

**APACER TECHNOLOGY INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025**

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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, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, 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 \$1,175,162 thousand and \$779,169 thousand, constituting 7.59% and 11.85% of consolidated total assets as of March 31, 2026 and 2025, respectively, total liabilities amounting to \$275,546 thousand and \$70,650 thousand, constituting 3.05% and 3.32% of consolidated total liabilities as of March 31, 2026 and 2025, respectively, and total comprehensive income amounting to \$98,727 thousand and \$18,720 thousand, constituting 5.23% and 17.88% of consolidated total comprehensive income for the three months ended March 31, 2026 and 2025, 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, 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 as of March 31, 2025, and the share of losses of the equity accounted investee company amounted to \$38 thousand for the three months ended March 31, 2025.

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, 2026 and 2025, and of their consolidated financial performance and their consolidated cash flows for the three months ended March 31, 2026 and 2025 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 16, 2026

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, 2026, December 31, and March 31, 2025

(Expressed in Thousands of New Taiwan Dollar)

Assets		March 31, 2026		December 31, 2025		March 31, 2025		Liabilities and Equity		March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$ 1,146,880	8	852,913	9	934,861	14	2100	Short-term borrowings (note 6(l))	\$ 2,860,732	18	1,618,675	18	283,200	4
1110	Financial assets at fair value through profit or loss — current (note 6(b))	98	-	-	-	82,355	1	2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	7	-	1,205	-	569	-
1170	Notes and accounts receivable, net (notes 6(d) and (t))	2,818,529	18	1,216,838	13	874,534	13	2130	Contract liabilities— current (note 6(t))	77,294	1	197,212	2	38,040	1
1180	Accounts receivable from related parties (notes 6(d), (t) and 7)	1,061,973	7	270,274	3	232,281	4	2136	Contract liabilities— current— related parties (note 7)	4,443	-	-	-	-	-
1200	Other receivables (note 6(e))	158,874	1	4,144	-	41,879	1	2170	Notes and accounts payable (note 7)	3,064,285	20	1,352,927	15	1,084,242	17
1310	Inventories (note 6(f))	8,384,197	54	4,814,212	52	1,366,643	21	2200	Other payables (notes 6(u) and 7)	1,532,432	10	651,412	7	305,256	4
1476	Other financial assets— current (note 6(a))	14,018	-	477,278	5	1,593,766	24	2216	Dividends payable (note 6(r))	576,582	4	-	-	251,022	4
1479	Other current assets	289,716	2	243,914	3	65,226	1	2230	Current income tax liabilities	597,453	4	150,481	2	31,229	-
	Total current assets	<u>13,874,285</u>	<u>90</u>	<u>7,879,573</u>	<u>85</u>	<u>5,191,545</u>	<u>79</u>	2250	Provisions— current (note 6(o))	10,746	-	8,599	-	7,586	-
Non-current assets:								2280	Lease liabilities— current (note 6(n))	19,270	-	17,423	-	18,539	-
1510	Financial assets at fair value through profit or loss — non-current (note (b))	17,989	-	17,668	-	-	-	2300	Other current liabilities	29,263	-	34,401	-	26,420	1
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(c))	37,448	-	37,319	-	39,555	1	2322	Current portion of long-term debt (notes 6(m) and 8)	1,274	-	1,268	-	1,241	-
1550	Investments accounted for using equity method (note 6(g))	-	-	1,771	-	952	-		Total current liabilities	<u>8,773,781</u>	<u>57</u>	<u>4,033,603</u>	<u>44</u>	<u>2,047,344</u>	<u>31</u>
1600	Property, plant and equipment (notes 6(i) and 8)	1,113,148	7	906,516	10	898,373	14	2540	Long-term debt (notes 6(m) and 8)	182,529	1	19,850	-	20,810	1
1755	Right-of-use assets (note 6(j))	63,330	1	56,725	1	38,927	1	2550	Provisions— non-current (notes 6(j) and (o))	500	-	500	-	500	-
1780	Intangible assets (note 6(k))	176,925	1	182,814	2	200,419	3	2570	Deferred income tax liabilities	14,917	-	15,675	-	17,401	-
1840	Deferred income tax assets	167,812	1	167,776	2	161,359	1	2580	Lease liabilities— non-current (note 6(n))	44,983	-	40,012	1	20,782	-
1980	Other financial assets— non-current	39,140	-	38,605	-	41,934	1	2640	Net defined benefit liabilities	26,225	-	26,197	-	19,634	-
	Total non-current assets	<u>1,615,792</u>	<u>10</u>	<u>1,409,194</u>	<u>15</u>	<u>1,381,519</u>	<u>21</u>	2645	Guarantee deposits	463	-	450	-	458	-
									Total non-current liabilities	<u>269,617</u>	<u>1</u>	<u>102,684</u>	<u>1</u>	<u>79,585</u>	<u>1</u>
									Total liabilities	<u>9,043,398</u>	<u>58</u>	<u>4,136,287</u>	<u>45</u>	<u>2,126,929</u>	<u>32</u>
									Equity attributable to shareholders of the Company (note 6(r)):						
								3100	Common stock	1,281,292	8	1,281,292	14	1,287,292	20
								3200	Capital surplus	1,098,735	7	1,115,655	12	1,123,237	17
								3300	Retained earnings	3,997,686	26	2,711,837	29	1,964,144	30
								3400	Other equity	(63,914)	-	(76,434)	(1)	(46,646)	(1)
									Total equity attributable to shareholders of the Company	<u>6,313,799</u>	<u>41</u>	<u>5,032,350</u>	<u>54</u>	<u>4,328,027</u>	<u>66</u>
								36XX	Non-controlling interests (notes 6(h) and (r))	132,880	1	120,130	1	118,108	2
									Total equity	<u>6,446,679</u>	<u>42</u>	<u>5,152,480</u>	<u>55</u>	<u>4,446,135</u>	<u>68</u>
									Total liabilities and equity	<u>\$ 15,490,077</u>	<u>100</u>	<u>9,288,767</u>	<u>100</u>	<u>6,573,064</u>	<u>100</u>
	Total assets	<u>\$ 15,490,077</u>	<u>100</u>	<u>9,288,767</u>	<u>100</u>	<u>6,573,064</u>	<u>100</u>								

