

**APACER TECHNOLOGY INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024**

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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 March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, 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 \$779,169 thousand and \$793,123 thousand, constituting 11.85% and 12.02% of consolidated total assets as of March 31, 2025 and 2024, respectively, total liabilities amounting to \$70,650 thousand and \$55,686 thousand, constituting 3.32% and 3.26% of consolidated total liabilities as of March 31, 2025 and 2024, respectively, and total comprehensive income amounting to \$18,720 thousand and \$39,301 thousand, constituting 17.88% and 28.25% of consolidated total comprehensive income for the three months ended March 31, 2025 and 2024, 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 three months ended March 31, 2025 and 2024, 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 \$952 thousand and \$1,298 thousand as of March 31, 2025 and 2024, respectively, and the share of losses of the equity accounted investee company amounted to \$38 thousand and \$53 thousand for the three months ended March 31, 2025 and 2024, 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 March 31, 2025 and 2024, and of their consolidated financial performance and their consolidated cash flows for the three months ended March 31, 2025 and 2024 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 Yin, Yuan-Sheng and Shih, Wei-Ming.

KPMG

Taipei, Taiwan (Republic of China)
April 17, 2025

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

March 31, 2025, December 31, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

		March 31, 2025		December 31, 2024		March 31, 2024				March 31, 2025		December 31, 2024		March 31, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 934,861	14	1,072,751	17	749,199	11	2100	Short-term borrowings (note 6(l))	\$ 283,200	4	288,508	5	153,552	2
1110	Financial assets at fair value through profit or loss — current (note 6(b))	82,355	1	80,596	1	-	-	2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	569	-	727	-	1,194	-
1170	Notes and accounts receivable, net (notes 6(d) and (t))	874,534	13	686,007	11	895,074	14	2130	Contract liabilities — current (note 6(t))	38,040	1	47,929	1	34,772	1
1180	Accounts receivable from related parties (notes 6(d), (t) and 7)	232,281	4	173,912	3	10,656	-	2170	Notes and accounts payable	1,084,117	17	780,857	13	654,821	10
1200	Other receivables (note 6(e))	41,879	1	7,055	-	56,060	1	2180	Accounts payable to related parties (note 7)	125	-	-	-	270,122	4
1310	Inventories (note 6(f))	1,366,643	21	1,327,828	22	1,901,646	29	2200	Other payables (notes 6(u) and 7)	305,256	4	309,044	5	342,336	5
1476	Other financial assets — current (note 6(a))	1,593,766	24	1,404,331	23	1,510,294	23	2216	Dividends payable (note 6(r))	251,022	4	-	-	-	-
1479	Other current assets	65,226	1	67,123	1	72,221	1	2230	Current income tax liabilities	31,229	-	18,354	-	105,199	2
	Total current assets	5,191,545	79	4,819,603	78	5,195,150	79	2250	Provisions — current (note 6(o))	7,586	-	7,732	-	9,657	-
Non-current assets:								2280	Lease liabilities — current (note 6(n))	18,539	-	19,314	-	20,262	-
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	39,555	1	37,817	-	36,260	-	2300	Other current liabilities	26,420	1	32,466	-	24,483	1
1550	Investments accounted for using equity method (note 6(g))	952	-	990	-	1,298	-	2322	Current portion of long-term debt (notes 6(m) and 8)	1,241	-	1,235	-	1,234	-
1600	Property, plant and equipment (notes 6(i) and 8)	898,373	14	904,937	14	911,022	14		Total current liabilities	2,047,344	31	1,506,166	24	1,617,632	25
1755	Right-of-use assets (note 6(j))	38,927	1	40,719	1	41,710	1	Non-current liabilities:							
1780	Intangible assets (note 6(k))	200,419	3	205,134	3	222,538	3	2540	Long-term debt (notes 6(m) and 8)	20,810	1	21,124	1	22,039	-
1840	Deferred income tax assets	161,359	1	161,359	3	149,142	2	2550	Provisions — non-current (notes 6(j) and (o))	500	-	500	-	-	-
1980	Other financial assets — non-current	41,934	1	41,866	1	40,927	1	2570	Deferred income tax liabilities	17,401	-	18,160	-	20,306	-
	Total non-current assets	1,381,519	21	1,392,822	22	1,402,897	21	2580	Lease liabilities — non-current (note 6(n))	20,782	-	21,753	1	22,233	-
								2640	Net defined benefit liabilities	19,634	-	19,619	-	24,259	1
								2645	Guarantee deposits	458	-	449	-	443	-
									Total non-current liabilities	79,585	1	81,605	2	89,280	1
									Total liabilities	2,126,929	32	1,587,771	26	1,706,912	26
								Equity attributable to shareholders of the Company (note 6(r)):							
								3100	Common stock	1,287,292	20	1,287,292	21	1,287,292	19
								3200	Capital surplus	1,123,237	17	1,155,419	18	1,155,383	18
								3300	Retained earnings	1,964,144	30	2,122,299	34	2,362,695	36
								3400	Other equity	(46,646)	(1)	(57,043)	(1)	(70,251)	(1)
									Total equity attributable to shareholders of the Company	4,328,027	66	4,507,967	72	4,735,119	72
								36XX	Non-controlling interests (notes 6(h) and (r))	118,108	2	116,687	2	156,016	2
									Total equity	4,446,135	68	4,624,654	74	4,891,135	74
Total assets		\$ 6,573,064	100	6,212,425	100	6,598,047	100	Total liabilities and equity		\$ 6,573,064	100	6,212,425	100	6,598,047	100

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 ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)**

