

**APACER TECHNOLOGY INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Apacer Technology Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Apacer Technology Inc. and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b) to the consolidated financial statements, the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$796,323 thousand and \$695,531 thousand, constituting 13.09% and 11.25% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$138,247 thousand and \$59,660 thousand, constituting 9.11% and 3.18% of consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income amounting to \$(808) thousand and \$36,604 thousand, constituting (2.81)% and 22.05% of consolidated total comprehensive income for the three months ended September 30, 2024 and 2023, respectively, and \$47,503 thousand and \$54,632 thousand, constituting 17.60% and 12.22% of consolidated total comprehensive income for the nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(g) to the consolidated financial statements, the investments accounted for using equity method of Apacer Technology Inc. and its subsidiaries as of and for the nine months ended September 30, 2024 and 2023, were recognized solely on the financial statements prepared by the investee company, but not reviewed by independent auditors. Such investments accounted for using equity method amounted to \$1,122 thousand and \$1,619 thousand as of September 30, 2024 and 2023, respectively, and the share of losses of the equity accounted investee company amounted to \$88 thousand and \$30 thousand for the three months ended September 30, 2024 and 2023, respectively, and \$229 thousand and \$327 thousand for the nine months ended September 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee company described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Apacer Technology Inc. and its subsidiaries as of September 30, 2024 and 2023, and of their consolidated financial performance for the three months ended September 30, 2024 and 2023, and of their consolidated financial performance and their consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yuan-Sheng Yin and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
October 28, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2024, December 31, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollar)

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 1,180,838	19	1,061,474	17	920,885	15	2100	Short-term borrowings (note 6(l))	\$ 284,850	5	61,410	1	64,540	1
1110	Financial assets at fair value through profit or loss							2120	Financial liabilities at fair value through profit or loss						
	— current (note 6(b))	79,438	1	593	-	31	-		— current (note 6(b))	443	-	70	-	864	-
1170	Notes and accounts receivable, net (notes 6(d) and (u))	708,352	12	775,483	12	932,250	15	2130	Contract liabilities— current (note 6(u))	116,416	2	41,034	1	108,499	2
1180	Accounts receivable from related parties							2170	Notes and accounts payable	647,669	11	747,199	12	768,336	13
	(notes 6(d), (u) and 7)	137,014	2	558	-	942	-	2180	Accounts payable to related parties (note 7)	70	-	395,757	6	335,438	5
1200	Other receivables (note 6(e))	41,091	1	9,700	-	47,313	1	2200	Other payables (notes 6(v) and 7)	307,804	5	427,860	7	367,268	6
1310	Inventories (note 6(f))	1,504,836	25	1,490,481	23	1,077,173	17	2230	Current income tax liabilities	16,683	-	85,625	2	80,136	1
1476	Other financial assets— current (note 6(a))	960,469	16	1,567,650	25	1,713,040	28	2250	Provisions— current (note 6(o))	7,066	-	9,494	-	6,912	-
1479	Other current assets	81,230	1	88,237	1	72,146	1	2280	Lease liabilities— current (note 6(n))	18,057	-	19,688	-	20,679	-
	Total current assets	<u>4,693,268</u>	<u>77</u>	<u>4,994,176</u>	<u>78</u>	<u>4,763,780</u>	<u>77</u>	2300	Other current liabilities	30,005	1	29,815	-	28,180	1
Non-current assets:								2322	Current portion of long-term debt (notes 6(m) and 8)	1,247	-	1,228	-	1,222	-
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(c))	40,854	1	35,171	1	32,750	-		Total current liabilities	<u>1,430,310</u>	<u>24</u>	<u>1,819,180</u>	<u>29</u>	<u>1,782,074</u>	<u>29</u>
1550	Investments accounted for using equity method							Non-current liabilities:							
	(note 6(g))	1,122	-	1,351	-	1,619	-	2540	Long-term debt (notes 6(m) and 8)	21,419	-	22,351	-	22,660	-
1600	Property, plant and equipment (notes 6(i) and 8)	908,138	15	915,689	14	922,100	15	2550	Provisions— non-current (notes 6(j) and (o))	500	-	-	-	-	-
1755	Right-of-use assets (note 6(j))	39,344	1	41,516	1	47,969	1	2570	Deferred income tax liabilities	18,789	-	21,064	-	20,619	-
1780	Intangible assets (note 6(k))	211,378	3	225,324	4	231,166	4	2580	Lease liabilities— non-current (note 6(n))	21,579	-	22,597	-	28,059	1
1840	Deferred income tax assets	149,142	2	149,142	2	175,117	3	2640	Net defined benefit liabilities	24,259	1	24,249	1	19,995	-
1980	Other financial assets— non-current	40,558	1	6,948	-	7,068	-	2645	Guarantee deposits	451	-	-	-	-	-
1990	Other non-current assets	-	-	2,195	-	1,943	-		Total non-current liabilities	<u>86,997</u>	<u>1</u>	<u>90,261</u>	<u>1</u>	<u>91,333</u>	<u>1</u>
	Total non-current assets	<u>1,390,536</u>	<u>23</u>	<u>1,377,336</u>	<u>22</u>	<u>1,419,732</u>	<u>23</u>		Total liabilities	<u>1,517,307</u>	<u>25</u>	<u>1,909,441</u>	<u>30</u>	<u>1,873,407</u>	<u>30</u>
Total assets		<u>\$ 6,083,804</u>	<u>100</u>	<u>6,371,512</u>	<u>100</u>	<u>6,183,512</u>	<u>100</u>	Equity attributable to shareholders of the Company (note 6(r)):							
								3100	Common stock	1,287,292	21	1,226,882	19	1,226,882	20
								3200	Capital surplus	1,155,383	19	925,825	15	925,824	15
								3300	Retained earnings	2,081,905	34	2,245,138	35	2,081,826	33
								3400	Other equity	(68,408)	(1)	(89,484)	(1)	(70,151)	(1)
									Total equity attributable to shareholders of the Company	<u>4,456,172</u>	<u>73</u>	<u>4,308,361</u>	<u>68</u>	<u>4,164,381</u>	<u>67</u>
								36XX	Non-controlling interests (notes 6(h) and (r))	110,325	2	153,710	2	145,724	3
									Total equity	<u>4,566,497</u>	<u>75</u>	<u>4,462,071</u>	<u>70</u>	<u>4,310,105</u>	<u>70</u>
									Total liabilities and equity	<u>\$ 6,083,804</u>	<u>100</u>	<u>6,371,512</u>	<u>100</u>	<u>6,183,512</u>	<u>100</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