See accompanying notes to the consolidated financial statements.

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

APACER TECHNOLOGY INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)**

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
4000	Revenue (notes 6(t), 7 and 14)	\$ 7,042,184	100	2,049,196	100
5000	Cost of revenue (notes 6(f), (i), (j), (n), 7 and 12)	<u>(3,572,832)</u>	<u>(51)</u>	<u>(1,711,445)</u>	<u>(84)</u>
5900	Gross profit	<u>3,469,352</u>	<u>49</u>	<u>337,751</u>	<u>16</u>
6000	Operating expenses (notes 6(d), (i), (j), (n), (u), 7 and 12):				
6100	Selling expenses	(533,682)	(7)	(142,153)	(7)
6200	Administrative expenses	(400,283)	(6)	(59,996)	(3)
6300	Research and development expenses	(222,005)	(3)	(43,828)	(2)
6450	Reversal of (recognized) expected credit losses	(365)	-	1,258	-
6000	Total operating expenses	<u>(1,156,335)</u>	<u>(16)</u>	<u>(244,719)</u>	<u>(12)</u>
6900	Operating income	<u>2,313,017</u>	<u>33</u>	<u>93,032</u>	<u>4</u>
7000	Non-operating income and loss (notes 6(n) and (u)):				
7100	Interest income	5,199	-	11,772	1
7020	Other gains and losses, net	27,883	-	13,503	1
7050	Finance costs	(16,976)	-	(4,127)	-
7770	Share of losses of associates	-	-	(38)	-
	Total non-operating income and loss	<u>16,106</u>	<u>-</u>	<u>21,110</u>	<u>2</u>
7900	Income before income tax	2,329,123	33	114,142	6
7950	Less: income tax expenses (note 6(q))	<u>(453,946)</u>	<u>(6)</u>	<u>(19,861)</u>	<u>(1)</u>
	Net income	<u>1,875,177</u>	<u>27</u>	<u>94,281</u>	<u>5</u>
	Other comprehensive income (loss) (notes 6(r) and (w)):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	129	-	1,738	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>129</u>	<u>-</u>	<u>1,738</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	12,395	-	8,666	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>12,395</u>	<u>-</u>	<u>8,666</u>	<u>-</u>
	Other comprehensive income for the period, net of income tax	<u>12,524</u>	<u>-</u>	<u>10,404</u>	<u>-</u>
8500	Total comprehensive income for the period	<u>\$ 1,887,701</u>	<u>27</u>	<u>104,685</u>	<u>5</u>
8600	Net income attributable to:				
8610	Shareholders of the Company	\$ 1,862,431	27	92,867	5
8620	Non-controlling interests	12,746	-	1,414	-
		<u>\$ 1,875,177</u>	<u>27</u>	<u>94,281</u>	<u>5</u>
8700	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 1,874,951	27	103,264	5
8720	Non-controlling interests	12,750	-	1,421	-
		<u>\$ 1,887,701</u>	<u>27</u>	<u>104,685</u>	<u>5</u>
	Earnings per share (in New Taiwan Dollar) (note 6(s)):				
9750	Basic earnings per share	<u>\$ 14.54</u>		<u>0.72</u>	
9850	Diluted earnings per share	<u>\$ 14.09</u>		<u>0.72</u>	

See accompanying notes to the consolidated financial statements.