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Revenue (notes 6(t), 7 and 14)	\$ 2,049,196	100	1,946,702	100
5000	Cost of revenue (notes 6(f), (i), (j), (n), (s), 7 and 12)	(1,711,445)	(84)	(1,556,827)	(80)
5900	Gross profit	337,751	16	389,875	20
6000	Operating expenses (notes 6(d), (i), (j), (n), (s), (u), 7 and 12):				
6100	Selling expenses	(142,153)	(7)	(139,023)	(7)
6200	Administrative expenses	(59,996)	(3)	(66,142)	(4)
6300	Research and development expenses	(43,828)	(2)	(42,987)	(2)
6450	Reversal of (recognized) expected credit losses	1,258	-	(813)	-
6000	Total operating expenses	(244,719)	(12)	(248,965)	(13)
6900	Operating income	93,032	4	140,910	7
7000	Non-operating income and loss (notes 6(n) and (v)):				
7100	Interest income	11,772	1	10,733	1
7020	Other gains and losses, net	13,503	1	(1,851)	-
7050	Finance costs	(4,127)	-	(2,031)	-
7770	Share of losses of associates	(38)	-	(53)	-
	Total non-operating income and loss	21,110	2	6,798	1
7900	Income before income tax	114,142	6	147,708	8
7950	Less: income tax expenses (note 6(q))	(19,861)	(1)	(27,843)	(2)
	Net income	94,281	5	119,865	6
	Other comprehensive income (notes 6(r) and (w)):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	-	-	(4)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,738	-	1,089	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		1,738	-	1,085	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	8,666	-	18,146	1
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		8,666	-	18,146	1
	Other comprehensive income for the period, net of income tax	10,404	-	19,231	1
8500	Total comprehensive income for the period	\$ 104,685	5	139,096	7
8600	Net income attributable to:				
8610	Shareholders of the Company	\$ 92,867	5	117,561	6
8620	Non-controlling interests	1,414	-	2,304	-
		\$ 94,281	5	119,865	6
8700	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 103,264	5	136,790	7
8720	Non-controlling interests	1,421	-	2,306	-
		\$ 104,685	5	139,096	7
	Earnings per share (in New Taiwan Dollar) (note 6(s)):				
9750	Basic earnings per share	\$ 0.72		0.94	
9850	Diluted earnings per share	\$ 0.72		0.94	

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 three months ended March 31, 2025 and 2024

(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, 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	60,410	229,558	-	-	-	-	-	-	-	289,968	-	289,968
Net income for the three months ended March 31, 2024	-	-	-	-	117,561	117,561	-	-	-	117,561	2,304	119,865
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	(4)	(4)	18,146	1,087	19,233	19,229	2	19,231
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	117,557	117,557	18,146	1,087	19,233	136,790	2,306	139,096
Balance at March 31, 2024	\$ 1,287,292	1,155,383	515,948	87,391	1,759,356	2,362,695	(25,288)	(44,963)	(70,251)	4,735,119	156,016	4,891,135
Balance at January 1, 2024	\$ 1,287,292	1,155,419	570,912	89,484	1,461,903	2,122,299	(13,424)	(43,619)	(57,043)	4,507,967	116,687	4,624,654
Appropriation of earnings:												
Cash dividends distributed to shareholders	-	-	-	-	(251,022)	(251,022)	-	-	-	(251,022)	-	(251,022)
Cash dividends from capital surplus	-	(32,182)	-	-	-	-	-	-	-	(32,182)	-	(32,182)
Net income for the three months ended March 31, 2025	-	-	-	-	92,867	92,867	-	-	-	92,867	1,414	94,281
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	-	8,666	1,731	10,397	10,397	7	10,404
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	92,867	92,867	8,666	1,731	10,397	103,264	1,421	104,685
Balance at March 31, 2025	\$ 1,287,292	1,123,237	570,912	89,484	1,303,748	1,964,144	(4,758)	(41,888)	(46,646)	4,328,027	118,108	4,446,135

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 three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2025	2024
Cash flows from operating activities:		
Income before income tax	\$ 114,142	147,708
Adjustments:		
Depreciation	15,397	14,458
Amortization	6,039	6,329
Recognized (reversal of) expected credit loss	(1,258)	813
Interest expense	4,127	2,031
Interest income	(11,772)	(10,733)
Share of loss of associates	38	53
Loss on disposal of property, plant and equipment	-	851
Subtotal	12,571	13,802
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(1,759)	593
Notes and accounts receivable	(187,269)	(120,404)
Accounts receivable from related parties	(58,369)	(10,098)
Other receivables	(34,824)	(47,578)
Inventories	(38,815)	(411,165)
Other current assets	816	15,755
Net changes in operating assets	(320,220)	(572,897)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(158)	1,124
Contract liabilities	(9,889)	(6,262)
Notes and accounts payable	303,260	(92,378)
Accounts payable to related parties	125	(125,635)
Other payables	(35,815)	(85,565)
Provisions – current	(146)	163
Other current liabilities	(6,046)	(5,332)
Net defined benefit liabilities	15	4
Net changes in operating liabilities	251,346	(313,881)
Total changes in operating assets and liabilities	(68,874)	(886,778)
Total adjustments	(56,303)	(872,976)
Cash provided by (used in) operations	57,839	(725,268)
Interest received	10,878	11,951
Interest paid	(4,282)	(1,990)
Income taxes paid	(5,770)	(8,765)
Net cash provided by (used in) operating activities	58,665	(724,072)

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 three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2025	2024
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(2,743)	(5,280)
Acquisition of intangible assets	(1,244)	(1,883)
Decrease (increase) in other financial assets—current	(189,435)	57,356
Increase in other financial assets—non-current	(68)	(33,979)
Decrease in other non-current assets	-	2,195
Net cash provided by (used in) investing activities	(193,490)	18,409
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(5,308)	92,142
Repayment of long-term debt	(308)	(306)
Increase in guarantee deposits	9	443
Payment of lease liabilities	(5,642)	(4,502)
Capital increase in cash	-	289,968
Net cash provided by (used in) financing activities	(11,249)	377,745
Effect of foreign exchange rate changes	8,184	15,643
Net decrease in cash and cash equivalents	(137,890)	(312,275)
Cash and cash equivalents at beginning of period	1,072,751	1,061,474
Cash and cash equivalents at end of period	\$ 934,861	749,199

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 three months ended March 31, 2025 and 2024

(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 April 17, 2025.

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

- (a) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) 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, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards 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, 2026, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (c) The impact of IFRS Accounting Standards issued by the International Accounting Standards Board (“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 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”	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.	January 1, 2027

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	• 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.	

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” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards— Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

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

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, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(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, 2024. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2024.

(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
			March 31, 2025	December 31, 2024	March 31, 2024	
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 three months ended March 31, 2025 and 2024.

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

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(c) 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.