	For the three months ended September 30				For the nine months ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (notes 6(u), 7 and 14)	\$ 1,897,997	100	1,925,501	100	5,728,477	100	5,483,242	100
5000 Cost of revenue (notes 6(f), (i), (j), (n), (s), 7 and 12)	<u>(1,615,101)</u>	<u>(85)</u>	<u>(1,473,972)</u>	<u>(77)</u>	<u>(4,692,626)</u>	<u>(82)</u>	<u>(4,187,574)</u>	<u>(76)</u>
5900 Gross profit	<u>282,896</u>	<u>15</u>	<u>451,529</u>	<u>23</u>	<u>1,035,851</u>	<u>18</u>	<u>1,295,668</u>	<u>24</u>
6000 Operating expenses (notes 6(d), (i), (j), (n), (s), (v), 7 and 12):								
6100 Selling expenses	(142,473)	(8)	(157,293)	(8)	(435,307)	(8)	(457,117)	(8)
6200 Administrative expenses	(56,584)	(3)	(65,670)	(3)	(189,858)	(3)	(192,579)	(4)
6300 Research and development expenses	(45,767)	(2)	(48,146)	(3)	(134,390)	(2)	(133,363)	(3)
6450 Recognized expected credit losses	<u>(1,218)</u>	<u>-</u>	<u>(342)</u>	<u>-</u>	<u>(1,999)</u>	<u>-</u>	<u>(709)</u>	<u>-</u>
6000 Total operating expenses	<u>(246,042)</u>	<u>(13)</u>	<u>(271,451)</u>	<u>(14)</u>	<u>(761,554)</u>	<u>(13)</u>	<u>(783,768)</u>	<u>(15)</u>
6900 Operating income	<u>36,854</u>	<u>2</u>	<u>180,078</u>	<u>9</u>	<u>274,297</u>	<u>5</u>	<u>511,900</u>	<u>9</u>
7000 Non-operating income and loss (notes 6(i), (n) and (w)):								
7100 Interest income	10,448	1	10,017	1	34,223	-	31,826	1
7020 Other gains and losses, net	5,334	-	1,060	-	8,074	-	1,086	-
7050 Finance costs	(5,011)	-	(3,306)	-	(10,513)	-	(10,675)	-
7770 Share of losses of associates	<u>(88)</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>(229)</u>	<u>-</u>	<u>(327)</u>	<u>-</u>
Total non-operating income and loss	<u>10,683</u>	<u>1</u>	<u>7,741</u>	<u>1</u>	<u>31,555</u>	<u>-</u>	<u>21,910</u>	<u>1</u>
7900 Income before income tax	47,537	3	187,819	10	305,852	5	533,810	10
7950 Less: income tax expenses (note 6(q))	<u>(8,429)</u>	<u>(1)</u>	<u>(35,589)</u>	<u>(2)</u>	<u>(56,956)</u>	<u>(1)</u>	<u>(103,808)</u>	<u>(2)</u>
Net income	<u>39,108</u>	<u>2</u>	<u>152,230</u>	<u>8</u>	<u>248,896</u>	<u>4</u>	<u>430,002</u>	<u>8</u>
Other comprehensive income (notes 6(r) and (x)):								
8310 Items that will not be reclassified subsequently to profit or loss:								
8311 Remeasurements of defined benefit plans	-	-	-	-	(4)	-	-	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(1,873)</u>	<u>-</u>	<u>(2,452)</u>	<u>-</u>	<u>5,468</u>	<u>-</u>	<u>(769)</u>	<u>-</u>
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1,873)</u>	<u>-</u>	<u>(2,452)</u>	<u>-</u>	<u>5,464</u>	<u>-</u>	<u>(769)</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss:								
8361 Exchange differences on translation of foreign operations	(8,508)	-	16,208	1	15,612	1	18,009	-
8399 Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(8,508)</u>	<u>-</u>	<u>16,208</u>	<u>1</u>	<u>15,612</u>	<u>1</u>	<u>18,009</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>(10,381)</u>	<u>-</u>	<u>13,756</u>	<u>1</u>	<u>21,076</u>	<u>1</u>	<u>17,240</u>	<u>-</u>
8500 Total comprehensive income for the period	<u>\$ 28,727</u>	<u>2</u>	<u>165,986</u>	<u>9</u>	<u>269,972</u>	<u>5</u>	<u>447,242</u>	<u>8</u>
8600 Net income attributable to:								
8610 Shareholders of the Company	\$ 35,827	2	139,834	7	242,268	4	386,324	7
8620 Non-controlling interests	<u>3,281</u>	<u>-</u>	<u>12,396</u>	<u>1</u>	<u>6,628</u>	<u>-</u>	<u>43,678</u>	<u>1</u>
	<u>\$ 39,108</u>	<u>2</u>	<u>152,230</u>	<u>8</u>	<u>248,896</u>	<u>4</u>	<u>430,002</u>	<u>8</u>
8700 Total comprehensive income attributable to:								
8710 Shareholders of the Company	\$ 25,447	2	153,587	8	263,340	5	403,562	7
8720 Non-controlling interests	<u>3,280</u>	<u>-</u>	<u>12,399</u>	<u>1</u>	<u>6,632</u>	<u>-</u>	<u>43,680</u>	<u>1</u>
	<u>\$ 28,727</u>	<u>2</u>	<u>165,986</u>	<u>9</u>	<u>269,972</u>	<u>5</u>	<u>447,242</u>	<u>8</u>
Earnings per share (in New Taiwan Dollar) (note 6(t)):								
9750 Basic earnings per share	<u>\$ 0.28</u>		<u>1.14</u>		<u>1.90</u>		<u>3.15</u>	
9850 Diluted earnings per share	<u>\$ 0.28</u>		<u>1.13</u>		<u>1.89</u>		<u>3.12</u>	

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar)

	Attributable to shareholders of the Company											
	Retained earnings						Total other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity of the Company	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 1,226,882	924,322	458,390	125,783	1,516,200	2,100,373	(39,687)	(47,702)	(87,389)	4,164,188	139,721	4,303,909
Appropriation of earnings:												
Legal reserve	-	-	57,558	-	(57,558)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(38,392)	38,392	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(404,871)	(404,871)	-	-	-	(404,871)	-	(404,871)
Changes in equity of associates accounted for using equity method	-	1,502	-	-	-	-	-	-	-	1,502	-	1,502
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(37,677)	(37,677)
Net income for the nine months ended September 30, 2023	-	-	-	-	386,324	386,324	-	-	-	386,324	43,678	430,002
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	18,009	(771)	17,238	17,238	2	17,240
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	386,324	386,324	18,009	(771)	17,238	403,562	43,680	447,242
Balance at September 30, 2023	\$ 1,226,882	925,824	515,948	87,391	1,478,487	2,081,826	(21,678)	(48,473)	(70,151)	4,164,381	145,724	4,310,105
Balance at January 1, 2024	\$ 1,226,882	925,825	515,948	87,391	1,641,799	2,245,138	(43,434)	(46,050)	(89,484)	4,308,361	153,710	4,462,071
Capital increase in cash (note 6(r))	60,410	229,558	-	-	-	-	-	-	-	289,968	-	289,968
Appropriation of earnings:												
Legal reserve	-	-	54,964	-	(54,964)	-	-	-	-	-	-	-
Special reserve	-	-	-	2,093	(2,093)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(405,497)	(405,497)	-	-	-	(405,497)	-	(405,497)
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(50,017)	(50,017)
Net income for the nine months ended September 30, 2024	-	-	-	-	242,268	242,268	-	-	-	242,268	6,628	248,896
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	(4)	(4)	15,608	5,468	21,076	21,072	4	21,076
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	242,264	242,264	15,608	5,468	21,076	263,340	6,632	269,972
Balance at September 30, 2024	\$ 1,287,292	1,155,383	570,912	89,484	1,421,509	2,081,905	(27,826)	(40,582)	(68,408)	4,456,172	110,325	4,566,497

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Income before income tax	\$ 305,852	533,810
Adjustments:		
Depreciation	44,174	41,427
Amortization	19,617	18,808
Recognized expected credit loss	1,999	709
Interest expense	10,513	10,675
Interest income	(34,223)	(31,826)
Share of loss of associates	229	327
Loss (gain) on disposal of property, plant and equipment	851	(733)
Gain on lease modifications	(40)	-
Impairment loss on non-financial assets	-	46
Subtotal	<u>43,120</u>	<u>39,433</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(78,845)	949
Notes and accounts receivable	65,132	(197,060)
Accounts receivable from related parties	(136,456)	(565)
Other receivables	(31,021)	(47,143)
Inventories	(14,355)	(121,689)
Other current assets	24,643	35,326
Net changes in operating assets	<u>(170,902)</u>	<u>(330,182)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	373	(148)
Contract liabilities	75,382	(69,133)
Notes and accounts payable	(99,530)	264,009
Accounts payable to related parties	(395,687)	121,093
Other payables	(120,665)	(85,356)
Provisions	(2,428)	(3,632)
Other current liabilities	190	(238)
Net defined benefit liabilities	4	13
Net changes in operating liabilities	<u>(542,361)</u>	<u>226,608</u>
Total changes in operating assets and liabilities	<u>(713,263)</u>	<u>(103,574)</u>
Total adjustments	<u>(670,143)</u>	<u>(64,141)</u>
Cash provided by (used in) operations	(364,291)	469,669
Interest received	33,853	31,656
Interest paid	(9,904)	(10,335)
Income taxes paid	(145,808)	(138,297)
Net cash provided by (used in) operating activities	<u>(486,150)</u>	<u>352,693</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows (Continued)****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the nine months ended September 30	
	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,965)	(3,750)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,750	-
Acquisition of property, plant and equipment	(20,640)	(30,818)
Proceeds from disposal of property, plant and equipment	-	1,000
Acquisition of intangible assets	(3,850)	(2,337)
Decrease (increase) in other financial assets—current	607,181	(332,417)
Increase in other financial assets—non-current	(33,610)	(1,226)
Decrease (increase) in other non-current assets	<u>2,195</u>	<u>(1,112)</u>
Net cash provided by (used in) investing activities	<u>551,061</u>	<u>(370,660)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	223,440	-
Decrease in short-term borrowings	-	(27,605)
Repayment of long-term debt	(913)	(6,242)
Increase (decrease) in guarantee deposits	451	(6,558)
Payment of lease liabilities	(15,942)	(14,500)
Cash dividends distributed to shareholders	(405,497)	(404,871)
Capital increase in cash	289,968	-
Distribution of cash dividends by subsidiaries to non-controlling interests	<u>(50,017)</u>	<u>(37,677)</u>
Net cash provided by (used in) financing activities	<u>41,490</u>	<u>(497,453)</u>
Effect of foreign exchange rate changes	<u>12,963</u>	<u>16,929</u>
Net increase (decrease) in cash and cash equivalents	119,364	(498,491)
Cash and cash equivalents at beginning of period	<u>1,061,474</u>	<u>1,419,376</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,180,838</u></u>	<u><u>920,885</u></u>

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

1. Organization and business

Apacer Technology Inc. (the “Company”) was incorporated on April 16, 1997 as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 1F, No.32, Zhongcheng Rd., Tucheng Dist., New Taipei City, Taiwan. The Company and its subsidiaries (collectively the “Group”) are engaged in the research and development, design, manufacturing, processing, maintenance and sales of memory modules and storage memory devices.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on October 28, 2024.

3. Application of new, revised or amended accounting standards and interpretations

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined “operating profit” subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards— Volume 11

4. Summary of material accounting policies

(a) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed and issued into effect by the FSC (collectively as “Taiwan-IFRSs”) for a complete set of the annual consolidated financial statements.