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

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollar)

	Attributable to shareholders of the Company						Exchange differences on translation of foreign operations	Total other equity 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
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total						
Balance at January 1, 2025	\$ 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
Balance at January 1, 2026	\$ 1,281,292	1,115,655	599,177	57,043	2,055,617	2,711,837	(32,312)	(44,122)	(76,434)	5,032,350	120,130	5,152,480
Appropriation of earnings:												
Cash dividends distributed to shareholders	-	-	-	-	(576,582)	(576,582)	-	-	-	(576,582)	-	(576,582)
Changes in equity of associates accounted for using equity method	-	(16,920)	-	-	-	-	-	-	-	(16,920)	-	(16,920)
Net income for the three months ended March 31, 2026	-	-	-	-	1,862,431	1,862,431	-	-	-	1,862,431	12,746	1,875,177
Other comprehensive income for the three months ended March 31, 2026	-	-	-	-	-	-	12,402	118	12,520	12,520	4	12,524
Total comprehensive income for the three months ended March 31, 2026	-	-	-	-	1,862,431	1,862,431	12,402	118	12,520	1,874,951	12,750	1,887,701
Balance at March 31, 2026	\$ 1,281,292	1,098,735	599,177	57,043	3,341,466	3,997,686	(19,910)	(44,004)	(63,914)	6,313,799	132,880	6,446,679

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, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2026	2025
Cash flows from operating activities:		
Income before income tax	\$ 2,329,123	114,142
Adjustments:		
Depreciation	14,154	15,397
Amortization	5,971	6,039
Recognized (reversal of) expected credit loss	365	(1,258)
Interest expense	16,976	4,127
Interest income	(5,199)	(11,772)
Share of loss of associates	-	38
Gain on disposal of investments accounted for using equity method	(30,105)	-
Subtotal	<u>2,162</u>	<u>12,571</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(419)	(1,759)
Notes and accounts receivable	(1,602,056)	(187,269)
Accounts receivable from related parties	(791,699)	(58,369)
Other receivables	(154,730)	(34,824)
Inventories	(3,569,985)	(38,815)
Other current assets	<u>(50,864)</u>	<u>816</u>
Net changes in operating assets	<u>(6,169,753)</u>	<u>(320,220)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(1,198)	(158)
Contract liabilities	(119,918)	(9,889)
Notes and accounts payable	1,711,358	303,385
Other payables	880,426	(35,815)
Contract liabilities – related parties	4,443	-
Provisions – current	2,147	(146)
Other current liabilities	(5,138)	(6,046)
Net defined benefit liabilities	<u>28</u>	<u>15</u>
Net changes in operating liabilities	<u>2,472,148</u>	<u>251,346</u>
Total changes in operating assets and liabilities	<u>(3,697,605)</u>	<u>(68,874)</u>
Total adjustments	<u>(3,695,443)</u>	<u>(56,303)</u>
Cash provided by (used in) operations	(1,366,320)	57,839
Interest received	6,129	10,878
Interest paid	(16,382)	(4,282)
Income taxes paid	<u>(3,636)</u>	<u>(5,770)</u>
Net cash provided by (used in) operating activities	<u>(1,380,209)</u>	<u>58,665</u>

(Continued)

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, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2026	2025
Cash flows from investing activities:		
Proceeds from disposal of investments accounted for using equity method	14,956	-
Acquisition of property, plant and equipment	(214,871)	(2,743)
Acquisition of intangible assets	-	(1,244)
Decrease (increase) in other financial assets—current	463,260	(189,435)
Increase in other financial assets—non-current	(535)	(68)
Net cash provided by (used in) investing activities	<u>262,810</u>	<u>(193,490)</u>
Cash flows from financing activities:		
Decrease (increase) in short-term borrowings	1,242,057	(5,308)
Decrease (increase) in long-term debt	162,685	(308)
Increase in guarantee deposits	13	9
Payment of lease liabilities	(5,126)	(5,642)
Net cash provided by (used in) financing activities	<u>1,399,629</u>	<u>(11,249)</u>
Effect of foreign exchange rate changes	<u>11,737</u>	<u>8,184</u>
Net increase (decrease) in cash and cash equivalents	293,967	(137,890)
Cash and cash equivalents at beginning of period	<u>852,913</u>	<u>1,072,751</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,146,880</u></u>	<u><u>934,861</u></u>

See accompanying notes to the consolidated financial statements.

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

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

(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 16, 2026.

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, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- 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

- (b) 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:

<u>Standards or interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined “operating profit” subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	<p>January 1, 2027</p> <p>Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

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.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

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, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(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, 2025. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2025.

(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, 2026	December 31, 2025	March 31, 2025	
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

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

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
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, 2026 and 2025.

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

(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.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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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, 2025.

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, 2025. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2025.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 176	177	149
Demand deposits	1,143,479	809,358	875,715
Time deposits with original maturities less than three months	<u>3,225</u>	<u>43,378</u>	<u>58,997</u>
	<u>\$ 1,146,880</u>	<u>852,913</u>	<u>934,861</u>

As of March 31, 2026, December 31 and March 31, 2025, the time deposits with original maturities of more than three months amounted to \$14,018, \$477,278 and \$1,593,766, respectively, which were classified as other financial assets – current.

