 557,002</u>

Ordinary Shares Outstanding

(In Thousands of Shares)

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Weighted-average number of ordinary shares used in the computation of basic earnings per share	161,724	157,922
Effects of potentially dilutive ordinary shares:		
Employee share options	1,183	1,798
Compensation of employees	<u>89</u>	<u>185</u>
Weighted-average number of ordinary shares used in the computation of diluted earnings per share	<u>162,996</u>	<u>159,905</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Group

<u>Grant date</u>	<u>2022.12.23</u>	<u>2022.04.29</u>	<u>2021.03.12</u>	<u>2020.09.26</u>	<u>2019.12.20</u>	<u>2019.04.26</u>	<u>2018.11.09</u>	<u>2017.01.25</u>
Approval date by board of directors	2022.08.30	2021.07.30	2020.08.07	2020.08.07	2019.04.26	2018.08.08	2018.08.08	2016.11.03
Grant unit	426,330	267,000	69,430	319,000	750,000	8,000	692,000	680,000
Exercise price (NT\$) (Notes 1 and 2)	170	251	781	333.5	83.7	43.85	44.8	81.70
Share per unit (Note 2)	1 ordinary share							
Granted to	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements	The Company and subsidiaries' employees who meet specific requirements
Vesting conditions (Note 3)	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 40% 3 years 30% 4 years 30%
Life/duration on (years)	10	10	10	10	10	10	10	10

Note 1: Where there is movement in the Company's ordinary shares or the Company pays cash dividends, the exercise price of the option will be adjusted accordingly based on the formula

Note 2: For any subsequent changes in the Company's par value per share, the exercise price is adjusted first, and then adjust the share subscription percentage accordingly based on the formula, except for the exercised options. In August

2021, the Company amended its articles of incorporation by resolution of the shareholders' meeting to change the par value per share from \$10 to \$5. The conversion was completed in October 2021, resulting in the exercise price per unit of stock options granted before October 2021 being adjusted to 50% of the original exercise price and the number of stock options available for subscription being adjusted from one to two.

Note 3: The computation starts after the employee share options are granted.

Information about employee share options was as follows:

Employee share options	For the Three Months Ended Mar. 31, 2023		For the Three Months Ended Mar. 31, 2022	
	Number of Options (Units)	Weighted-a verage Exercise Price (NT\$)	Number of Options (Units)	Weighted-a verage Exercise Price (NT\$)
Balance at January 1	1,754,073	\$ 188.65	1,391,430	\$ 162.99
Options exercised	(148,000)	91.43	(154,000)	68.15
Options expired	(104,980)	187.30	(61,900)	59.17
Balance at March 31	<u>1,501,093</u>	198.32	<u>1,175,530</u>	179.74
Options exercisable, end of period	<u>213,713</u>	188.33	<u>85,500</u>	76.67

For the three months ended Mar. 31, 2023, and 2022, the weighted average stock prices on the exercise dates of the employee stock options were \$238.97 and \$418.16, respectively.

Information about outstanding options was as follows:

Mar. 31, 2023			Dec. 31, 2022			Mar. 31, 2022		
Issue Date	Exercise Price (NT\$)/unit	Weighted Average Remaining Contractual Life (Years)	Issue Date	Exercise Price (NT\$)/unit	Weighted Average Remaining Contractual Life (Years)	Issue Date	Exercise Price (NT\$)/unit	Weighted Average Remaining Contractual Life (Years)
2017.01.25	\$ 71.40	3.82	2017.01.25	\$ 71.40	4.07	2017.01.25	72.8	4.82
2018.11.09	43.20	5.62	2018.11.09	43.20	5.86	2018.11.09	44.0	6.62
2019.04.26	42.20	6.08	2019.04.26	42.20	6.32	2019.04.26	43.0	7.08
2019.12.20	80.80	6.73	2019.12.20	80.80	6.98	2019.12.20	82.4	7.73
2020.09.26	322.80	7.50	2020.09.26	322.80	7.74	2020.09.26	329.2	8.50
2021.03.12	755.40	7.95	2021.03.12	755.40	8.20	2021.03.12	770.6	8.95
2022.04.29	246.00	9.09	2022.04.29	246.00	9.33			
2022.12.23	170.00	9.74	2022.12.23	170.00	9.99			