Except for the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2023.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Apacer Memory America Inc. (AMA)	Sales of memory modules and storage memory devices	100.00 %	100.00 %	100.00 %	Note 1
The Company	Apacer Technology B.V. (AMH)	Sales of memory modules and storage memory devices	100.00 %	100.00 %	100.00 %	Note 1
The Company	Apacer Technology Japan Corp. (AMJ)	Sales of memory modules and storage memory devices	100.00 %	100.00 %	100.00 %	Note 1
The Company	Kingdom Corp. Limited (AMK)	Sales of memory modules and storage memory devices	100.00 %	100.00 %	100.00 %	Note 1
The Company/ACYB	Apacer Technologies Private Limited (ATPL)	Auxiliary sales of memory modules and storage memory devices	100.00 %	100.00 %	100.00 %	Note 1
The Company	Apacer Technology (BVI) Inc. (ACYB)	Investment holding activity	100.00 %	100.00 %	100.00 %	Note 1
The Company	UD INFO Corp. (UD)	Manufacture and sales of memory modules and storage memory devices	68.54 %	68.54 %	68.54 %	-
ACYB	Apacer Electronic (Shanghai) Co., Ltd. (AMC)	Sales of memory modules and storage memory devices	100.00 %	100.00 %	100.00 %	Note 1
AMK	Shenzhen Kylinesports Technology Co. (AMS)	Sales of gaming products and consumer electronic products	99.00 %	99.00 %	99.00 %	Note 1

Note 1: These are non-significant subsidiaries whose financial statements have not been reviewed as of and for the nine months ended September 30, 2024 and 2023.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments, settlements, or other significant one-time events.

(e) Income taxes

The income tax expenses in the interim financial statements have been measured and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for an interim period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. It is recognized fully as current tax expense for the current period.

When income tax expenses are recognized directly in equity or other comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, the related amounts shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim financial reporting” endorsed and issued into effect by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, critical judgments and estimation uncertainties made by management are in conformity with note 5 of the consolidated financial statements for the year ended December 31, 2023.

6. Significant account disclosures

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 128	97	133
Demand deposits	955,631	875,143	802,766
Time deposits with original maturities less than three months	225,079	186,234	117,986
	<u>\$ 1,180,838</u>	<u>1,061,474</u>	<u>920,885</u>

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of September 30, 2024, December 31 and September 30, 2023, the time deposits with original maturities of more than three months amounted to \$960,469, \$1,567,650 and \$1,713,040, respectively, which were classified as other financial assets – current.

(b) Financial assets and liabilities at fair value through profit or loss – current

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss – current:			
Corporate bonds	\$ 78,958	-	-
Foreign currency forward contracts	<u>480</u>	<u>593</u>	<u>31</u>
	<u>\$ 79,438</u>	<u>593</u>	<u>31</u>
Financial liabilities held for trading – current:			
Foreign currency forward contracts	<u>\$ (443)</u>	<u>(70)</u>	<u>(864)</u>

Please refer to note 6(w) for the detail of the changes in fair value recognized in profit or loss.

The Group entered into derivative contracts to manage foreign currency exchange risk resulting from its operating activities. As of September 30, 2024, December 31 and September 30, 2023, the derivative financial instruments that did not conform to the criteria for hedge accounting consisted of the following:

<u>December 31, 2023</u>					
	<u>Contract amount (in thousands)</u>	<u>Fair value</u>	<u>Currency (Sell / Buy)</u>	<u>Maturity period</u>	
Financial assets – foreign	JPY 15,100	\$ 42	JPY / NTD	2024/10/25	
currency forward contracts	CNY 2,800	34	CNY / NTD	2024/11/26	
	USD 2,300	<u>404</u>	USD / NTD	2024/10/03 ~ 2024/10/08	
		<u>\$ 480</u>			
<u>December 31, 2023</u>					
	<u>Contract amount (in thousands)</u>	<u>Fair value</u>	<u>Currency (Sell / Buy)</u>	<u>Maturity period</u>	
Financial assets – foreign					
currency forward contracts	CNY 13,500	<u>\$ 593</u>	CNY / NTD	2024/01/26 ~ 2024/02/26	

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2023						
		Contract amount (in thousands)		Fair value	Currency (Sell / Buy)	Maturity period
Financial assets—foreign						
currency forward contracts	JPY	18,100	\$	<u>31</u>	JPY / NTD	2023/10/26~2023/11/27

September 30, 2024						
		Contract amount (in thousands)		Fair value	Currency (Sell / Buy)	Maturity period
Financial liabilities—foreign	CNY	10,900	\$	(287)	CNY / NTD	2024/10/28~2024/11/26
currency forward contracts	USD	1,450		(156)	USD / NTD	2024/10/11~2024/10/16
			\$	<u>(443)</u>		

December 31, 2023						
		Contract amount (in thousands)		Fair value	Currency (Sell / Buy)	Maturity period
Financial liabilities—foreign	JPY	19,000	\$	<u>(70)</u>	JPY / NTD	2024/01/26
currency forward contracts						

September 30, 2023						
		Contract amount (in thousands)		Fair value	Currency (Sell / Buy)	Maturity period
Financial liabilities—foreign	CNY	15,400	\$	(787)	CNY / NTD	2023/10/13~2023/11/27
currency forward contracts	USD	950		(77)	USD / NTD	2023/10/06
			\$	<u>(864)</u>		

(c) Financial assets at fair value through other comprehensive income—non-current

	September 30, 2024	December 31, 2023	September 30, 2023
Equity investments at fair value through other comprehensive income:			
Domestic unlisted stocks	\$ 40,711	35,034	32,612
Foreign unlisted stocks	<u>143</u>	<u>137</u>	<u>138</u>
	<u>\$ 40,854</u>	<u>35,171</u>	<u>32,750</u>

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group designated the abovementioned investments as at fair value through other comprehensive income because these equity investments represent those investments that the Group intends to hold for long-term strategic purposes.

No strategic investments were disposed for the nine months ended September 30, 2024 and 2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable	\$ 731,768	796,900	954,780
Accounts receivable from related parties	<u>137,014</u>	<u>558</u>	<u>942</u>
	868,782	797,458	955,722
Less: loss allowance	<u>(23,416)</u>	<u>(21,417)</u>	<u>(22,530)</u>
	<u>\$ 845,366</u>	<u>776,041</u>	<u>933,192</u>

As of September 30, 2024, December 31 and September 30, 2023, the Group applies the simplified approach to measure its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties), as well as the incorporated forward-looking information. The loss allowance provision was determined as follows:

	September 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 710,866	0.0001%	1
Past due 1-90 days	133,923	0.4143%	555
Past due 91-180 days	2,286	50.4374%	1,153
Past due over 181 days	<u>21,707</u>	100%	<u>21,707</u>
	<u>\$ 868,782</u>		<u>23,416</u>

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 701,045	0.0001%	1
Past due 1-90 days	75,590	0.7911%	599
Past due 91-180 days	18	66.67%	12
Past due over 181 days	<u>20,805</u>	100%	<u>20,805</u>
	<u>\$ 797,458</u>		<u>21,417</u>

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 854,773	0.0001%	1
Past due 1-90 days	79,067	0.8196%	647
Past due 91-180 days	1	74.75%	1
Past due over 181 days	21,881	100%	21,881
	\$ 955,722		22,530

Movements of the loss allowance for notes and accounts receivable (including related parties) were as follows:

	For the nine months ended September 30,	
	2024	2023
Balance at January 1	\$ 21,417	21,821
Impairment loss recognized	1,999	709
Balance at September 30	\$ 23,416	22,530

(e) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	\$ 41,091	9,700	47,313

There is no loss allowance provision for other receivables on September 30, 2024, December 31 and September 30, 2023 after the assessment.

(f) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 584,541	583,527	346,484
Work in process	164,413	111,133	205,899
Finished goods	735,391	738,524	476,473
Inventories in transit	20,491	57,297	48,317
	\$ 1,504,836	1,490,481	1,077,173

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023, the amounts of inventories recognized as cost of revenue were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Cost of inventories sold	\$ 1,598,759	1,496,635	4,687,056	4,259,200
(Reversal of) inventories write-downs	<u>16,342</u>	<u>(22,663)</u>	<u>5,570</u>	<u>(71,626)</u>
	<u>\$ 1,615,101</u>	<u>1,473,972</u>	<u>4,692,626</u>	<u>4,187,574</u>

The above write-downs of inventories to net realizable value, and reversal of inventories write-downs due to price recovery, or sale or consumption of beginning inventories which has been written down, were included in cost of revenue.

(g) Investments accounted for using equity method

(i) The details of investments accounted for using equity method were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	<u>\$ 1,122</u>	<u>1,351</u>	<u>1,619</u>

There were no significant changes in investments accounted for using equity method for the nine months ended September 30, 2024 and 2023. Please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2023 for related information.

(ii) The abovementioned investments accounted for using equity method, and the related share of loss and other comprehensive income of those investments were calculated based on the investees' financial statements that have not been reviewed.