(d) 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 and estimates about the future, including climate-related risks and opportunities, which 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, 2024.

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, 2024. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 149	122	115
Demand deposits	875,715	917,070	708,645
Time deposits with original maturities less than three months	58,997	155,559	40,439
	<u>\$ 934,861</u>	<u>1,072,751</u>	<u>749,199</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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As of March 31, 2025, December 31 and March 31, 2024, the time deposits with original maturities of more than three months amounted to \$1,593,766, 1,404,331 and \$1,510,294, respectively, which were classified as other financial assets—current.

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss—current:			
Corporate bonds	\$ 82,355	80,557	-
Foreign currency forward contracts	<u>-</u>	<u>39</u>	<u>-</u>
	<u>\$ 82,355</u>	<u>80,596</u>	<u>-</u>
Financial liabilities held for trading—current:			
Foreign currency forward contracts	<u>\$ (569)</u>	<u>(727)</u>	<u>(1,194)</u>

Please refer to note 6(v) 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 March 31, 2025 and 2024, the derivative financial instruments that did not conform to the criteria for hedge accounting consisted of the following:

<u>December 31, 2024</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	JPY 9,100	\$	<u>39</u>	JPY / NTD	2025/01/22
<u>March 31, 2025</u>					
	<u>Contract amount (in thousands)</u>		<u>Fair value</u>	<u>Currency (Sell / Buy)</u>	<u>Maturity period</u>
Financial liabilities—foreign currency forward contracts	CNY 10,800	\$	(568)	CNY / NTD	2025/04/28~2025/05/27
	JPY 8,100		<u>(1)</u>	JPY / NTD	2025/04/25
		\$	<u>(569)</u>		
<u>December 31, 2024</u>					
	<u>Contract amount (in thousands)</u>		<u>Fair value</u>	<u>Currency (Sell / Buy)</u>	<u>Maturity period</u>
Financial liabilities—foreign currency forward contracts	CNY 13,500	\$	(481)	CNY / NTD	2025/02/04~2025/02/26
	USD 750		<u>(246)</u>	USD / TWD	2025/01/03
		\$	<u>(727)</u>		

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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March 31, 2024					
	Contract amount (in thousands)		Fair value	Currency (Sell / Buy)	Maturity period
Financial liabilities—foreign	CNY	18,500	\$ (1,131)	CNY / NTD	2024/04/26~2024/05/28
currency forward contracts	USD	700	(36)	USD / NTD	2024/04/08
	JPY	17,000	(27)	JPY / NTD	2024/04/26
			\$ (1,194)		

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

	March 31, 2025	December 31, 2024	March 31, 2024
Equity investments at fair value through other comprehensive income:			
Domestic unlisted stocks	\$ 39,324	37,611	36,129
Foreign unlisted stocks	231	206	131
	\$ 39,555	37,817	36,260

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 three months ended March 31, 2025 and 2024, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable	\$ 895,686	708,417	917,304
Accounts receivable from related parties	232,281	173,912	10,656
	1,127,967	882,329	927,960
Less: loss allowance	(21,152)	(22,410)	(22,230)
	\$ 1,106,815	859,919	905,730

As of March 31, 2025 and 2024, 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:

	March 31, 2025	
	Gross carrying amount	Weighted-average loss rate
Current	\$ 1,025,470	0.0001%
Past due 1-90 days	81,383	0.0922%
Past due 91-180 days	294	87.2500%
Past due over 181 days	20,820	100%
	\$ 1,127,967	21,152

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 789,061	0.0001%	1
Past due 1-90 days	70,799	0.0367%	25
Past due 91-180 days	666	87.2500%	581
Past due over 181 days	21,803	100%	21,803
	\$ 882,329		22,410

	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 803,045	0.0001%	1
Past due 1-90 days	103,184	0.4972%	512
Past due 91-180 days	55	74.75%	41
Past due over 181 days	21,676	100%	21,676
	\$ 927,960		22,230

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

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 22,410	21,417
Impairment loss recognized (reversed)	(1,258)	813
Balance at March 31	\$ 21,152	22,230

(e) Other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables	\$ 41,879	7,055	56,060

There is no loss allowance provision for other receivables on March 31, 2025, December 31 and March 31, 2024 after the assessment.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(f) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 527,437	417,752	731,762
Work in process	196,237	134,028	134,373
Finished goods	559,232	726,099	979,210
Inventories in transit	83,737	49,949	56,301
	<u><u>\$ 1,366,643</u></u>	<u><u>1,327,828</u></u>	<u><u>1,901,646</u></u>

For the three months ended March 31, 2025 and 2024, the amounts of inventories recognized as cost of revenue were as follows:

	For the three months ended March 31,	
	2025	2024
Cost of inventories sold	\$ 1,695,135	1,578,340
(Reversal of) inventories write-downs	16,310	(21,513)
	<u><u>\$ 1,711,445</u></u>	<u><u>1,556,827</u></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:

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	\$ <u><u>952</u></u>	<u><u>990</u></u>	<u><u>1,298</u></u>

There were no significant changes in investments accounted for using equity method for the three months ended March 31, 2025 and 2024. Please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2024 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		
		March 31, 2025	December 31, 2024	March 31, 2024
UD INFO Corp. (UD)	Taiwan	31.46 %	31.46 %	31.46 %

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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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:

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 339,393	331,316	524,686
Non-current assets	249,289	252,428	66,851
Current liabilities	(58,535)	(57,950)	(134,995)
Non-current liabilities	(38,211)	(39,284)	(26,725)
Net assets	<u>\$ 491,936</u>	<u>486,510</u>	<u>429,817</u>
The carrying amount of non-controlling interests	<u>\$ 118,001</u>	<u>116,585</u>	<u>155,904</u>

	For the three months ended March 31, 2025	2024
Net sales	\$ <u>80,637</u>	<u>131,764</u>
Net income	4,502	10,203
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 4,502</u>	<u>10,203</u>
Net income attributable to non-controlling interests	<u>\$ 1,416</u>	<u>2,307</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 1,416</u>	<u>2,307</u>