Options granted in December 2022 and April 2022 were priced by using the binomial pricing model, and the inputs to the model were as follows:

Year of Offering	December 2022	April 2022
Fair value per option - grant date	\$63.59~\$92.52	\$92.47~\$137.32
Exercise price	\$170.00	\$251.00
Expected volatility	63.42~64.94%	63.93%
Expected life	6~7.5 years	6~7.5 years
Expected dividend yield	-	-
Risk-free interest rate	1.17%~1.22%	1.10%~1.17%

Expected volatility was based on the average annualized historical share price volatility of comparable companies before the grant date. The Company assumes that at the midpoint between the expiry of the vested period and the expiry date, the employees will exercise their option.

For the three months ended Mar. 31, 2023, and 2022, the recognized remuneration costs were \$4,356 and \$4,887 respectively.

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings and other equity) and short-term borrowings.

The Group is not subject to any externally imposed capital requirements.

Management regularly reviews the Group's capital structure and considers the costs and risks of different capital structures. In general, the Group has a prudent risk management strategy.

26. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

Management believed the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

Mar. 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Investments in equity instruments	\$ 5,579	\$ -	\$ 251,110	\$ 256,689

Dec. 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Investments in equity instruments	<u>\$ 5,368</u>	<u>\$ -</u>	<u>\$ 250,639</u>	<u>\$ 256,007</u>

Mar. 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Investments in equity instruments	<u>\$ 8,934</u>	<u>\$ -</u>	<u>\$ 134,598</u>	<u>\$ 143,532</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the Three Months Ended Mar. 31, 2023

<u>Financial Assets</u>	<u>Financial Assets at FVTPL Equity Instruments</u>
Balance at January 1, 2023	\$ 250,639
Recognized in profit or loss	<u>471</u>
Balance at March 31, 2023	<u>\$ 251,110</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the period	<u>\$ 471</u>

For the Three Months Ended Mar. 31, 2022

<u>Financial Assets</u>	<u>Financial Assets at FVTPL Equity Instruments</u>
Balance at January 1, 2022	\$ 129,988
Recognized in profit or loss	<u>4,610</u>
Balance at March 31, 2022	<u>\$ 134,598</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the period	<u>\$ 4,610</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Unlisted company stock - domestic and foreign	a) Fair values are estimated using the market approach, with reference to the company's valuation of similar companies and recent financing activities. b) Fair values are estimated using asset-based approach, with reference to the investee's net assets and business operation.

c. Categories of financial instruments

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Investments in equity instruments	\$ 256,689	\$ 256,007	\$ 143,532
Assets measured at amortized cost (Note 1)	9,614,923	9,309,717	9,647,658
<u>Financial liabilities</u>			
Assets measured at amortized cost (Note 2)	1,485,162	310,525	1,783,420

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, trade receivables, other receivables (excluding tax receivable), and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise accounts payable, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, other receivables, refundable deposits, accounts payables, other payables, lease liabilities, and guarantee deposits. The Group's financial management department provides services to the business unit and coordinates, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note30.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the functional currency strengthening 5% against the relevant currency. For a 5% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<u>USD Impact</u>	
	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Loss (i)	\$ 396,122	\$ 314,288

(i) Mainly derived from the consolidated company's US dollar-denominated bank deposits, accounts receivable, other receivables, accounts payable, and other payables that are still circulating in the market and have not undergone cash flow hedging as of the balance sheet date.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Fair value interest rate risk			
Financial assets	\$7,196,628	\$7,079,231	\$2,089,772
Financial liabilities	52,272	63,681	82,161
Cash flow interest rate risk			
Financial assets	1,343,179	1,112,434	5,814,480

Sensitivity analysis

The sensitivity analysis of interest rate risk was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each assets and liability outstanding at the end of the period was outstanding for the whole period. Had interest rates been 50 basis points higher and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have increased by \$1,679 thousand and \$7,268 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate changes on its variable-rate bank deposits.

c) Other price risk

The Group's price risk of financial assets at FVTPL for the three months ended March 31, 2023 and 2022 were primarily from investments in equity instruments.