(h) Subsidiaries that have material non-controlling interest

Subsidiaries that have material non-controlling interest were as follows:

Subsidiaries	Principal place of business/ Registration country	The percentage of ownership and voting rights held by non-controlling interests		
		September 30, 2024	December 31, 2023	September 30, 2023
UD INFO Corp. (UD)	Taiwan	31.46 %	31.46 %	31.46 %

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The summarized financial information of subsidiaries was as follows, the information was prepared in accordance with Taiwan-IFRS Accounting Standards. The fair value adjustments made during the acquisition as at the acquisition date were included in the information. Intra-group transactions were not eliminated in this information:

(i) The summarized financial information of UD:

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 315,606	504,906	584,949
Non-current assets	260,561	267,654	265,285
Current liabilities	(69,853)	(125,576)	(227,828)
Non-current liabilities	(40,126)	(43,109)	(43,930)
Net assets	<u>\$ 466,188</u>	<u>603,875</u>	<u>578,476</u>
The carrying amount of non-controlling interests	<u>\$ 110,218</u>	<u>153,597</u>	<u>145,606</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Net sales	<u>\$ 124,504</u>	<u>148,782</u>	<u>402,731</u>	<u>628,821</u>
Net income	\$ 10,467	39,566	21,277	139,086
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 10,467</u>	<u>39,566</u>	<u>21,277</u>	<u>139,086</u>
Net income attributable to non-controlling interests	<u>\$ 3,284</u>	<u>12,399</u>	<u>6,638</u>	<u>43,691</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 3,284</u>	<u>12,399</u>	<u>6,638</u>	<u>43,691</u>

	For the nine months ended September 30,	
	2024	2023
Cash flow from operating activities	\$ (54,844)	166,288
Cash flow from investing activities	187,404	(32,271)
Cash flow from financing activities	(160,329)	(126,432)
Effects of foreign exchange rate changes	-	-
Net decrease in cash and cash equivalents	<u>\$ (27,769)</u>	<u>7,585</u>
Cash dividends paid to non-controlling interests	<u>\$ (50,017)</u>	<u>(37,677)</u>

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 598,567	339,429	199,808	70,790	483	1,209,077
Additions	-	8,395	9,094	1,905	1,246	20,640
Disposals	-	(1,794)	(3,206)	(311)	-	(5,311)
Reclassification and effect of exchange rate changes	-	12	501	448	(483)	478
Balance at September 30, 2024	<u>\$ 598,567</u>	<u>346,042</u>	<u>206,197</u>	<u>72,832</u>	<u>1,246</u>	<u>1,224,884</u>
Balance at January 1, 2023	\$ 598,567	341,544	191,052	92,716	5,263	1,229,142
Additions	-	473	10,574	2,486	17,285	30,818
Disposals	-	(3,770)	(22,485)	(11,072)	-	(37,327)
Reclassification and effect of exchange rate changes	-	(40)	22,380	333	(22,350)	323
Balance at September 30, 2023	<u>\$ 598,567</u>	<u>338,207</u>	<u>201,521</u>	<u>84,463</u>	<u>198</u>	<u>1,222,956</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2024	\$ -	91,402	145,144	56,842	-	293,388
Depreciation	-	10,889	11,946	4,605	-	27,440
Disposals	-	(1,794)	(2,355)	(311)	-	(4,460)
Reclassification and effect of exchange rate changes	-	5	17	356	-	378
Balance at September 30, 2024	<u>\$ -</u>	<u>100,502</u>	<u>154,752</u>	<u>61,492</u>	<u>-</u>	<u>316,746</u>
Balance at January 1, 2023	\$ -	81,165	154,595	75,980	-	311,740
Depreciation	-	10,493	10,735	4,575	-	25,803
Disposals	-	(3,770)	(22,485)	(10,805)	-	(37,060)
Impairment loss	-	-	46	-	-	46
Reclassification and effect of exchange rate changes	-	(14)	25	316	-	327
Balance at September 30, 2023	<u>\$ -</u>	<u>87,874</u>	<u>142,916</u>	<u>70,066</u>	<u>-</u>	<u>300,856</u>
Carrying amounts:						
Balance at September 30, 2024	<u>\$ 598,567</u>	<u>245,540</u>	<u>51,445</u>	<u>11,340</u>	<u>1,246</u>	<u>908,138</u>
Balance at January 1, 2024	<u>\$ 598,567</u>	<u>248,027</u>	<u>54,664</u>	<u>13,948</u>	<u>483</u>	<u>915,689</u>
Balance at September 30, 2023	<u>\$ 598,567</u>	<u>250,333</u>	<u>58,605</u>	<u>14,397</u>	<u>198</u>	<u>922,100</u>

For the nine months ended September 30, 2023, the Group recognized an impairment loss on property, plant and equipment of \$46, which was included in non-operating income and loss.

Please refer to note 8 for the detail of the Group's property, plant and equipment pledged as collateral to secure the bank loans and credit facilities.

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Right-of-use assets

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 61,074	18,899	79,973
Additions	6,399	9,027	15,426
Decommissioning liabilities	500	-	500
Disposals	(3,923)	(8,648)	(12,571)
Effect of exchange rates changes	1,270	-	1,270
Balance at September 30, 2024	<u>\$ 65,320</u>	<u>19,278</u>	<u>84,598</u>
Balance at January 1, 2023	\$ 56,977	21,899	78,876
Additions	15,391	849	16,240
Derecognition	(10,661)	(1,062)	(11,723)
Effect of exchange rates changes	955	-	955
Balance at September 30, 2023	<u>\$ 62,662</u>	<u>21,686</u>	<u>84,348</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ 24,908	13,549	38,457
Depreciation	12,559	4,175	16,734
Derecognition	(1,830)	(8,648)	(10,478)
Effect of exchange rates changes	418	123	541
Balance at September 30, 2024	<u>\$ 36,055</u>	<u>9,199</u>	<u>45,254</u>
Balance at January 1, 2023	\$ 20,572	11,859	32,431
Depreciation	11,487	4,137	15,624
Derecognition	(10,661)	(1,062)	(11,723)
Effect of exchange rates changes	29	18	47
Balance at September 30, 2023	<u>\$ 21,427</u>	<u>14,952</u>	<u>36,379</u>
Carrying amounts:			
Balance at September 30, 2024	<u>\$ 29,265</u>	<u>10,079</u>	<u>39,344</u>
Balance at January 1, 2024	<u>\$ 36,166</u>	<u>5,350</u>	<u>41,516</u>
Balance at September 30, 2023	<u>\$ 41,235</u>	<u>6,734</u>	<u>47,969</u>

Assessed costs for building restorations were recognized in right-of-use assets, wherein related decommissioning liabilities were included in provisions. Please refer to note 6(o) for further details.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(k) Intangible assets

	<u>Goodwill</u>	<u>Computer software</u>	<u>Royalties for the use of patents</u>	<u>Customer relationships</u>	<u>Expertise</u>	<u>Total</u>
Carrying amounts:						
Balance at September 30, 2024	\$ <u>115,683</u>	<u>28,339</u>	<u>49,341</u>	<u>15,359</u>	<u>2,656</u>	<u>211,378</u>
Balance at January 1, 2024	\$ <u>115,683</u>	<u>31,544</u>	<u>56,390</u>	<u>19,424</u>	<u>2,283</u>	<u>225,324</u>
Balance at September 30, 2023	\$ <u>115,683</u>	<u>33,638</u>	<u>58,740</u>	<u>20,780</u>	<u>2,325</u>	<u>231,166</u>

According to IAS 36, goodwill arising from a business combination is tested at least annually. According to the result of the impairment test, there were no losses incurred by the Group as of December 31, 2023; please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2023 for more details. As of September 30, 2024, the Group assessed the achievement of the forecasted revenue and operating income of CGUs to which the goodwill are allocated for the nine months ended September 30, 2024, and concluded that there were no indications of goodwill impairment.

There were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2024 and 2023. Information on amortization for the period is presented in note 12(a). Please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(l) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unsecured bank loans	\$ <u>284,850</u>	<u>61,410</u>	<u>64,540</u>
Unused credit facilities	\$ <u>1,424,500</u>	<u>1,649,985</u>	<u>1,726,590</u>
Interest rate interval	<u>5.76%~6.13%</u>	<u>6.41%</u>	<u>6.28%</u>

(m) Long-term debt

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Secured bank loans	\$ 22,666	23,579	23,882
Less: current portion of long-term debt	<u>(1,247)</u>	<u>(1,228)</u>	<u>(1,222)</u>
	<u>\$ 21,419</u>	<u>22,351</u>	<u>22,660</u>
Unused credit facilities	<u>\$ 102</u>	<u>505</u>	<u>202</u>
Interest rate interval	<u>2.10%</u>	<u>1.98%</u>	<u>1.98%</u>

Please refer to note 8 for the Group's assets pledged as collateral to secure the bank loans and credit facilities.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(n) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 18,057</u>	<u>19,688</u>	<u>20,679</u>
Non-current	<u>\$ 21,579</u>	<u>22,597</u>	<u>28,059</u>

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 258</u>	<u>304</u>	<u>778</u>	<u>952</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 402</u>	<u>137</u>	<u>1,199</u>	<u>512</u>
Expenses relating to short-term leases	<u>\$ 182</u>	<u>99</u>	<u>440</u>	<u>565</u>

The amounts recognized in the statements of cash flows for the Group were as follows:

	For the nine months ended September 30,	
	2024	2023
Total cash outflows for leases	<u>\$ 18,359</u>	<u>16,529</u>

(i) Real estate leases

The Group leases buildings for its office and warehouses. The leases typically run for a period of one to seven years. Among these leases, the rent payment on some leases of warehouses is calculated monthly based on the area being used.