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

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets mandatorily measured at fair value through profit or loss – current:			
Corporate bonds	\$ -	-	82,355
Foreign currency forward contracts	<u>98</u>	<u>-</u>	<u>-</u>
	<u>\$ 98</u>	<u>-</u>	<u>82,355</u>
Financial assets mandatorily measured at fair value through profit or loss – non-current:			
Foreign unlisted preferred stocks	<u>\$ 17,989</u>	<u>17,668</u>	<u>-</u>
Financial liabilities held for trading – current:			
Foreign currency forward contracts	<u>\$ (7)</u>	<u>(1,205)</u>	<u>(569)</u>

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

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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The Group entered into derivative contracts to manage foreign currency exchange risk resulting from its operating activities. As of March 31, 2026 and 2025, the derivative financial instruments that did not conform to the criteria for hedge accounting consisted of the following:

March 31, 2026					
	Contract amount (in thousands)	Fair value	Currency (Sell / Buy)	Maturity period	
Financial assets—foreign	CNY 5,100	\$ 52	CNY / NTD	2026/05/27	
currency forward contracts	JPY 30,340	<u>46</u>	JPY / NTD	2026/04/24	
		<u>\$ 98</u>			
Financial liabilities—foreign	CNY 4,800	<u>\$ (7)</u>	CNY / NTD	2026/04/28	

December 31, 2025					
	Contract amount (in thousands)	Fair value	Currency (Sell / Buy)	Maturity period	
Financial liabilities—foreign	CNY 10,100	<u>\$ (1,205)</u>	CNY / NTD	2026/01/26	
currency forward contracts					

March 31, 2025					
	Contract amount (in thousands)	Fair value	Currency (Sell / Buy)	Maturity period	
Financial liabilities—foreign	CNY 10,800	\$ (568)	CNY / NTD	2025/04/28~2025/05/27	
currency forward contracts	JPY 8,100	<u>(1)</u>	JPY / NTD	2025/04/25	
		<u>\$ (569)</u>			

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

	March 31, 2026	December 31, 2025	March 31, 2025
Equity investments at fair value through other comprehensive income:			
Domestic unlisted stocks	\$ 37,082	37,040	39,324
Foreign unlisted stocks	<u>366</u>	<u>279</u>	<u>231</u>
	<u>\$ 37,448</u>	<u>37,319</u>	<u>39,555</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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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, 2026 and 2025, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Notes and accounts receivable

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Notes and accounts receivable	\$ 2,819,052	1,216,996	895,686
Accounts receivable from related parties	<u>1,061,973</u>	<u>270,274</u>	<u>232,281</u>
	3,881,025	1,487,270	1,127,967
Less: loss allowance	<u>(523)</u>	<u>(158)</u>	<u>(21,152)</u>
	<u>\$ 3,880,502</u>	<u>1,487,112</u>	<u>1,106,815</u>

As of March 31, 2026 and 2025, except for the entire credit loss incurred from accounts receivable in default, which was individually recognized by the Group, 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:

	<u>March 31, 2026</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 3,762,579	0.0001%	1
Past due 1-90 days	<u>118,020</u>	0.0813%	<u>96</u>
	3,880,599		97
Accounts receivable assessed individually (past due 91-180 days)	<u>426</u>	100%	<u>426</u>
	<u>\$ 3,881,025</u>		<u>523</u>
	<u>December 31, 2025</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 1,365,124	0.0001%	1
Past due 1-90 days	122,104	0.0959%	116
Past due 91-180 days	11	87.2500%	10
Past due over 181 days	<u>31</u>	100%	<u>31</u>
	<u>\$ 1,487,270</u>		<u>158</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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	March 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,025,470	0.0001%	1
Past due 1-90 days	81,383	0.0922%	75
Past due 91-180 days	294	87.2500%	256
Past due over 181 days	<u>20,820</u>	100%	<u>20,820</u>
	<u><u>\$ 1,127,967</u></u>		<u><u>21,152</u></u>

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

	For the three months ended March 31,	
	2026	2025
Balance at January 1	\$ 158	22,410
Impairment loss recognized (reversed)	<u>365</u>	<u>(1,258)</u>
Balance at March 31	<u><u>\$ 523</u></u>	<u><u>21,152</u></u>

(e) Other receivables

	March 31, 2026	December 31, 2025	March 31, 2025
Other receivables	<u><u>\$ 158,874</u></u>	<u><u>4,144</u></u>	<u><u>41,879</u></u>

There is no loss allowance provision for other receivables on March 31, 2026, December 31 and March 31, 2025 after the assessment.

(f) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 3,423,071	1,952,811	527,437
Work in process	980,451	576,540	196,237
Finished goods	3,630,900	2,140,993	559,232
Inventories in transit	<u>349,775</u>	<u>143,868</u>	<u>83,737</u>
	<u><u>\$ 8,384,197</u></u>	<u><u>4,814,212</u></u>	<u><u>1,366,643</u></u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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For the three months ended March 31, 2026 and 2025, the amounts of inventories recognized as cost of revenue were as follows:

	For the three months ended	
	March 31,	
	2026	2025
Cost of inventories sold	\$ 3,476,388	1,695,135
Write-downs of inventories	96,444	16,310
	<u>\$ 3,572,832</u>	<u>1,711,445</u>

The above write-downs of inventories to net realizable value 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,	December 31,	March 31,
	2026	2025	2025
Associates	<u>\$ -</u>	<u>1,771</u>	<u>952</u>