	For the three months ended March 31, 2025	2024
Cash flow from operating activities	\$ 30,454	(41,282)
Cash flow from investing activities	(18,660)	7,384
Cash flow from financing activities	692	(456)
Effects of foreign exchange rate changes	-	-
Net decrease in cash and cash equivalents	<u>\$ 12,486</u>	<u>(34,354)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</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, 2025	\$ 598,567	347,086	207,485	74,163	2,495	1,229,796
Additions	-	850	1,628	110	155	2,743
Disposals	-	-	(1,203)	(546)	-	(1,749)
Reclassification and effect of exchange rate changes	-	30	1,734	257	(1,727)	294
Balance at March 31, 2025	<u>\$ 598,567</u>	<u>347,966</u>	<u>209,644</u>	<u>73,984</u>	<u>923</u>	<u>1,231,084</u>
Balance at January 1, 2024	\$ 598,567	339,429	199,808	70,790	483	1,209,077
Additions	-	1,039	958	1,444	1,839	5,280
Disposals	-	-	(2,270)	(280)	-	(2,550)
Reclassification and effect of exchange rate changes	-	(14)	198	417	(174)	427
Balance at March 31, 2024	<u>\$ 598,567</u>	<u>340,454</u>	<u>198,694</u>	<u>72,371</u>	<u>2,148</u>	<u>1,212,234</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2025	\$ -	104,613	157,205	63,041	-	324,859
Depreciation	-	4,248	3,557	1,559	-	9,364
Disposals	-	-	(1,203)	(546)	-	(1,749)
Reclassification and effect of exchange rate changes	-	14	7	216	-	237
Balance at March 31, 2025	<u>\$ -</u>	<u>108,875</u>	<u>159,566</u>	<u>64,270</u>	<u>-</u>	<u>332,711</u>
Balance at January 1, 2024	\$ -	91,402	145,144	56,842	-	293,388
Depreciation	-	3,521	4,108	1,523	-	9,152
Disposals	-	-	(1,419)	(280)	-	(1,699)
Reclassification and effect of exchange rate changes	-	(5)	21	355	-	371
Balance at March 31, 2024	<u>\$ -</u>	<u>94,918</u>	<u>147,854</u>	<u>58,440</u>	<u>-</u>	<u>301,212</u>
Carrying amounts:						
Balance at March 31, 2025	<u>\$ 598,567</u>	<u>239,091</u>	<u>50,078</u>	<u>9,714</u>	<u>923</u>	<u>898,373</u>
Balance at January 1, 2025	<u>\$ 598,567</u>	<u>242,473</u>	<u>50,280</u>	<u>11,122</u>	<u>2,495</u>	<u>904,937</u>
Balance at March 31, 2024	<u>\$ 598,567</u>	<u>245,536</u>	<u>50,840</u>	<u>13,931</u>	<u>2,148</u>	<u>911,022</u>

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.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(j) Right-of-use assets

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ 66,048	19,182	85,230
Additions	1,820	2,076	3,896
Derecognition	(1,782)	(2,048)	(3,830)
Effect of exchange rates changes	<u>839</u>	<u>-</u>	<u>839</u>
Balance at March 31, 2025	<u>\$ 66,925</u>	<u>19,210</u>	<u>86,135</u>
Balance at January 1, 2024	\$ 61,074	18,899	79,973
Additions	-	4,712	4,712
Derecognition	-	(4,551)	(4,551)
Effect of exchange rates changes	<u>1,208</u>	<u>-</u>	<u>1,208</u>
Balance at March 31, 2024	<u>\$ 62,282</u>	<u>19,060</u>	<u>81,342</u>
Accumulated depreciation:			
Balance at January 1, 2025	\$ 40,782	3,729	44,511
Depreciation	4,625	1,408	6,033
Derecognition	(1,782)	(2,048)	(3,830)
Effect of exchange rates changes	<u>494</u>	<u>-</u>	<u>494</u>
Balance at March 31, 2025	<u>\$ 44,119</u>	<u>3,089</u>	<u>47,208</u>
Balance at January 1, 2024	\$ 24,908	13,549	38,457
Depreciation	3,924	1,382	5,306
Derecognition	-	(4,551)	(4,551)
Effect of exchange rates changes	<u>382</u>	<u>38</u>	<u>420</u>
Balance at March 31, 2024	<u>\$ 29,214</u>	<u>10,418</u>	<u>39,632</u>
Carrying amounts:			
Balance at March 31, 2025	<u>\$ 22,806</u>	<u>16,121</u>	<u>38,927</u>
Balance at January 1, 2025	<u>\$ 25,266</u>	<u>15,453</u>	<u>40,719</u>
Balance at March 31, 2024	<u>\$ 33,068</u>	<u>8,642</u>	<u>41,710</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
Notes to the Consolidated Financial Statements

(k) Intangible assets

	<u>Goodwill</u>	<u>Computer software</u>	<u>Customer relationships</u>	<u>Expertise</u>	<u>Royalties for the use of patents</u>	<u>Total</u>
Carrying amounts:						
Balance at March 31, 2025	<u>\$ 115,683</u>	<u>24,882</u>	<u>44,642</u>	<u>12,649</u>	<u>2,563</u>	<u>200,419</u>
Balance at January 1, 2025	<u>\$ 115,683</u>	<u>25,848</u>	<u>46,991</u>	<u>14,003</u>	<u>2,609</u>	<u>205,134</u>
Balance at March 31, 2024	<u>\$ 115,683</u>	<u>32,503</u>	<u>54,042</u>	<u>18,069</u>	<u>2,241</u>	<u>222,538</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, 2024; please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2024 for more details. As of March 31, 2025, the Group assessed the achievement of the forecasted revenue and operating income of CGUs to which the goodwill are allocated for the three months ended March 31, 2025, 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 three months ended March 31, 2025 and 2024. 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, 2024 for other related information.