(ii) Other leases

The Group leases office and transportation equipment, with lease terms of one to five years. Among these leases, the Group leases some office equipment with contract terms within one year. These leases are short-term and the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Provisions

	September 30, 2024	December 31, 2023	September 30, 2023
Warranties	\$ 4,517	7,378	4,527
Sales returns and allowances	2,549	2,116	2,385
Decommissioning liabilities	500	-	-
	<u>\$ 7,566</u>	<u>9,494</u>	<u>6,912</u>

There were no significant changes in provisions for the nine months ended September 30, 2024 and 2023. Please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(p) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

(ii) The pension expenses recognized in profit or loss in respect of defined contribution plans and defined benefit plans for the three months and for the nine months ended September 30, 2024 and 2023, are presented in note 12(a).

(q) Income taxes

The Group's income tax expense for an interim period is best estimated by multiplying pre-tax incomes for the interim reporting period with the effective annual tax rate as forecasted by the management.

(i) The components of income tax expense were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Current income tax expense				
Current period	<u>\$ 8,429</u>	<u>35,589</u>	<u>56,956</u>	<u>103,808</u>

(ii) For the nine months ended September 30, 2024 and 2023, there was no income tax expense recognized directly in equity or other comprehensive income.

(iii) The Company's income tax returns for the years through 2022 have been examined and approved by the R.O.C. income tax authorities.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Capital and other equity

(i) Common stock

As of September 30, 2024, December 31 and September 30, 2023, the Company's authorized shares of common stock consisted of 200,000 thousand shares, of which 128,729, 122,688 and 122,688 thousand shares, respectively, were issued. The par value of the Company's common stock is NTD 10 per share. The Company has reserved 15,000 thousand shares for the exercise of employee stock options.

The movements in outstanding shares of common stock were as follows (in thousands of shares):

	Shares of common stock	
	For the nine months ended	
	September 30,	
	2024	2023
Balance at January 1	122,688	122,225
Capital increase in cash	6,041	-
Vested restricted stock issued to employees	-	463
Balance at September 30	128,729	122,688

1) In order to seek opportunities for technical cooperation and strategic alliances with domestic and international partners and enrich the necessary working capital in response to develop long-term operations, the Company's Board of Directors meeting held on February 23, 2024 resolved to raise capital through private placement. The effective date of capital increase was on March 1, 2024 and the relevant statutory registration procedures have been completed on April 1, 2024. Details were summarized were as follows:

- a) Shares issued: 6,041 thousand shares of common stock
- b) Issue price: NTD 48 per share
- c) Total proceeds received by the Company: \$289,968
- d) Investor of the private placement: Advantech Corporate Investment
- e) Rights and obligations: All the rights and obligations of shares of common stock through the private placement (the "Private Placement Shares") shall be the same as those of shares of common stock issued and outstanding. However, except for selling to specific investors defined in Article 43-8 of the Securities and Exchange Act, the Private Placement Shares cannot be resold during a three-year period from delivery date. After three years from delivery date, according to the Securities and Exchange Act and related regulations, the Company shall obtain a letter issued by Taiwan Stock Exchange Corporation ("TWSE") acknowledging that the Private Placement Shares have met the standards for TWSE listing before it may file with FSC for retroactive handling of public issuance procedures. Thereafter, the Company can apply for listing in TWSE of Private Placement Shares.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- f) Others: The Company recognized capital surplus of \$229,558, resulting from the issuance price of Private Placement Shares in excess of common stock's par value.

(ii) Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Paid-in capital in excess of par value	\$ 1,096,441	866,883	866,883
Employee stock options	12,901	12,901	12,901
Treasury stock transactions	3,781	3,781	3,781
Restricted stock to employees	26,499	26,499	26,499
Changes in equity of associates accounted for using equity method	<u>15,761</u>	<u>15,761</u>	<u>15,760</u>
	<u>\$ 1,155,383</u>	<u>925,825</u>	<u>925,824</u>

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the shareholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from shareholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the shareholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. The Company shall make allocation of special reserve for the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of the undistributed prior-period earnings shall be reclassified to special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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3) Earnings distribution

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, after retaining a certain portion of it for business considerations, can be distributed as dividends to shareholders. If dividends are distributed by issuing new shares, the distribution shall be approved by the shareholders' meeting. If dividends are distributed in the form of cash, a resolution shall be adopted by a majority vote at a meeting of the board of directors attended by more than two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Except for the distribution of capital surplus and legal reserve in accordance with applicable laws and regulations, the Company cannot distribute any earnings when there are no retained earnings.

Since the Company operates in an industry experiencing rapid change and development, earnings are distributed in consideration of the current year's earnings, the overall economic environment, related laws and decrees, as well as the Company's long term development and stability in its financial position. The Company has adopted a balance dividend policy, in which a cash dividend comprises at least 10% of the total dividend distribution.

The cash dividends appropriation of 2023 and 2022 earnings were approved by the Company's Board of Directors on April 17, 2024 and February 21, 2023, respectively. The resolved appropriation were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Dividends per share (in NTD)</u>	<u>Amount</u>	<u>Dividends per share (in NTD)</u>	<u>Amount</u>
Dividends per share:				
Cash dividends	\$ 3.15	<u>405,497</u>	3.30	<u>404,871</u>

(iv) Other equity items (net after tax)

1) Foreign currency translation differences

	<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ (43,434)	(39,687)
Foreign exchange differences arising from translation of foreign operations	<u>15,608</u>	<u>18,009</u>
Balance at September 30	<u>\$ (27,826)</u>	<u>(21,678)</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income

	For the nine months ended September 30,	
	2024	2023
Balance at January 1	\$ (46,050)	(47,702)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	5,468	(771)
Balance at September 30	<u>\$ (40,582)</u>	<u>(48,473)</u>

- (v) Non-controlling interests

	For the nine months ended September 30,	
	2024	2023
Balance at January 1	\$ 153,710	139,721
Equity attributable to non-controlling interest:		
Net income	6,628	43,678
Exchange differences on translation of foreign operations	4	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	-	2
Distribution of cash dividends by subsidiaries to non-controlling interests	(50,017)	(37,677)
Balance at September 30	<u>\$ 110,325</u>	<u>145,724</u>

- (s) Share-based payment

For the nine months ended September 30, 2024 and 2023, the Group had the following share-based payment arrangements:

	Restricted stock to employees
Grant date	2021.01.06
Number of shares granted (in thousands)	926
Contract term	2 years
Vesting conditions	(Note 2)
Qualified employees	(Note 1)

Note 1: Full-time employees who conformed to certain requirements

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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Note 2: The employees who were granted restricted stock are entitled to purchase the shares of restricted stock at the exercise price of \$0. The total share of the restricted stocks issued was determined by achievement of the Company's operation objective for the year 2020. The vesting period of the restricted stock is 1~2 years subsequent to the grant date, and the restricted shares of stock will be vested by taking the individual employee's performance conditions into consideration. When the vesting conditions are met, the restricted stock received by the employees shall be transferred from an escrow account to the employee's security account. During the vesting period, the restricted stock could not be sold, pledged, transferred, gifted, or disposed of in any other forms, excluding inheritance; nevertheless, the rights of a shareholder (such as attendance, proposing, speaking, voting and election at the shareholders' meeting) are the same as those of the Company's shareholders but are executed by the custodian who will act based on law and regulations. The Company will take back the restricted stock from its employees and retire those shares when the vesting conditions are not met.

- (i) The movements in number of restricted stock issued to employees (in thousands) were as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	-	463
Vested	-	(463)
Balance at September 30	<u>-</u>	<u>-</u>

For the nine months ended September 30, 2024 and 2023, there was no the compensation cost for restricted stock issued to employees.

- (ii) Employee compensation cost

For the nine months ended September 30, 2024 and 2023, there was no expense resulting from share-based payment.

- (t) Earnings per share ("EPS")

- (i) Basic earnings per share

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income attributable to shareholders of the Company	\$ <u>35,827</u>	<u>139,834</u>	<u>242,268</u>	<u>386,324</u>
Weighted-average number of common shares outstanding (in thousands)	<u>128,729</u>	<u>122,688</u>	<u>127,406</u>	<u>122,680</u>
Basic earnings per share (in New Taiwan Dollar)	\$ <u>0.28</u>	<u>1.14</u>	<u>1.90</u>	<u>3.15</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Net income attributable to shareholders of the Company	\$ <u>35,827</u>	<u>139,834</u>	<u>242,268</u>	<u>386,324</u>
Weighted-average number of common shares outstanding (in thousands)	128,729	122,688	127,406	122,680
Effect of dilutive potential common shares (in thousands):				
Remuneration to employees	<u>625</u>	<u>931</u>	<u>851</u>	<u>1,272</u>
Weighted-average number of common shares outstanding (including effect of dilutive potential common stock)	<u>129,354</u>	<u>123,619</u>	<u>128,257</u>	<u>123,952</u>
Diluted earnings per share (in New Taiwan Dollar)	\$ <u>0.28</u>	<u>1.13</u>	<u>1.89</u>	<u>3.12</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

The Group recognizes revenue when control of the goods has been transferred to the customer. Disaggregation of revenue is based on the Group's location of business.