In January 2026, the Group disposed of investments accounted for using equity method—the entire ownership in JooiUp Technology Inc. (“JooiUp”) for a consideration of \$14,956, resulting in the Group losing significant influence over JooiUp. A disposal gain of \$30,105 was recognized in other gains and losses. There were no significant changes in investments accounted for using equity method for the three months ended March 31, 2026 and 2025. Please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2025 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, 2026	December 31, 2025	March 31, 2025
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, 2026	December 31, 2025	March 31, 2025
Current assets	\$ 549,503	465,880	339,393
Non-current assets	257,618	233,623	249,289
Current liabilities	(231,869)	(165,614)	(58,535)
Non-current liabilities	(34,405)	(35,483)	(38,211)
Net assets	<u>\$ 540,847</u>	<u>498,406</u>	<u>491,936</u>
The carrying amount of non-controlling interests	<u>\$ 132,770</u>	<u>120,022</u>	<u>118,001</u>

	For the three months ended March 31,	
	2026	2025
Net sales	<u>\$ 209,909</u>	<u>80,637</u>
Net income	\$ 42,442	4,502
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 42,442</u>	<u>4,502</u>
Net income attributable to non-controlling interests	<u>\$ 12,747</u>	<u>1,416</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 12,747</u>	<u>1,416</u>

	For the three months ended March 31,	
	2026	2025
Cash flow from operating activities	\$ (198,465)	30,454
Cash flow from investing activities	96,703	(18,660)
Cash flow from financing activities	89,686	692
Effects of foreign exchange rate changes	-	-
Net increase (decrease) in cash and cash equivalents	<u>\$ (12,076)</u>	<u>12,486</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

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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, 2026	\$ 598,567	330,579	212,502	75,405	20,603	1,237,656
Additions	103,831	1,755	1,630	2,131	105,524	214,871
Disposals	-	-	-	(38)	-	(38)
Reclassification and effect of exchange rate changes	<u>-</u>	<u>(1)</u>	<u>10</u>	<u>267</u>	<u>-</u>	<u>276</u>
Balance at March 31, 2026	<u>\$ 702,398</u>	<u>332,333</u>	<u>214,142</u>	<u>77,765</u>	<u>126,127</u>	<u>1,452,765</u>
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	<u>-</u>	<u>30</u>	<u>1,734</u>	<u>257</u>	<u>(1,727)</u>	<u>294</u>
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>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2026	\$ -	101,930	165,891	63,319	-	331,140
Depreciation	-	3,672	3,292	1,317	-	8,281
Disposals	-	-	-	(38)	-	(38)
Reclassification and effect of exchange rate changes	<u>-</u>	<u>(1)</u>	<u>10</u>	<u>225</u>	<u>-</u>	<u>234</u>
Balance at March 31, 2026	<u>\$ -</u>	<u>105,601</u>	<u>169,193</u>	<u>64,823</u>	<u>-</u>	<u>339,617</u>
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	<u>-</u>	<u>14</u>	<u>7</u>	<u>216</u>	<u>-</u>	<u>237</u>
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>
Carrying amounts:						
Balance at March 31, 2026	<u>\$ 702,398</u>	<u>226,732</u>	<u>44,949</u>	<u>12,942</u>	<u>126,127</u>	<u>1,113,148</u>
Balance at January 1, 2026	<u>\$ 598,567</u>	<u>228,649</u>	<u>46,611</u>	<u>12,086</u>	<u>20,603</u>	<u>906,516</u>
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>

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, 2026	\$ 76,718	19,222	95,940
Additions	8,678	3,266	11,944
Effect of exchange rates changes	1,039	21	1,060
Balance at March 31, 2026	<u>\$ 86,435</u>	<u>22,509</u>	<u>108,944</u>
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	839	-	839
Balance at March 31, 2025	<u>\$ 66,925</u>	<u>19,210</u>	<u>86,135</u>
Accumulated depreciation:			
Balance at January 1, 2026	\$ 33,856	5,359	39,215
Depreciation	4,426	1,447	5,873
Effect of exchange rates changes	525	1	526
Balance at March 31, 2026	<u>\$ 38,807</u>	<u>6,807</u>	<u>45,614</u>
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	494	-	494
Balance at March 31, 2025	<u>\$ 44,119</u>	<u>3,089</u>	<u>47,208</u>
Carrying amounts:			
Balance at March 31, 2026	<u>\$ 47,628</u>	<u>15,702</u>	<u>63,330</u>
Balance at January 1, 2026	<u>\$ 42,862</u>	<u>13,863</u>	<u>56,725</u>
Balance at March 31, 2025	<u>\$ 22,806</u>	<u>16,121</u>	<u>38,927</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.

(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, 2026	<u>\$ 115,683</u>	<u>16,864</u>	<u>35,243</u>	<u>7,228</u>	<u>1,907</u>	<u>176,925</u>
Balance at January 1, 2026	<u>\$ 115,683</u>	<u>19,007</u>	<u>37,592</u>	<u>8,582</u>	<u>1,950</u>	<u>182,814</u>
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>

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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, 2025; please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2025 for more details. As of March 31, 2026, 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, 2026, 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, 2026 and 2025. 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, 2025 for other related information.