(i) Amortization

(l) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured bank loans	<u>\$ 283,200</u>	<u>288,508</u>	<u>153,552</u>
Unused credit facilities	<u>\$ 1,456,600</u>	<u>1,444,757</u>	<u>1,547,258</u>
Interest rate interval	<u>5.07%~5.09%</u>	<u>5.27%~5.45%</u>	<u>6.08%~6.24%</u>

(m) Long-term debt

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Secured bank loans	<u>\$ 22,051</u>	<u>22,359</u>	<u>23,273</u>
Less: current portion of long-term debt	<u>(1,241)</u>	<u>(1,235)</u>	<u>(1,234)</u>
	<u>\$ 20,810</u>	<u>21,124</u>	<u>22,039</u>
Unused credit facilities	<u>\$ 717</u>	<u>409</u>	<u>810</u>
Interest rate interval	<u>2.10%</u>	<u>2.10%</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:

	March 31, 2025	December 31, 2024	March 31, 2024
Current	\$ <u>18,539</u>	<u>19,314</u>	<u>20,262</u>
Non-current	\$ <u>20,782</u>	<u>21,753</u>	<u>22,233</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2025	2024
Interest on lease liabilities	\$ <u>274</u>	<u>263</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>409</u>	<u>326</u>
Expenses relating to short-term leases	\$ <u>185</u>	<u>155</u>

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

	For the three months ended March 31,	
	2025	2024
Total cash outflows for leases	\$ <u>6,510</u>	<u>5,246</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.

(o) Provisions

	March 31, 2025	December 31, 2024	March 31, 2024
Warranties	\$ 4,827	4,752	7,131
Sales returns and allowances	2,759	2,980	2,526
Decommissioning liabilities	500	500	-
	\$ <u>8,086</u>	<u>8,232</u>	<u>9,657</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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There were no significant changes in provisions for the three months ended March 31, 2025 and 2024. Please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2024 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, 2024 and 2023.

- (ii) The pension expenses recognized in profit or loss in respect of defined contribution plans and defined benefit plans for the three months ended March 31, 2025 and 2024, 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 March 31,	
	2025	2024
Current income tax expense		
Current period	\$ <u>19,861</u>	<u>27,843</u>

- (ii) For the three months ended March 31, 2025 and 2024, 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.

(r) Capital and other equity

(i) Common stock

As of March 31, 2025, December 31 and March 31, 2024, the Company's authorized shares of common stock consisted of 200,000 thousand shares, of which 128,729 thousand shares 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.

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

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

	Shares of common stock	
	For the three months ended	
	March 31,	
	2025	2024
Balance at January 1	128,729	122,688
Capital increase in cash	-	6,041
Balance at March 31	128,729	128,729

- 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.
 - 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.

(Continued)

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

(ii) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
Paid-in capital in excess of par value	\$ 1,064,259	1,096,441	1,096,441
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	15,761	15,761	15,761
Claim for the disgorgement right	36	36	-
	<u><u>\$ 1,123,237</u></u>	<u><u>1,155,419</u></u>	<u><u>1,155,383</u></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.

(Continued)

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

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 appropriations of 2024 and 2023 earnings were approved by the Company's Board of Directors on February 20, 2025 and April 17, 2024, respectively, wherein the Company's Board of Directors resolved to distribute cash dividends of \$32,182 (\$0.25 per share) from capital surplus. The resolved appropriations were as follows:

	2024		2023	
	Dividends per share (in NTD)	Amount	Dividends per share (in NTD)	Amount
Dividends per share:				
Cash dividends	\$ 1.95	<u>251,022</u>	3.15	<u>405,497</u>

(iv) Other equity items (net after tax)

1) Foreign currency translation differences

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ (13,424)	(43,434)
Foreign exchange differences arising from translation of foreign operations	<u>8,666</u>	<u>18,146</u>
Balance at March 31	<u>\$ (4,758)</u>	<u>(25,288)</u>

(Continued)

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 three months ended March 31,	
	2025	2024
Balance at January 1	\$ (43,619)	(46,050)
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	1,731	1,087
Balance at March 31	<u><u>\$ (41,888)</u></u>	<u><u>(44,963)</u></u>

- (v) Non-controlling interests

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 116,687	153,710
Equity attributable to non-controlling interest:		
Net income	1,414	2,304
Exchange differences on translation of foreign operations	-	2
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	7	-
Balance at March 31	<u><u>\$ 118,108</u></u>	<u><u>156,016</u></u>

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

- (i) Basic earnings per share

	For the three months ended March 31,	
	2025	2024
Net income attributable to shareholders of the Company	<u><u>\$ 92,867</u></u>	<u><u>117,561</u></u>
Weighted-average number of common shares outstanding (in thousands)	<u><u>128,729</u></u>	<u><u>124,746</u></u>
Basic earnings per share (in New Taiwan Dollar)	<u><u>\$ 0.72</u></u>	<u><u>0.94</u></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 March 31,	
	2025	2024
Net income attributable to shareholders of the Company	<u><u>\$ 92,867</u></u>	<u><u>117,561</u></u>
Weighted-average number of common shares outstanding (in thousands)	128,729	124,746
Effect of dilutive potential common shares (in thousands):		
Remuneration to employees	<u>563</u>	<u>884</u>
Weighted-average number of common shares outstanding (including effect of dilutive potential common stock)	<u><u>129,292</u></u>	<u><u>125,630</u></u>
Diluted earnings per share (in New Taiwan Dollar)	<u><u>\$ 0.72</u></u>	<u><u>0.94</u></u>

(t) 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 March 31, 2025		
	Segment		
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 1,026,855	151,201	1,178,056
Memory modules	749,847	75,401	825,248
Others	<u>45,892</u>	<u>-</u>	<u>45,892</u>
	<u><u>\$ 1,822,594</u></u>	<u><u>226,602</u></u>	<u><u>2,049,196</u></u>

	For the three months ended March 31, 2024		
	Segment		
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 960,750	214,679	1,175,429
Memory modules	683,485	72,188	755,673
Others	<u>14,778</u>	<u>822</u>	<u>15,600</u>
	<u><u>\$ 1,659,013</u></u>	<u><u>287,689</u></u>	<u><u>1,946,702</u></u>

(Continued)

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

(ii) Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable (including related parties)	\$ 1,127,967	882,329	927,960
Less: loss allowance	<u>(21,152)</u>	<u>(22,410)</u>	<u>(22,230)</u>
	<u>\$ 1,106,815</u>	<u>859,919</u>	<u>905,730</u>
	March 31, 2025	December 31, 2024	March 31, 2024
Contract liabilities—current	<u>\$ 38,040</u>	<u>47,929</u>	<u>34,772</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 three months ended March 31, 2025 and 2024 that were included in the contract liabilities balances at January 1, 2025 and 2024 were \$46,812 and \$29,039, respectively.