	For the three months ended September 30, 2024		
	Segment		
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 983,499	155,838	1,139,337
Memory modules	681,284	51,866	733,150
Others	<u>25,510</u>	<u>-</u>	<u>25,510</u>
	<u>\$ 1,690,293</u>	<u>207,704</u>	<u>1,897,997</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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For the three months ended September 30, 2023			
Segment			
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 1,040,982	160,571	1,201,553
Memory modules	634,933	87,369	722,302
Others	1,646	-	1,646
	\$ 1,677,561	247,940	1,925,501

For the nine months ended September 30, 2024			
Segment			
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 2,932,102	545,230	3,477,332
Memory modules	2,009,297	176,247	2,185,544
Others	65,601	-	65,601
	\$ 5,007,000	721,477	5,728,477

For the nine months ended September 30, 2023			
Segment			
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 2,863,507	520,371	3,383,878
Memory modules	1,821,383	218,185	2,039,568
Others	59,796	-	59,796
	\$ 4,744,686	738,556	5,483,242

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable (including related parties)	\$ 868,782	797,458	955,722
Less: loss allowance	<u>(23,416)</u>	<u>(21,417)</u>	<u>(22,530)</u>
	<u>\$ 845,366</u>	<u>776,041</u>	<u>933,192</u>
	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities—current	<u>\$ 116,416</u>	<u>41,034</u>	<u>108,499</u>

For details on notes and accounts receivable and its loss allowance, please refer to note 6(d).

The amounts of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liabilities balances at January 1, 2024 and 2023 were \$39,892 and \$174,446, respectively.

(v) Remuneration to employees and directors

The Company's article of incorporation requires that earnings shall first to be offset against any deficit, then, a minimum of 4% will be distributed as remuneration to its employees and no more than 1.4% to its directors. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the three months and nine months ended September 30, 2024 and 2023, the Company estimated its remuneration to employees amounting to \$4,520, \$18,420, \$32,715 and \$50,970, respectively, and the remuneration to directors amounting to \$638, \$2,553, \$4,516 and \$7,067, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

For the years ended December 31, 2023 and 2022, the Company estimated its remuneration to employees amounting to \$70,405 and \$83,479, respectively, and the remuneration to directors amounting to \$10,119 and \$10,683, respectively. The abovementioned estimated remuneration to employees and directors is the same as the amount and paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(w) Non-operating income and loss

(i) Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 9,845	10,017	33,620	31,826
Interest income from corporate bonds	603	-	603	-
	<u>\$ 10,448</u>	<u>10,017</u>	<u>34,223</u>	<u>31,826</u>

(ii) Other gains and losses, net

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ -	1,000	(851)	733
Gains on lease modifications	-	-	40	-
Foreign currency exchange gains (losses)	(981)	4,654	(746)	2,444
Gains (losses) on financial assets and liabilities at fair value through profit or loss	851	(5,665)	(2,549)	(4,825)
Impairment loss on non-financial assets	-	-	-	(46)
Accrued expenses reclassified to other income	4,583	12	5,750	38
Others	881	1,059	6,430	2,742
	<u>\$ 5,334</u>	<u>1,060</u>	<u>8,074</u>	<u>1,086</u>

(iii) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest expense from bank loans	\$ (4,753)	(3,002)	(9,735)	(9,723)
Interest expense from lease liabilities	(258)	(304)	(778)	(952)
	<u>\$ (5,011)</u>	<u>(3,306)</u>	<u>(10,513)</u>	<u>(10,675)</u>

(x) Financial instruments

Except for the content mentioned below, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to notes 6(w) and 6(x) of the consolidated financial statements for the year ended December 31, 2023.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(i) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of September 30, 2024, December 31 and September 30, 2023, the Group had unused credit facilities of \$1,424,602, \$1,650,490 and \$1,726,792, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>More than 1 year</u>
September 30, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 284,850	(286,259)	(286,259)	-
Long-term debt (including current portion)	22,666	(26,663)	(1,717)	(24,946)
Notes and accounts payable (including related parties)	647,739	(647,739)	(647,739)	-
Other payables	307,804	(307,804)	(307,804)	-
Lease liabilities	39,636	(41,004)	(18,864)	(22,140)
Guarantee deposits	451	(451)	-	(451)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	94,645	94,645	-
Outflow	443	(95,088)	(95,088)	-
December 31, 2023				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 61,410	(61,755)	(61,755)	-
Long-term debt (including current portion)	23,579	(27,686)	(1,690)	(25,996)
Notes and accounts payable (including related parties)	1,142,956	(1,142,956)	(1,142,956)	-
Other payables	427,860	(427,860)	(427,860)	-
Lease liabilities	42,285	(43,522)	(20,442)	(23,080)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	4,057	4,057	-
Outflow	70	(4,127)	(4,127)	-
September 30, 2023				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 64,540	(64,866)	(64,866)	-
Long-term debt (including current portion)	23,882	(28,107)	(1,690)	(26,417)
Notes and accounts payable (including related parties)	1,103,774	(1,103,774)	(1,103,774)	-
Other payables	367,268	(367,268)	(367,268)	-
Lease liabilities	48,738	(50,287)	(21,579)	(28,708)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	97,845	97,845	-
Outflow	864	(98,709)	(98,709)	-

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(ii) Foreign currency risk

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related parties), notes and accounts payable (including related parties), other receivables, other payables, other financial assets (including current and non-current), and loans and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the functional currencies of the Group entities and their respective sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(Amounts in thousands of New Taiwan Dollar)

September 30, 2024						
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 28,355	31.650	897,436	1 %	8,974	
CNY	16,889	4.513	76,220	1 %	762	
EUR	311	35.420	11,016	1 %	110	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	25,886	31.650	819,292	1 %	8,193	
CNY	2,296	4.513	10,362	1 %	104	
December 31, 2023						
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 27,686	30.705	850,099	1 %	8,501	
CNY	20,542	4.328	88,906	1 %	889	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	30,735	30.705	943,718	1 %	9,437	
CNY	3,170	4.328	13,720	1 %	137	

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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		September 30, 2023				
		Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	31,503	32.270	1,016,602	1 %	10,166
CNY		21,860	4.419	96,599	1 %	966
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		27,314	32.270	881,423	1 %	8,814
CNY		4,901	4.419	21,658	1 %	217

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gain (loss) for the three months ended September 30, 2024 and 2023 were \$(981) and \$4,654, respectively, and for the nine months ended September 30, 2024 and 2023 were \$(746) and \$2,444, respectively.

(iii) Categories of financial instruments

1) Financial assets

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at fair value through profit or loss	\$ 79,438	593	31
Financial assets at fair value through other comprehensive income	40,854	35,171	32,750
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,180,838	1,061,474	920,885
Notes and accounts receivable (including related parties)	845,366	776,041	933,192
Other receivables	4,211	7,034	3,163
Other financial assets (including current and non-current)	1,001,027	1,574,598	1,720,108
Subtotal	3,031,442	3,419,147	3,577,348
Total	\$ 3,151,734	3,454,911	3,610,129

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Financial liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities at fair value through profit or loss	\$ <u>443</u>	<u>70</u>	<u>864</u>
Financial liabilities measured at amortized cost:			
Short-term borrowings	284,850	61,410	64,540
Notes and accounts payable (including related parties)	647,739	1,142,956	1,103,774
Other payables	307,804	427,860	367,268
Lease liabilities (including current and non-current)	39,636	42,285	48,738
Long-term debt (including current portion)	22,666	23,579	23,882
Guarantee deposits	<u>451</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,303,146</u>	<u>1,698,090</u>	<u>1,608,202</u>
Total	<u>\$ 1,303,589</u>	<u>1,698,160</u>	<u>1,609,066</u>

(iv) Fair value information

1) Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The fair value of financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured on a recurring basis.

The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: 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).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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	September 30, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss – current:					
Derivatives – foreign currency forward contracts	\$ <u>31</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>31</u>
Financial assets at fair value through other comprehensive income – non-current:					
Domestic unlisted stocks	\$ 32,612	-	-	32,612	32,612
Foreign unlisted stocks	<u>138</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>138</u>
	<u>\$ 32,750</u>	<u>-</u>	<u>-</u>	<u>32,750</u>	<u>32,750</u>
Financial liabilities at fair value through profit or loss – current:					
Derivatives – foreign currency forward contracts	\$ <u>864</u>	<u>-</u>	<u>864</u>	<u>-</u>	<u>864</u>

(v) Valuation techniques used in fair value measurement

1) Non-derivative financial instruments

The fair value of financial instruments (e.g. corporate bonds held by the Group) traded in active liquid markets is determined with reference to quoted market prices.