(l) Short-term borrowings

The details of short-term borrowings were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank loans	\$ <u>2,860,732</u>	<u>1,618,675</u>	<u>283,200</u>
Interest rate interval	<u>1.95%~4.63%</u>	<u>1.95%~4.73%</u>	<u>5.07%~5.09%</u>

(m) Long-term debt

	March 31, 2026	December 31, 2025	March 31, 2025
Secured bank loans	\$ 183,803	21,118	22,051
Less: current portion of long-term debt	<u>(1,274)</u>	<u>(1,268)</u>	<u>(1,241)</u>
	\$ <u>182,529</u>	<u>19,850</u>	<u>20,810</u>
Interest rate interval	<u>2.08%~2.1%</u>	<u>2.10%</u>	<u>2.10%</u>

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

(n) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	\$ <u>19,270</u>	<u>17,423</u>	<u>18,539</u>
Non-current	<u>\$ 44,983</u>	<u>40,012</u>	<u>20,782</u>

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

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2026	2025
Interest on lease liabilities	\$ 537	274
Variable lease payments not included in the measurement of lease liabilities	\$ 2,484	409
Expenses relating to short-term leases	\$ 905	185

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

	For the three months ended March 31,	
	2026	2025
Total cash outflows for leases	\$ 9,052	6,510

(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, 2026	December 31, 2025	March 31, 2025
Warranties	\$ 5,752	5,672	4,827
Sales returns and allowances	4,994	2,927	2,759
Decommissioning liabilities	500	500	500
	\$ 11,246	9,099	8,086

There were no significant changes in provisions for the three months ended March 31, 2026 and 2025. Please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2025 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, 2025 and 2024.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(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, 2026 and 2025, 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,	
	2026	2025
Current income tax expense		
Current period	\$ <u>453,946</u>	<u>19,861</u>

(ii) For the three months ended March 31, 2026 and 2025, 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 2023 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, 2026, December 31 and March 31, 2025, the Company's authorized shares of common stock consisted of 200,000 thousand shares, of which 128,129, 128,129 and 128,729 thousand shares were issued, respectively. 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.

(ii) Treasury stock

On April 17, 2025, in order to maintain the Company's credit and shareholders' rights and interests, the Company's Board of Directors resolved to repurchase its own common stock of 1,000 thousand shares as treasury stock, constituting 0.78% of the Company's issued common stock, from April 22, 2025 to June 21, 2025 at the repurchase price from NTD 32 to NTD 55. On June 19, 2025, considering the stability in the international financial market and the stock price during the execution period, and the stock price exceeds the maximum repurchase price of NTD 55, the abovementioned repurchase was not fully completed, wherein 600 thousand shares of treasury stock, amounting to \$28,793, were repurchased.

On July 24, 2025, the Company's Board of Directors resolved to retire 600 thousand shares of treasury stock, with the effective date of capital reduction set on July 28, 2025, and the related registration process has been completed.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(iii) Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
Paid-in capital in excess of par value	\$ 1,059,299	1,059,299	1,064,259
Employee stock options	12,901	12,901	12,901
Treasury stock transactions	-	-	3,781
Restricted stock to employees	26,499	26,499	26,499
Changes in equity of associates accounted for using equity method	-	16,920	15,761
Claim for the disgorgement right	<u>36</u>	<u>36</u>	<u>36</u>
	<u>\$ 1,098,735</u>	<u>1,115,655</u>	<u>1,123,237</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.

(iv) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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3) Earnings distribution

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

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

The cash dividends appropriations of 2025 and 2024 earnings were approved by the Company's Board of Directors on February 25, 2026 and February 20, 2025, respectively. The resolved appropriations were as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Dividends per share (in NTD)</u>	<u>Amount</u>	<u>Dividends per share (in NTD)</u>	<u>Amount</u>
Dividends per share:				
Cash dividends	\$ 4.50	<u>576,582</u>	1.95	<u>251,022</u>

(v) Other equity items (net after tax)

1) Foreign currency translation differences

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Balance at January 1	\$ (32,312)	(13,424)
Foreign exchange differences arising from translation of foreign operations	<u>12,402</u>	<u>8,666</u>
Balance at March 31	<u>\$ (19,910)</u>	<u>(4,758)</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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- 2) Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income

	For the three months ended	
	March 31,	
	2026	2025
Balance at January 1	\$ (44,122)	(43,619)
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	118	1,731
Balance at March 31	<u>\$ (44,004)</u>	<u>(41,888)</u>

- (vi) Non-controlling interests

	For the three months ended	
	March 31,	
	2026	2025
Balance at January 1	\$ 120,130	116,687
Equity attributable to non-controlling interest:		
Net income	12,746	1,414
Exchange differences on translation of foreign operations	(7)	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	11	7
Balance at March 31	<u>\$ 132,880</u>	<u>118,108</u>

- (s) Earnings per share (“EPS”)

- (i) Basic earnings per share

	For the three months ended	
	March 31,	
	2026	2025
Net income attributable to shareholders of the Company	<u>\$ 1,862,431</u>	<u>92,867</u>
Weighted-average number of common shares outstanding (in thousands)	<u>128,129</u>	<u>128,729</u>
Basic earnings per share (in New Taiwan Dollar)	<u>\$ 14.54</u>	<u>0.72</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Diluted earnings per share

	For the three months ended March 31,	
	2026	2025
Net income attributable to shareholders of the Company	\$ 1,862,431	92,867
Weighted-average number of common shares outstanding (in thousands)	128,129	128,729
Effect of dilutive potential common shares (in thousands):		
Remuneration to employees	4,048	563
Weighted-average number of common shares outstanding (including effect of dilutive potential common stock)	132,177	129,292
Diluted earnings per share (in New Taiwan Dollar)	\$ 14.09	0.72