Sensitivity analysis

The sensitivity analysis below was determined based on the equity price at the end of the period.

If equity prices increase/decrease by 5%, the consolidated company's pre-tax net profit for the three months ended Mar. 31, 2023, and 2022 will increase/decrease by \$12,834 thousand and \$7,177 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of the counterparty to discharge an obligation approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a

means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Besides this, ongoing credit evaluations are performed on the financial condition of counterparties of the trade receivables, so the Group's credit risk is limited. On the balance sheet date, the Group's maximum exposure to credit risk approximates the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

3) Liquidity risk

The Group's objectives of managing liquidity risk are to ensure that it has sufficient liquidity to continue operating in the following 12 months. The Group has maintained a level of cash and cash equivalents deemed adequate to finance its operations. The Group also adopted a series of control measures with respect to change in cash flow, net cash balance and major capital expenditure in order to know its available line of credit and to ensure its compliance with loan contract terms.

For the Group, bank loan is a significant source of liquidity. With respect to the Group's available line of credit, please refer to "(b) Line of credit" as follows:

a) Liquidity and interest rate risk tables

The following tables show the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Mar. 31, 2023

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	2.09	\$ 1,381,926 <u>12,728</u> \$ 1,394,654	\$ 87,236 <u>36,851</u> \$ 124,087	\$ - <u>3,344</u> \$ 3,344	\$ - <u>-</u> \$ -

Dec. 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	- 2.11	\$ 208,457 <u>14,330</u> \$ 222,787	\$ 88,068 <u>41,089</u> \$ 129,157	\$ - <u>9,216</u> \$ 9,216	\$ - <u>-</u> \$ -

Mar. 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	1.83	\$ 787,772 <u>12,784</u> \$ 800,556	\$ 981,648 <u>29,204</u> \$ 1,010,852	\$ - <u>41,676</u> \$ 41,676	\$ - <u>-</u> \$ -

(2) Financing facilities

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Bank loan facilities			
Amount unused	<u>\$ 1,056,750</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>

The Group's working capital and line of credit are sufficient to continue its operations; the Group therefore does not have any liquidity risk.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries which are related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and its related parties are disclosed below.

a. Related parties and their relationships

<u>Related Party</u>	<u>Relationship</u>
Lyontek	Associate
ONECENT TECHNOLOGY (SINGAPORE) PTE.	Subsidiary of associates

b. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Sales revenue	Associate	<u>\$ -</u>	<u>\$ 2,707</u>
Labor revenue	Subsidiary of associates	<u>\$ 1</u>	<u>\$ -</u>

c. Receivables (Mar. 31, 2023 及 Dec. 31, 2022: None.)

	<u>Mar. 31, 2022</u>
Associate	<u>\$ 2,909</u>

d. Compensation of key management personnel

	<u>For the Three Months Ended March 31, 2023</u>	<u>For the Three Months Ended March 31, 2022</u>
Short-term employee benefits	\$ 9,470	\$ 17,029
Post-employment benefits	81	90
Share-based payments	<u>1,823</u>	<u>853</u>
	<u>\$ 11,374</u>	<u>\$ 17,972</u>

The remuneration of board directors and salaries of other key management personnel are decided by remuneration and compensation committee based on individual performance and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as tariff guarantee for imported raw material:

	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Pledged deposits (classified as financial assets at amortized cost)	<u>\$ 2,782</u>	<u>\$ 2,782</u>	<u>\$ 2,763</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the balance sheet date were as follows:

Significant commitments

The Group entered into long-term purchase agreement of materials with its supplier in October 2021, which covers the period from October 2021 to December 2024. The Group provided \$443,440 thousand as the deposit for the purchase. The relative minimum purchase quantity per month and the compensation for shortfall in non-compliance purchases are specified in the agreements. Considering the current transaction patterns and actual transactions with suppliers, the Group assesses that there is no significant possibility of compensation, and therefore the related contracts do not have a significant impact on financial and operations.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

In Thousands of New Taiwan Dollars and Foreign Currencies
Mar. 31, 2023

	<u>Foreign Currencies</u>	<u>Exchange Rates</u>	<u>Book Value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 267,525	30.45(USD:NTD)	\$ 8,146,134
USD	254	6.872(USD:RMB)	<u>7,733</u>
			<u>\$ 8,153,867</u>
<u>Non-monetary items</u>			
Investments in equity instruments at FVTPL			
RMB	\$ 56,215	4.431 (RMB:NTD)	<u>\$ 249,090</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	6,358	30.45 (USD:NTD)	\$ 193,624
USD	1,241	6.872(USD:RMB)	<u>37,794</u>
			<u>\$ 231,418</u>

Dec. 31, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rates</u>	<u>Book Value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 254,995	30.71(USD:NTD)	\$ 7,830,913
USD	223	6.9669(USD:RMB)	<u>6,853</u>
			<u>\$ 7,837,766</u>
<u>Non-monetary items</u>			
Investments in equity instruments at FVTPL			
RMB	56,402	4.408(RMB:NTD)	<u>\$ 249,090</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,390	30.71 (USD:NTD)	\$ 165,532
USD	755	6.9669 (USD:RMB)	<u>23,181</u>
			<u>\$ 188,713</u>

Mar. 31, 2022

	<u>Foreign Currencies</u>	<u>Exchange Rates</u>	<u>Book Value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 240,590	28.625 (USD:NTD)	\$ 6,886,895
USD	829	6.3526 (USD:RMB)	23,724
JPY	14,800	0.2353 (JPY:NTD)	<u>3,482</u>
			<u>\$ 6,914,101</u>
<u>Non-monetary items</u>			
Investments in equity instruments at FVTPL			
RMB	28,462	4.506(RMB:NTD)	<u>\$ 128,248</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	21,436	28.625 (USD:NTD)	\$ 613,623
USD	393	6.3526 (USD:RMB)	11,241
JPY	14,800	0.2353 (JPY:NTD)	<u>3,482</u>
			<u>\$ 628,346</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Three Months Ended Mar. 31, 2023		For the Three Months Ended Mar. 31, 2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.395 (USD:NTD)	(\$ 61,702)	27.994 (USD:NTD)	\$ 208,088
USD	6.8442 (USD:RMB)	547	6.3536 (USD:RMB)	(98)
JPY	-	-	0.2410 (JPY:NTD)	561
Others		(4)		(21)
		(\$ 61,159)		(\$ 208,530)

31. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. Information on investees:
1. Financing provided to others. (None)
 2. Endorsements/guarantees provided. (None)
 3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
 4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 2)
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 9. Trading in derivative instruments. (None)
 10. Other: Intercompany relationships and significant intercompany transactions. (Table 3)
 11. Information of investees. (Table 4)
- c. Information on investments in mainland China:
1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the

period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 3)
- c) The amount of property transactions and the amount of the resultant gains or losses. (None)
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. (None)
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (Table 3)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 6)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker is for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

IoT business unit - mainly sells integrated circuits

AI business unit - mainly licenses silicon intellectual property

a. Segment revenue and results

The consolidated company's revenue and operating results according to the reportable segments are as follows:

For the Three Months Ended Mar. 31, 2023

	<u>IOT</u>	<u>AI</u>	<u>Total</u>
Segment revenue	\$ 624,653	\$ 102,518	\$ 727,171
Segment costs	(423,776)	(11,575)	(435,351)
Segment income	<u>\$ 200,877</u>	<u>\$ 90,943</u>	291,820
Operating expenses			(189,412)
Profit from operations			102,408
Other operating income and expenses			<u>18,595</u>
Profit before tax			<u>\$ 121,003</u>

For the Three Months Ended Mar. 31, 2022

	<u>IOT</u>	<u>AI</u>	<u>Total</u>
Segment revenue	\$ 1,328,710	\$ 216,020	\$ 1,544,730
Segment costs	(736,101)	(87,366)	(823,467)
Segment income	<u>\$ 592,609</u>	<u>\$ 128,654</u>	721,263
Operating expenses			(186,303)
Profit from operations			534,960
Other operating income and expenses			<u>217,598</u>
Profit before tax			<u>\$ 752,558</u>

- b. Revenue from major products and service

Refer to Note 20.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
MARCH 31, 2023

TABLE 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type/Name and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value	
AP Memory Technology Corporation	Financial assets at FVTPL - non-current							
	Powerchip Semiconductor Manufacturing Corp. Unlisted shares	—	Financial assets at FVTPL - non-current	\$ 168,560	\$ 5,579	0.004%	\$ 5,579	
	Haining Changmeng Technology Partnership Enterprise (Limited Partnership)	—	Financial assets at FVTPL - non-current	-	249,090	24.64%	249,090	
	GeneASIC Technologies Corporation	—	Financial assets at FVTPL - non-current	500,000	2,020	14.46%	2,020	

Note 1: Refer to Tables 4 and 5 for information about subsidiaries and associates.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MAR. 31, 2023

TABLE 2

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsiary	Sale	(\$ 145,618)	(19.88%)	Net 30 days after monthly closing	\$ -	—	\$ 64,876	11.21%	Note 2

Note 1: The Company's transactions with AP Memory Technology (Hong Kong) Co. Limited are carried out in accordance with the price and conditions agreed upon by both parties.

Note 2: All amounts have been eliminated while preparing the consolidated financial statements.

Note 3: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company on the balance sheet.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MAR. 31, 2023

TABLE 3

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counterparty	Flow of Transaction (Note 2)	Transaction Details			
				Account	Amount (Note 4)	Transaction Terms	Percentage of Transaction Amount to Consolidated Operating Revenue or Total Assets (Note 3)
0	AP Memory Technology Corporation	AP Memory Corp, USA	(1)	Research and development expenses	\$ 15,747	Note 5	2.17%
0	AP Memory Technology Corporation	AP Memory Corp, USA	(1)	Other payables	15,225	Note 5	0.13%
0	AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	(1)	Operating revenue	73,793	Note 5	10.15%
0	AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Co. Limited	(1)	Trade receivables	37,794	Note 5	0.32%
0	AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	(1)	Operating revenue	145,618	Note 5	20.03%
0	AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	(1)	Trade receivables	64,876	Note 5	0.55%
1	AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited	(3)	Service revenue	6,171	Note 5	0.85%
1	AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited	(3)	Trade receivables	2,943	Note 5	0.02%

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The directional flow of the transactions are represented by the following numerals:

No. 1 - from parent company to subsidiary.

No. 2 - from subsidiary to parent company.

No. 3 - between subsidiaries.