Except for the abovementioned financial instruments traded in an active market, the fair value of other financial instruments are based on the valuation techniques or the quotation from counterparty. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date.

The fair value of unlisted stock held by the Group is estimated by using the market approach and is determined by reference to valuations of similar companies, third-party quotation, and recent financing and operating activities. The significant unobservable inputs are primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Derivative financial instruments

The fair value of derivative financial instruments is determined using a valuation technique, generally accepted by market participants. The fair value of foreign currency forward contracts and foreign exchange swaps is usually determined by the forward currency exchange rate.

(vi) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the nine months ended September 30, 2024 and 2023.

(vii) Movement in financial assets included in Level 3 of fair value hierarchy

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Balance, beginning of period	\$ 42,727	31,452	35,171	29,769
Purchased	-	3,750	3,965	3,750
Disposals	-	-	(3,750)	-
Gains (losses) recognized in other comprehensive income, and presented in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(1,873)	(2,452)	5,468	(769)
Balance, end of period	<u>\$ 40,854</u>	<u>32,750</u>	<u>40,854</u>	<u>32,750</u>

(y) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2023.

(z) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the consolidated financial statements for the year ended December 31, 2023. There were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2023 for related details.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(aa) Investing and financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease for the nine months ended September 30, 2024 and 2023, please refer to note 6(j).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Non-cash changes		September 30, 2024
			Acquisition	Lease modifications	
Short-term borrowings	\$ 61,410	223,440	-	-	284,850
Long-term debt	23,579	(913)	-	-	22,666
Lease liabilities	42,285	(15,942)	15,426	(2,133)	39,636
Guarantee deposits	-	451	-	-	451
	<u>\$ 127,274</u>	<u>207,036</u>	<u>15,426</u>	<u>(2,133)</u>	<u>347,603</u>

	January 1, 2023	Cash flows	Non-cash changes		September 30, 2023
			Acquisition	Lease modifications	
Short-term borrowings	\$ 92,145	(27,605)	-	-	64,540
Long-term debt	30,124	(6,242)	-	-	23,882
Lease liabilities	46,998	(14,500)	16,240	-	48,738
Guarantee deposits	6,558	(6,558)	-	-	-
	<u>\$ 175,825</u>	<u>(54,905)</u>	<u>16,240</u>	<u>-</u>	<u>137,160</u>

7. Related-party transactions

(a) Name and relationship with related parties

The following are the entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related parties	Relationship with the Group
Phison Electronics Corporation (“Phison”)	Prior to May 31, 2024, Phison was the Company’s director
JoiUp Technology Inc. (“JoiUp”)	The Group’s associate
Acer Incorporated (“Acer”)	Entity with significant influence over the Group (note 1)
Other related parties:	
Acer Philippines, Inc. (“APHI”)	Acer’s subsidiary (note 1)
Acer Computer Co., Ltd. (“ATH”)	Acer’s subsidiary (note 1)
Servex (Malaysia) Sdn Bhd. (“SMA”)	Acer’s subsidiary (note 1)
Bluechip Infotech Pty Ltd. (“Bluechip”)	Acer’s subsidiary (note 1)

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Acer India Private Limited (“AIL”)	Acer’s subsidiary (note 1)
PT. Acer Manufacturing Indonesia (“AMI”)	Acer’s subsidiary (note 1)
Acer Sales And Services Sdn Bhd. (“ASSB”)	Acer’s subsidiary (note 1)
Highpoint Services Network Philippines, Inc. (“HSNP”)	Acer’s subsidiary (note 1)
Weblink International Inc. (“WLII”)	Acer’s subsidiary (note 1)
Acer Gadget Inc. (“AGT”)	Acer’s subsidiary (note 1)
Highpoint Service Network Corporation (“HSNC”)	Acer’s subsidiary (note 1)
Altos Computing Inc. (“ALT”)	Acer’s subsidiary (note 1)
Acer ITS Inc. (“ITS”)	Acer’s subsidiary (note 1)
Acer Synergy Tech Corp. (“AST”)	Acer’s subsidiary (note 1)
Acer Gaming Inc. (“AGM”)	Acer’s subsidiary (note 1)
OTO Photonics Inc. (“OTO”)	The Group’s other related party
Directors, general manager and vice general managers	The Group’s key management personnel

Note 1: Starting May 31, 2024, Acer has become the Company’s director that has significant influence over the Company. Thereafter, Acer has become a related party of the Company.

(b) Significant related-party transactions

(i) Revenue

The amounts of significant sales by the Group to related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Entity with significant influence over the Group	\$ 91,387	-	137,378	-
Other related parties	110,302	-	122,358	-
The Group’s key management personnel (the Company’s director)	-	925	9,068	2,115
	<u>\$ 201,689</u>	<u>925</u>	<u>268,804</u>	<u>2,115</u>

The sales prices and payment terms of sales to related parties are not different from those with third-party customers. The payment terms for related parties and third-party customers are 30 days calculated from the delivery date to EOM 60 days and 30~90 days calculated from the delivery date, respectively. The Group does not receive any collateral for the receivables from related parties. The Group has not recognized a specific allowance for doubtful receivables after assessment.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
The Group's key management personnel — Phison (the Company's director)	\$ -	380,463	688,339	853,964
Other related parties	84	107	641	426
	<u>84</u>	<u>380,570</u>	<u>688,980</u>	<u>854,390</u>

There are no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of EOM 45~60 days show no significant difference between related parties and third-party vendors.

(iii) Receivables

The receivables from related parties were as follows:

Account	Related-party categories	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable from related parties	Entity with significant influence over the Group	\$ 56,129	-	-
	Other related parties	80,885	-	-
	The Group's key management personnel (the Company's director)	-	558	942
		<u>137,014</u>	<u>558</u>	<u>942</u>

(iv) Payables

The payables to related parties were as follows:

Account	Related-party categories	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable to related parties	The Group's key management personnel — Phison (the Company's director)	\$ -	395,743	335,326
	Other related parties	70	14	112
		<u>70</u>	<u>395,757</u>	<u>335,438</u>
Other payables to related parties	The Group's key management personnel (the Company's director)	-	245	253
	Other related parties	157	-	-
		<u>157</u>	<u>245</u>	<u>253</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Operating expenses

The operating expenses related to the after-sale service provided by related parties and sundry purchases were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating expenses	The Group's key management personnel (the Company's director)	\$ -	30	136	305
	Associates	12	13	37	38
	Other related parties	159	-	191	-
		<u>\$ 171</u>	<u>43</u>	<u>364</u>	<u>343</u>

(c) Compensation for key management personnel

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 11,469	20,801	50,070	53,675
Post-employment benefits	108	108	324	324
	<u>\$ 11,577</u>	<u>20,909</u>	<u>50,394</u>	<u>53,999</u>

8. Pledged assets

The carrying amounts of the assets pledged as collateral are detailed below:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	Bank loans and credit facilities	<u>\$ 57,773</u>	<u>58,472</u>	<u>58,704</u>

9. Significant commitments and contingencies

(a) Significant unrecognized commitments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unused letters of credit	<u>\$ 35,000</u>	<u>15,000</u>	<u>15,000</u>

(b) As of September 30, 2024, December 31 and September 30, 2023, the Group had outstanding letters of guarantee amounting to \$12,000 for the purpose of the payment of customs duties.

10. Significant loss from disaster: None

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11. Significant subsequent events: None

12. Others

(a) Employee benefits, depreciation and amortization expenses categorized by function were as follows:

	For the three months ended September 30, 2024			For the three months ended September 30, 2023		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	31,726	119,408	151,134	42,193	159,683	201,876
Insurance	4,238	12,914	17,152	4,238	12,788	17,026
Pension	1,560	6,333	7,893	1,541	5,857	7,398
Others	4,334	12,297	16,631	3,505	10,043	13,548
Depreciation	5,191	9,655	14,846	5,151	8,936	14,087
Amortization	779	5,880	6,659	798	5,594	6,392

	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	108,278	403,266	511,544	119,622	462,118	581,740
Insurance	12,632	37,413	50,045	12,214	36,351	48,565
Pension	4,736	18,362	23,098	4,514	17,876	22,390
Others	9,928	31,745	41,673	8,503	25,909	34,412
Depreciation	16,261	27,913	44,174	15,087	26,340	41,427
Amortization	2,336	17,281	19,617	2,396	16,412	18,808

(b) Seasonality operations

The Group's operations were not significantly influenced by seasonality or cyclicity factors.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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13. Additional disclosures

(a) Information on significant transactions:

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group discloses the following information on significant transactions for the nine months ended September 30, 2024:

- (i) Financing provided to other parties: None
- (ii) Guarantee and endorsement provided to other parties: None
- (iii) Marketable securities held at the reporting date (excluding investments in subsidiaries and associates):