(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, 2026		
	Segment		
	Asia	America and Europe	Total
Major products:			
Flash memory cards	\$ 1,854,859	269,143	2,124,002
Memory modules	4,707,844	195,669	4,903,513
Others	14,669	-	14,669
	\$ 6,577,372	464,812	7,042,184

	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	45,892	-	45,892
	\$ 1,822,594	226,602	2,049,196

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025
Notes and accounts receivable (including related parties)	\$ 3,881,025	1,487,270	1,127,967
Less: loss allowance	(523)	(158)	(21,152)
	\$ 3,880,502	1,487,112	1,106,815
	March 31, 2026	December 31, 2025	March 31, 2025
Contract liabilities – current (including related parties)	\$ 81,737	197,212	38,040

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, 2026 and 2025 that were included in the contract liabilities balances at January 1, 2026 and 2025 were \$189,965 and \$46,812, respectively.

(u) Remuneration to employees and directors

The Company's amended Article of Incorporation approved by the shareholders' meeting held on May 22, 2025 requires that earnings shall first to be offset against any deficit, then, a minimum of 4% will be distributed as remuneration to its employees, of which no less than 5% should be distributed to base-level 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. The Company's Article of Incorporation before amendment 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, 2026 and 2025, the Company estimated its remuneration to employees amounting to \$447,038 (of which \$44,704 was distributed to base-level employee), and \$9,927, respectively, and the remuneration to directors amounting to \$39,798 and \$1,317, 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, 2025 and 2024, the Company estimated its remuneration to employees amounting to \$122,066 and \$32,559, respectively, and the remuneration to directors amounting to \$16,291 and \$4,927, respectively. The abovementioned estimated remuneration to employees and directors is the same as the amount and paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

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

(i) Interest income

	For the three months ended March 31,	
	2026	2025
Interest income from bank deposits	\$ 5,199	10,873
Interest income from corporate bonds	-	899
	\$ 5,199	11,772

(ii) Other gains and losses, net

	For the three months ended March 31,	
	2026	2025
Foreign currency exchange gains (losses)	\$ (2,256)	3,177
Losses on financial assets and liabilities at fair value through profit or loss	(333)	(1,537)
Investments accounted for using equity method	30,105	-
Compensation income	-	10,913
Others	367	950
	\$ 27,883	13,503

(iii) Finance costs

	For the three months ended March 31,	
	2026	2025
Interest expense from bank loans	\$ (16,439)	(3,853)
Interest expense from lease liabilities	(537)	(274)
	\$ (16,976)	(4,127)

(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(v) and 6(w) of the consolidated financial statements for the year ended December 31, 2025.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(i) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of March 31, 2026, December 31 and March 31, 2025, the Group had unused credit facilities of \$1,900,776, \$68,721 and \$1,457,317, respectively.

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>More than 1 year</u>
March 31, 2026				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,860,732	(2,878,361)	(2,878,361)	-
Long-term debt (including current portion)	183,803	(209,689)	(5,089)	(204,600)
Notes and accounts payable	3,064,285	(3,064,285)	(3,064,285)	-
Other payables	1,532,432	(1,532,432)	(1,532,432)	-
Dividends payable	576,582	(576,582)	(576,582)	-
Lease liabilities	64,253	(69,625)	(21,090)	(48,535)
Guarantee deposits	463	(463)	-	(463)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	22,226	22,226	-
Outflow	7	(22,233)	(22,233)	-
December 31, 2025				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 1,618,675	(1,628,876)	(1,628,876)	-
Long-term debt (including current portion)	21,118	(24,494)	(1,699)	(22,795)
Notes and accounts payable	1,352,927	(1,352,927)	(1,352,927)	-
Other payables	651,412	(651,412)	(651,412)	-
Lease liabilities	57,435	(62,564)	(19,022)	(43,542)
Guarantee deposits	450	(450)	-	(450)
Derivative financial instruments:				
Foreign currency forward contracts:				
Inflow	-	44,211	44,211	-
Outflow	1,205	(45,216)	(45,216)	-
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	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	-	50,864	50,864	-
Outflow	569	(51,253)	(51,253)	-

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

(ii) Foreign currency risk

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

(Amounts in thousands of New Taiwan Dollar)

March 31, 2026						
	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	\$ 126,001	31.990	4,030,772	1 %	40,308	
CNY	33,363	4.632	154,537	1 %	1,545	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	133,250	31.990	4,262,668	1 %	42,627	
CNY	109	4.632	505	1 %	5	
December 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	\$ 45,095	31.420	1,416,885	1 %	14,169	
CNY	20,586	4.497	92,575	1 %	926	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	65,442	31.420	2,056,188	1 %	20,562	
CNY	223	4.497	1,003	1 %	10	

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		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

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, 2026 and 2025 were \$(2,256) and \$3,177, respectively.