(u) 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 ended March 31, 2025 and 2024, the Company estimated its remuneration to employees amounting to \$9,927 and \$14,443, respectively, and the remuneration to directors amounting to \$1,317 and \$2,075, 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, 2024 and 2023, the Company estimated its remuneration to employees amounting to \$32,559 and \$70,405, respectively, and the remuneration to directors amounting to \$4,927 and \$10,119, 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
Notes to the Consolidated Financial Statements

(v) Non-operating income and loss

(i) Interest income

	For the three months ended March 31,	
	2025	2024
Interest income from bank deposits	\$ 10,873	10,733
Interest income from corporate bonds	899	-
	<u>\$ 11,772</u>	<u>10,733</u>

(ii) Other gains and losses, net

	For the three months ended March 31,	
	2025	2024
Foreign currency exchange gains	\$ 3,177	(1,182)
Losses on financial assets and liabilities at fair value through profit or loss	(1,537)	(2,827)
Loss on disposal of property, plant and equipment	-	(851)
Compensation income	10,913	-
Others	950	3,009
	<u>\$ 13,503</u>	<u>(1,851)</u>

(iii) Finance costs

	For the three months ended March 31,	
	2025	2024
Interest expense from bank loans	\$ (3,853)	(1,768)
Interest expense from lease liabilities	(274)	(263)
	<u>\$ (4,127)</u>	<u>(2,031)</u>

(w) 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, 2024.

(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 March 31, 2025, December 31 and March 31, 2024, the Group had unused credit facilities of \$1,457,317, \$1,445,166 and \$1,548,068, respectively.

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

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>
March 31, 2025				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 283,200	(284,424)	(284,424)	-
Long-term debt (including current portion)	22,051	(25,837)	(1,699)	(24,138)
Notes and accounts payable (including related parties)	1,084,242	(1,084,242)	(1,084,242)	-
Other payables	305,256	(305,256)	(305,256)	-
Dividends payable	251,022	(251,022)	(251,022)	-
Lease liabilities	39,321	(40,759)	(19,383)	(21,376)
Guarantee deposits	458	(458)	-	(458)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	50,684	50,684	-
Outflow	569	(51,253)	(51,253)	-
December 31, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 288,508	(289,858)	(289,858)	-
Long-term debt (including current portion)	22,359	(26,262)	(1,699)	(24,563)
Notes and accounts payable (including related parties)	780,857	(780,587)	(780,587)	-
Other payables (including related parties)	309,044	(309,044)	(309,044)	-
Lease liabilities	41,067	(42,531)	(20,153)	(22,378)
Guarantee deposits	449	(449)	(449)	-
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	84,502	84,502	-
Outflow	727	(85,229)	(85,229)	-
March 31, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 153,552	(154,342)	(154,342)	-
Long-term debt (including current portion)	23,273	(27,263)	(1,689)	(25,574)
Notes and accounts payable (including related parties)	924,943	(924,943)	(924,943)	-
Other payables	342,336	(342,336)	(342,336)	-
Lease liabilities	42,495	(43,807)	(21,037)	(22,770)
Guarantee deposits	443	(443)	-	(443)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	106,720	106,720	-
Outflow	1,194	(107,914)	(107,914)	-

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

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

(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)

March 31, 2025						
		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	\$	35,271	33.200	1,170,997	1 %	11,710
CNY		16,532	4.579	75,700	1 %	757
JPY		9,426	0.223	2,102	1 %	21
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		36,519	33.200	1,212,431	1 %	12,124
CNY		1,828	4.579	8,370	1 %	84
JPY		421	0.223	94	1 %	1
December 31, 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	\$	29,414	32.785	964,338	1 %	9,643
CNY		19,246	4.492	86,453	1 %	865
JPY		14,012	0.210	2,943	1 %	29
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		9,941	32.785	325,916	1 %	3,259
CNY		644	4.492	2,893	1 %	29
JPY		400	0.210	84	1 %	1

(Continued)

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

March 31, 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	\$ 30,821	31.990	985,964	1 %	9,860
CNY	26,344	4.429	116,678	1 %	1,167
JPY	20,070	0.211	4,235	1 %	42
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	28,192	31.990	901,862	1 %	9,019
CNY	3,946	4.429	17,477	1 %	175
JPY	298	0.211	63	1 %	1

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 March 31, 2025 and 2024 were \$3,177 and \$(1,182), respectively.

(iii) Categories of financial instruments

1) Financial assets

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at fair value through profit or loss	\$ 82,355	80,596	-
Financial assets at fair value through other comprehensive income	39,555	37,817	36,260
Financial assets measured at amortized cost:			
Cash and cash equivalents	934,861	1,072,751	749,199
Notes and accounts receivable (including related parties)	1,106,815	859,919	905,730
Other receivables	7,886	6,206	5,352
Other financial assets (including current and non-current)	1,635,700	1,446,197	1,551,221
Subtotal	3,685,262	3,385,073	3,211,502
Total	<u>\$ 3,807,172</u>	<u>3,503,486</u>	<u>3,247,762</u>