(In Thousands of Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	September 30, 2024				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
The Company	TSMC ARIZONA CORP TAISEM 3 7/8 04/22/27	-	Financial assets at fair value through profit or loss – current	-	31,434	-	31,434	-
The Company	JPMORGAN CHASE & CO JPM 4.323 04/26/28	-	Financial assets at fair value through profit or loss – current	-	31,731	-	31,731	-
The Company	WELLS FARGO & COMPANY WFC 4.15 01/24/29	-	Financial assets at fair value through profit or loss – current	-	15,793	-	15,793	-
The Company	Stock: Formosa Golf and Country Club Corp.	-	Financial assets at fair value through other comprehensive income – non-current	3.6	10,011	0.01 %	10,011	-
The Company	Stock: OTO Photonics Inc.	-	Financial assets at fair value through other comprehensive income – non-current	4,077	30,700	11.23 %	30,700	-
AMS	Futurepath Technology (Shenzhen) Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	31.5	143	0.03 %	143	-

- (iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed \$300 million or 20% of the paid-in capital: None
- (v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: None
- (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: None

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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- (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital:

Company Name	Related Party	Nature of Relationship	Transaction Details					Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/ (Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/ Accounts Receivable or (Payable)		
The Company	AMC	The Company's subsidiary	(Sales)	(317,530)	(6)%	M60	-	-	52,868	7 %	Note 1	
The Company	AMH	The Company's subsidiary	(Sales)	(300,423)	(6)%	OA30	-	-	32,875	4 %	Note 1	
The Company	AMA	The Company's subsidiary	(Sales)	(295,339)	(6)%	OA30	-	-	29,470	4 %	Note 1	
The Company	AMK	The Company's subsidiary	(Sales)	(209,170)	(4)%	OA30	-	-	7,635	1 %	Note 1	
The Company	Acer	The Company's director	(Sales)	(137,378)	(3)%	OA60	-	-	56,129	7 %	-	
AMH	The Company	AMH's parent company	Purchases	300,423	100 %	OA30	-	-	(32,875)	(100)%	Note 1	
The Company	Phison	The Company's director	Purchases	531,568	12 %	M45	-	-	-	-	Note 2	
AMC	The Company	AMC's parent company	Purchases	317,530	95 %	M60	-	-	(52,868)	(100)%	Note 1	
AMA	The Company	AMA's parent company	Purchases	295,339	100 %	OA30	-	-	(29,470)	(100)%	Note 1	
AMK	The Company	AMK's parent company	Purchases	209,170	100 %	OA30	-	-	(7,635)	(100)%	Note 1	

Note 1: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note 2: Prior to May 31, 2024, Phison was the Company's director. Starting May 31, 2024, Phison was no longer a related party of the Company.

- (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital:
None
- (ix) Transactions about derivative instruments: Please refer to note 6(b)
- (x) Business relationships and significant intercompany transactions:

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Account	Amount	Payment Terms	Percentage of Consolidated Operating Revenue or Total Assets
0	The Company	AMC	1	Sales	317,530	M60	6 %
0	The Company	AMH	1	Sales	300,423	OA30	5 %
0	The Company	AMA	1	Sales	295,339	OA30	5 %
0	The Company	AMK	1	Sales	209,170	OA30	4 %
0	The Company	AMJ	1	Sales	31,426	M60	1 %
0	The Company	UD	1	Sales	21,893	M30	-
1	UD	The Company	2	Sales	10,622	M30	-
0	The Company	AMC	1	Accounts receivable	52,868	M60	1 %
0	The Company	AMH	1	Accounts receivable	32,875	OA30	1 %
0	The Company	AMA	1	Accounts receivable	29,470	OA30	-
0	The Company	AMK	1	Accounts receivable	7,635	OA30	-
1	UD	The Company	2	Accounts receivable	7,398	M30	-
0	The Company	AMJ	1	Accounts receivable	5,568	M60	-
0	The Company	UD	1	Accounts receivable	795	M30	-

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: The relationships with counterparties are as follows:

- No. "1" represents the transactions from the Company to subsidiary.
- No. "2" represents the transactions from subsidiary to the Company.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for sales and accounts receivable.

The corresponding purchases and accounts payable are not disclosed.

(b) Information on investees:

For the nine months ended September 30, 2024, the information on investees is as follows (excluding investments in Mainland China):

(In Thousands of Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2024			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	AMA	USA	Sales of memory modules and storage memory devices	610	610	20	100.00 %	342,411	13,702	13,702	Note
The Company	ACYB	British Virgin Islands	Investment and holding activity	18,542	18,542	2,636	100.00 %	64,548	9,334	9,334	Note
The Company	AMJ	Japan	Sales of memory modules and storage memory devices	2,918	2,918	0.2	100.00 %	21,940	1,216	1,216	Note
The Company	ATPL	India	Auxiliary sales of memory modules and storage memory devices	915	915	29	100.00 %	1,457	(118)	(118)	Note
The Company	AMK	Hong Kong	Sales of memory modules and storage memory devices	20,917	20,917	5,000	100.00 %	13,437	(95)	(95)	Note
The Company	AMH	Netherlands	Sales of memory modules and storage memory devices	130,469	130,469	80	100.00 %	87,756	7,855	7,855	Note
The Company	JoiUp	Taiwan	Cloud services and software development	7,500	7,500	750	10.35 %	1,122	(2,623)	(229)	-
The Company	UD	Taiwan	Manufacture and sales of memory modules and storage memory devices	380,815	380,815	4,932	68.54 %	353,350	30,377	14,462	Note

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(c) Information on investment in Mainland China:

(i) Name and main businesses and products of investee companies in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 30, 2024
					Outflow	Inflow						
Apacer Electronic (Shanghai) Co., Ltd. (AMC)	Sales of memory modules and storage memory devices	15,825 (USD 500 thousand)	Type 2	15,825 (USD 500 thousand)	-	-	15,825 (USD 500 thousand)	9,343	100.00 %	9,343	59,540	-
Shenzhen Kylinesports Technology Co. (AMS)	Sales of gaming products	23,674 (USD 748 thousand)	Type 2	18,927 (USD 598 thousand)	-	-	18,927 (USD 598 thousand) (Note 3)	(1,026)	99.00 %	(1,016)	10,593	-

Note 1: Method of investments:

- Type 1: Direct investment in Mainland China.
- Type 2: Indirect investment in Mainland China through a holding company established in a third country.
- Type 3: Others.

Note 2: Investment income or loss recognized based on the unaudited financial statements of investee companies.

Note 3: The amount of AMC reinvestments amounting to US\$134 thousand was excluded.

Note 4: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

Note 5: The above amounts were translated into New Taiwan Dollar at the exchange rate of US\$1=NTD 31.65.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
34,752 (USD 1,098 thousand)	38,993 (USD 1,232 thousand)	2,673,703

(iii) Significant transactions with investee companies in Mainland China:

The transactions between parent and investee companies in Mainland China (the intercompany transaction) have been eliminated when preparing the consolidated financial statements. Please refer to section “Information on significant transactions” and “Business relationships and significant intercompany transactions” for detail description.

(d) Major shareholders:

Major Shareholder's Name	Shareholding	Shares	Percentage
Phison Electronics Corporation		12,554,580	9.75 %
Acer Inc.		11,928,000	9.26 %

14. Segment information

	<u>For the three months ended September 30, 2024</u>			
	<u>Asia</u>	<u>America and Europe</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
External revenue	\$ 1,690,293	207,704	-	1,897,997
Intra-group revenue	445,948	-	(445,948)	-
Total segment revenue	<u>\$ 2,136,241</u>	<u>207,704</u>	<u>(445,948)</u>	<u>1,897,997</u>
Segment profit (loss)	<u>\$ 64,028</u>	<u>2,068</u>	<u>(18,559)</u>	<u>47,537</u>
	<u>For the three months ended September 30, 2023</u>			
	<u>Asia</u>	<u>America and Europe</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
External revenue	\$ 1,677,561	247,940	-	1,925,501
Intra-group revenue	357,547	-	(357,547)	-
Total segment revenue	<u>\$ 2,035,108</u>	<u>247,940</u>	<u>(357,547)</u>	<u>1,925,501</u>
Segment profit (loss)	<u>\$ 225,716</u>	<u>13,462</u>	<u>(51,359)</u>	<u>187,819</u>

(Continued)

APACER TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's operating segment information and reconciliation are as follows:

	For the nine months ended September 30, 2024			
	Asia	America and Europe	Adjustments and eliminations	Total
External revenue	\$ 5,007,000	721,477	-	5,728,477
Intra-group revenue	1,193,179	-	(1,193,179)	-
Total segment revenue	<u>\$ 6,200,179</u>	<u>721,477</u>	<u>(1,193,179)</u>	<u>5,728,477</u>
Segment profit (loss)	<u>\$ 334,805</u>	<u>28,954</u>	<u>(57,907)</u>	<u>305,852</u>
	For the nine months ended September 30, 2023			
	Asia	America and Europe	Adjustments and eliminations	Total
External revenue	\$ 4,744,686	738,556	-	5,483,242
Intra-group revenue	1,063,448	-	(1,063,448)	-
Total segment revenue	<u>\$ 5,808,134</u>	<u>738,556</u>	<u>(1,063,448)</u>	<u>5,483,242</u>
Segment profit (loss)	<u>\$ 645,920</u>	<u>31,299</u>	<u>(143,409)</u>	<u>533,810</u>