Note 3: The accounts in the consolidated balance sheets and those in the consolidated statements of comprehensive income were based on the Company's consolidated total assets and total gross sales, respectively.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

Note 5: For the intercompany transactions, prices and terms were based on mutual agreements.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MAR. 31, 2023

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net (Loss) Income of the Investee (Note 2)	Share of (Loss) Profit (Note 2 and 3)	Note
				March 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount (Note 1 and 3)			
AP Memory Technology Corporation	AP Memory Corp, USA	Suite 251,BG Plaza,3800 S.W. Cedar Hills Blvd, Beaverton OR. 97005, USA	IC research and development services	\$ 60,521 (USD 2,000,000)	\$ 60,521 (USD 2,000,000)	2,000,000	100%	\$ 30,847	(\$ 3,839) (USD -126,312)	(\$ 3,839)	Subsidiary
	Lyontek Inc.	No. 17, Industry East 2nd Road, East District, Hsinchu City	IC design and sales	75,060	75,060	3,600,000	30%	92,542	12,838	3,852	Associate
	APware Technology Corp.	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands	Design, development, and sales of integrated circuits	-	-	-	100%	-	-	-	Subsidiary (Note 4)
	ONECENT TECHNOLOGY LTD.	4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	Design, development, and sales of wireless radio frequency identification systems	33,771 (USD 1,128,000)	33,771 (USD 1,128,000)	3,600,000	48%	24,281	(5,618) (USD -184,839)	(2,697)	Associate
	VIVR Corporation	Suite W 100 North Howard Street, Spokane Washington, 99201, US	Design, development, and sales of integrated circuits	32,140 (USD 1,000,000)	32,140 (USD 1,000,000)	1,000,000	100%	28,160	(2,068) (USD -68,034)	(2,068)	Subsidiary
	CascadeTeq Inc.	8F-5, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County	IC sales	5,000	5,000	500,000	100%	3,774	(1,226)	(1,226)	Subsidiary
AP Memory Technology (Hangzhou) Co. Limited	AP Memory Technology (Hong Kong) Co. Limited	Rm.19C,Lockhart Ctr.,301-307 Lockhart Rd.,Wan Chai, Hong Kong.	IC sales	275 (USD 10,000)	275 (USD 10,000)	10,000	100%	16,292	(192) (USD -6,324)	(192)	Subsidiary

Note 1: Translation was based on the exchange rate at March 31, 2023.

Note 2: Translation was based on the average exchange rate for the three months ended March 31, 2023.

Note 3: Apart from Lyontek Inc. and ONECENT TECHNOLOGY LTD., the amounts were recognized based on the reviewed financial statements for the same period.

Note 4: In order to meet the future operational plan, the Group established a subsidiary, APware Technology Corp. in the Cayman Islands in October 2021, but has not yet made any actual capital investment.

AP MEMORY TECHNOLOGY CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MAR. 31, 2023

TABLE 5

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (Note 1)	Net Income (Loss) of the Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3 and 5)	Carrying Amount as of March 31, 2023 (Note 4 and 5)	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outward	Inward						
AP Memory Technology (Hangzhou) Co. Limited	IC research, development and sales	\$ 58,009 (USD 2,000,000)	Note 2	\$ 58,009 (USD 2,000,000)	\$ -	\$ -	\$ 58,009 (USD 2,000,000)	(\$ 10,501) (RMB -2,364,572)	100%	(\$ 10,501)	\$ 143,885	\$ -

Accumulated Investments in Mainland China as of March 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 58,009 (USD 2,000,000)	\$ 58,009 (USD 2,000,000)	\$ 5,938,898 (Note 6)

Note 1: The calculation is based on the original investment costs.

Note 2: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation.

Note 3: Translation was based on the exchange rate for the three months ended March 31, 2023.

Note 4: Translation was based on the exchange rate at March 31, 2023.

Note 5: The amount was recognized based on the reviewed financial statements prepared for the same period.

Note 6: The calculation is made based on 60% of the Company's net value at March 31, 2023, in accordance with Letter No. 09704604680 issued by the Ministry of Economic Affairs.

Note 7: Intercompany balances and transactions were eliminated upon consolidation.

AP MEMORY TECHNOLOGY CORPORATION
INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023

TABLE 6

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Shanyi Investment Co., Ltd.	26,706,668	16.50%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of differences in the basis of preparation.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.