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

2) Financial liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Financial liabilities at fair value through profit or loss	\$ 569	727	1,194
Financial liabilities measured at amortized cost:			
Short-term borrowings	283,200	288,508	153,552
Notes and accounts payable (including related parties)	1,084,242	780,857	924,943
Other payables	305,256	309,044	342,336
Dividends payable	251,022	-	-
Lease liabilities (including current and non-current)	39,321	41,067	42,495
Long-term debt (including current portion)	22,051	22,359	23,273
Guarantee deposits	458	449	443
Subtotal	1,985,550	1,442,284	1,487,042
Total	<u><u>\$ 1,986,119</u></u>	<u><u>1,443,011</u></u>	<u><u>1,488,236</u></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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		March 31, 2025				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current:						
Corporate bonds	\$	<u>82,355</u>	<u>82,355</u>	<u>-</u>	<u>-</u>	<u>82,355</u>
Financial assets at fair value through other comprehensive income—non-current:						
Domestic unlisted stocks	\$	39,324	-	-	39,324	39,324
Foreign unlisted stocks		<u>231</u>	<u>-</u>	<u>-</u>	<u>231</u>	<u>231</u>
	\$	<u>39,555</u>	<u>-</u>	<u>-</u>	<u>39,555</u>	<u>39,555</u>
Financial liabilities at fair value through profit or loss—current:						
Derivatives—foreign currency forward contracts	\$	<u>569</u>	<u>-</u>	<u>569</u>	<u>-</u>	<u>569</u>
		December 31, 2024				
		Carrying amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current:						
Corporate bonds	\$	80,557	80,557	-	-	80,557
Derivatives—foreign currency forward contracts		<u>39</u>	<u>-</u>	<u>39</u>	<u>-</u>	<u>39</u>
	\$	<u>80,596</u>	<u>80,557</u>	<u>39</u>	<u>-</u>	<u>80,596</u>
Financial assets at fair value through other comprehensive income—non-current:						
Domestic unlisted stocks	\$	37,611	-	-	37,611	37,611
Foreign unlisted stocks		<u>206</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>206</u>
	\$	<u>37,817</u>	<u>-</u>	<u>-</u>	<u>37,817</u>	<u>37,817</u>
Financial liabilities at fair value through profit or loss—current:						
Derivatives—foreign currency forward contracts	\$	<u>727</u>	<u>-</u>	<u>727</u>	<u>-</u>	<u>727</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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		March 31, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income — non-current:					
Domestic unlisted stocks	\$ 36,129	-	-	36,129	36,129
Foreign unlisted stocks	131	-	-	131	131
	<u>\$ 36,260</u>	<u>-</u>	<u>-</u>	<u>36,260</u>	<u>36,260</u>
Financial liabilities at fair value through profit or loss — current:					
Derivatives — foreign currency forward contracts	\$ <u>1,194</u>	<u>-</u>	<u>1,194</u>	<u>-</u>	<u>1,194</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.

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 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 three months ended March 31, 2025 and 2024.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(vii) Movement in financial assets included in Level 3 of fair value hierarchy

	For the three months ended March 31,	
	2025	2024
Balance, beginning of period	\$ 37,817	35,171
Gains recognized in other comprehensive income, and presented in unrealized gains on financial assets measured at fair value through other comprehensive income	1,738	1,089
Balance, end of period	<u><u>\$ 39,555</u></u>	<u><u>36,260</u></u>

(x) 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, 2024.

(y) 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, 2024. There were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2024 for related details.

(z) Investing and financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under operating lease for the three months ended March 31, 2025 and 2024, please refer to note 6(j).

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

	January 1, 2025	Cash flows	Non-cash changes Acquisition	March 31, 2025
Short-term borrowings	\$ 288,508	(5,308)	-	283,200
Long-term debt	22,359	(308)	-	22,051
Lease liabilities	41,067	(5,642)	3,896	39,321
Guarantee deposits	449	9	-	458
	<u><u>\$ 352,383</u></u>	<u><u>(11,249)</u></u>	<u><u>3,896</u></u>	<u><u>345,030</u></u>

	January 1, 2024	Cash flows	Non-cash changes Acquisition	March 31, 2024
Short-term borrowings	\$ 61,410	92,142	-	153,552
Long-term debt	23,579	(306)	-	23,273
Lease liabilities	42,285	(4,502)	4,712	42,495
Guarantee deposits	-	443	-	443
	<u><u>\$ 127,274</u></u>	<u><u>87,777</u></u>	<u><u>4,712</u></u>	<u><u>219,763</u></u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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7. Related-party transactions

(a) Name and relationship with related parties

The followings 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)
Acer India Private Limited (“AIL”)	Acer’s subsidiary (note 1)
PT. Acer Manufacturing Indonesia (“AMI”)	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)
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)
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:

	For the three months ended March 31,	
	2025	2024
Entity with significant influence over the Group	\$ 163,474	-
Other related parties	147,546	-
The Group’s key management personnel (the Company’s director)	-	10,239
	<u>\$ 311,020</u>	<u>10,239</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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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.

(ii) Purchases

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

	For the three months ended March 31,	
	2025	2024
The Group's key management personnel — Phison (the Company's director)	\$ -	336,970
Other related parties	127	19
	<u>\$ 127</u>	<u>336,989</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	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable from related parties	Entity with significant influence over the Group — Acer	\$ 122,889	78,716	-
	Other related parties:			
	AIL	89,122	85,196	-
	Others	20,270	10,000	-
	The Group's key management personnel (the Company's director)	-	-	10,656
		<u>\$ 232,281</u>	<u>173,912</u>	<u>10,656</u>

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(iv) Payables

The payables to related parties were as follows:

Account	Related-party categories	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable to related parties	The Group's key management personnel – Phison (the Company's director)	\$ -	-	270,103
	Other related parties	125	-	19
Other payables to related parties	The Group's key management personnel (the Company's director)	-	-	123
	Other related parties	142	173	-
		<u>\$ 267</u>	<u>173</u>	<u>270,245</u>

(v) Operating expenses

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

Account	Related-party categories	For the three months ended March 31,	
		2025	2024
Operating expenses	The Group's key management personnel (the Company's director)	\$ -	17
	Associates	12	12
	Other related parties	53	-
		<u>\$ 65</u>	<u>29</u>

(c) Compensation for key management personnel

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 15,455	21,523
Post-employment benefits	108	108
	<u>\$ 15,563</u>	<u>21,631</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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8. Pledged assets

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

Pledged assets	Pledged to secure	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	Bank loans and credit facilities	<u>\$ 57,307</u>	<u>57,540</u>	<u>58,239</u>

9. Significant commitments and contingencies

(a) Significant unrecognized commitments

	March 31, 2025	December 31, 2024	March 31, 2024
Unused letters of credit	<u>\$ 35,000</u>	<u>35,000</u>	<u>50,000</u>

- (b) As of March 31, 2025, December 31 and March 31, 2024, 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

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 March 31, 2025			For the three months ended March 31, 2024		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	33,611	139,822	173,433	39,246	146,055	185,301
Insurance	4,261	13,225	17,486	4,489	13,662	18,151
Pension	1,493	6,305	7,798	1,590	6,010	7,600
Others	1,152	4,900	6,052	1,758	6,907	8,665
Depreciation	5,190	10,207	15,397	5,437	9,021	14,458
Amortization	363	5,676	6,039	778	5,551	6,329

- (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 three months ended March 31, 2025:

- (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	March 31, 2025				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	-	32,894	-	32,894	-
The Company	JPMORGAN CHASE & CO JPM 4.323 04/26/28	-	Financial assets at fair value through profit or loss – current	-	33,079	-	33,079	-
The Company	WELLS FARGO & COMPANY WFC 4.15 01/24/29	-	Financial assets at fair value through profit or loss – current	-	16,382	-	16,382	-
The Company	Stock: Formosa Golf and Country Club Corp.	-	Financial assets at fair value through other comprehensive income – non-current	3.6	13,476	0.01 %	13,476	-
The Company	Stock: OTO Photonics Inc.	-	Financial assets at fair value through other comprehensive income – non-current	4,077	25,848	11.23 %	25,848	-
AMS	Futurepath Technology (Shenzhen) Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	31.5	231	0.03 %	231	-

- (iv) 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	Acer	Entity with significant influence over the Group	(Sales)	(163,474)	(9)%	OA60	-	-	122,889	12 %	-
The Company	AIL	Other related party	(Sales)	(115,533)	(6)%	OA60	-	-	89,122	9 %	-
The Company	AMH	The Company's subsidiary	(Sales)	(100,492)	(5)%	OA30	-	-	17,987	2 %	Note 1
The Company	AMC	The Company's subsidiary	(Sales)	(126,904)	(7)%	M60	-	-	66,386	6 %	-
AMH	The Company	AMH's parent company	Purchases	100,492	100 %	OA30	-	-	(17,987)	(100)%	Note 1
AMC	The Company	AMC's parent company	Purchases	126,904	86 %	M60	-	-	(66,368)	(100)%	Note 1

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

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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- (v) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Acer	Entity with significant influence over the Group	122,889	6.49	-	-	-	-

- (vi) 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	AMA	1	Sales	79,937	OA30	4 %
0	The Company	AMK	1	Sales	73,187	OA30	4 %
0	The Company	AMH	1	Sales	100,492	OA30	5 %
0	The Company	AMC	1	Sales	126,904	M60	6 %
0	The Company	AMJ	1	Sales	7,858	M60	-
0	The Company	UD	1	Sales	9,091	M30	-
1	UD	The Company	2	Sales	37	M30	-
0	The Company	AMA	1	Accounts receivable	22,989	OA30	-
0	The Company	AMK	1	Accounts receivable	29,036	OA30	-
0	The Company	AMH	1	Accounts receivable	17,987	OA30	-
0	The Company	AMC	1	Accounts receivable	66,368	M60	1 %
0	The Company	AMJ	1	Accounts receivable	1,876	M60	-
0	The Company	UD	1	Accounts receivable	5,382	M30	-
1	UD	The Company	2	Accounts receivable	4	M30	-

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.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(b) Information on investees:

For the three months ended March 31, 2025, 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 March 31, 2025			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
The Company	AMA	USA	Sales of memory modules and storage memory devices	610	610	20	100.00 %	371,223	7,073	7,073	Note
The Company	ACYB	British Virgin Islands	Investment and holding activity	18,542	18,542	2,636	100.00 %	66,193	3,464	3,464	Note
The Company	AMJ	Japan	Sales of memory modules and storage memory devices	2,918	2,918	0.2	100.00 %	21,985	(784)	(784)	Note
The Company	ATPL	India	Auxiliary sales of memory modules and storage memory devices	915	915	29	100.00 %	1,797	132	132	Note
The Company	AMK	Hong Kong	Sales of memory modules and storage memory devices	20,917	20,917	5,000	100.00 %	14,884	(301)	(301)	Note
The Company	AMH	Netherlands	Sales of memory modules and storage memory devices	130,469	130,469	80	100.00 %	96,071	447	447	Note
The Company	JoiUp	Taiwan	Cloud services and software development	7,500	7,500	750	10.35 %	952	(1,171)	(38)	-
The Company	UD	Taiwan	Manufacture and sales of memory modules and storage memory devices	380,815	380,815	4,932	68.54 %	370,540	7,537	3,085	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, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2025	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of March 31, 2025	Accumulated Inward Remittance of Earnings as of March 31, 2025
					Outflow	Inflow						
Apacer Electronic (Shanghai) Co., Ltd. (AMC)	Sales of memory modules and storage memory devices	16,600 (USD 500 thousand)	Type 2	16,600 (USD 500 thousand)	-	-	16,600 (USD 500 thousand)	3,437	100.00 %	3,437	62,271 (Note 2)	-
Shenzhen Kylinports Technology Co. (AMS)	Sales of gaming products	24,834 (USD 748 thousand)	Type 2	19,854 (USD 598 thousand)	-	-	19,854 (USD 598 thousand)	(193)	99.00 %	(191)	10,638	-

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 financial statements audited by the auditors of the Company.

Note 3: The amount of AMK 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 33.2.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
36,454 (USD 1,098 thousand)	40,902 (USD 1,232 thousand)	2,596,816

(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.

14. Segment information

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

For the three months ended March 31, 2025				
	Asia	America and Europe	Adjustments and eliminations	Total
External revenue	\$ 1,822,594	226,602	-	2,049,196
Intra-group revenue	400,054	-	(400,054)	-
Total segment revenue	<u>\$ 2,222,648</u>	<u>226,602</u>	<u>(400,054)</u>	<u>2,049,196</u>
Segment profit (loss)	<u>\$ 120,413</u>	<u>10,637</u>	<u>(16,908)</u>	<u>114,142</u>

For the three months ended March 31, 2024				
	Asia	America and Europe	Adjustments and eliminations	Total
External revenue	\$ 1,659,013	287,689	-	1,946,702
Intra-group revenue	432,420	-	(432,420)	-
Total segment revenue	<u>\$ 2,091,433</u>	<u>287,689</u>	<u>(432,420)</u>	<u>1,946,702</u>
Segment profit (loss)	<u>\$ 153,712</u>	<u>23,798</u>	<u>(29,802)</u>	<u>147,708</u>