(iii) Categories of financial instruments

1) Financial assets

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets at fair value through profit or loss (including current and non-current)	\$ 18,087	17,688	82,355
Financial assets at fair value through other comprehensive income	37,448	37,319	39,555
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,146,880	852,913	934,861
Notes and accounts receivable	3,880,502	1,487,112	1,106,815
Other receivables	618	1,776	7,886
Other financial assets (including current and non-current)	53,158	515,883	1,635,700
Subtotal	5,081,158	2,857,684	3,685,262
Total	\$ 5,136,693	2,912,691	3,807,172

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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2) Financial liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities at fair value through profit or loss	\$ <u>7</u>	<u>1,205</u>	<u>569</u>
Financial liabilities measured at amortized cost:			
Short-term borrowings	2,860,732	1,618,675	283,200
Notes and accounts payable	3,064,285	1,352,927	1,084,242
Other payables	1,532,432	651,412	305,256
Dividends payable	576,582	-	251,022
Lease liabilities (including current and non-current)	64,253	57,435	39,321
Long-term debt (including current portion)	183,803	21,118	22,051
Guarantee deposits	<u>463</u>	<u>450</u>	<u>458</u>
Subtotal	<u>8,282,550</u>	<u>3,702,017</u>	<u>1,985,550</u>
Total	<u>\$ <u>8,282,557</u></u>	<u><u>3,703,222</u></u>	<u><u>1,986,119</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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		March 31, 2026			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss – current:					
Derivatives – foreign exchange swaps	\$ <u>98</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>98</u>
Financial assets at fair value through profit or loss – non-current:					
Foreign unlisted preferred stocks	\$ <u>17,989</u>	<u>-</u>	<u>-</u>	<u>17,989</u>	<u>17,989</u>
Financial assets at fair value through other comprehensive income – non-current:					
Domestic unlisted stocks	\$ 37,082	-	-	37,082	37,082
Foreign unlisted stocks	<u>366</u>	<u>-</u>	<u>-</u>	<u>366</u>	<u>366</u>
	<u>\$ 37,448</u>	<u>-</u>	<u>-</u>	<u>37,448</u>	<u>37,448</u>
Financial liabilities at fair value through profit or loss – current:					
Derivatives – foreign currency forward contracts	\$ <u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
		December 31, 2025			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss – non-current:					
Foreign unlisted preferred stocks	\$ <u>17,668</u>	<u>-</u>	<u>-</u>	<u>17,668</u>	<u>17,668</u>
Financial assets at fair value through other comprehensive income – non-current:					
Domestic unlisted stocks	\$ 37,040	-	-	37,040	37,040
Foreign unlisted stocks	<u>279</u>	<u>-</u>	<u>-</u>	<u>279</u>	<u>279</u>
	<u>\$ 37,319</u>	<u>-</u>	<u>-</u>	<u>37,319</u>	<u>37,319</u>
Financial liabilities at fair value through profit or loss – current:					
Derivatives – foreign currency forward contracts	\$ <u>1,205</u>	<u>-</u>	<u>1,205</u>	<u>-</u>	<u>1,205</u>

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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>

(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 preferred stock is determined based on the discounted cash flow model. 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, 2026 and 2025.

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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,	
	2026	2025
Balance, beginning of period	\$ 54,987	37,817
Gains recognized in other comprehensive income, and presented in unrealized gains on financial assets measured at fair value through other comprehensive income	129	1,738
Gains recognized in profit or loss, and presented in valuation gains on financial assets measured at fair value through other comprehensive income	321	-
Balance, end of period	\$ 55,437	39,555

(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the consolidated financial statements for the year ended December 31, 2025.

(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, 2025. There were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2025. Please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2025 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, 2026 and 2025, please refer to note 6(i).

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

	January 1,	Cash flows	Non-cash changes	March 31,
	2026		Acquisition	2026
Short-term borrowings	\$ 1,618,675	1,242,057	-	2,860,732
Long-term debt	21,118	162,685	-	183,803
Lease liabilities	57,435	(5,126)	11,944	64,253
Guarantee deposits	450	13	-	463
	\$ 1,697,678	1,399,629	11,944	3,109,251

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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	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>\$ 352,383</u>	<u>(11,249)</u>	<u>3,896</u>	<u>345,030</u>

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
JoiUp Technology Inc. (“JoiUp”)	Prior to January 2026, JoiUp was the Company’s associate.
Acer Incorporated (“Acer”)	Entity with significant influence over the Group
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)
ALTOS COMPUTING (INDIA) PRIVATE LIMITED (“ALIN”)	Acer’s subsidiary (note 1)
Highpoint Services Network Philippines, Inc. (“HSNP”)	Acer’s subsidiary (note 1)
Acer Sales And Services Sdn Bhd (“ASSB”)	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)
AOPEN Inc. (“AOI”)	Acer’s subsidiary (note 1)

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

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Posiflex Technology Inc. (“Posiflex”)	Acer’s subsidiary (note 1)
Portwell Inc. (“Portwell”)	Acer’s subsidiary (note 1)
American Portwell Technology, Inc. (“APT”)	Acer’s subsidiary (note 1)
European Portwell Technology B.V. (“EPT”)	Acer’s subsidiary (note 1)
Portwell Japan, Inc. (“PJI”)	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

(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,	
	2026	2025
Entity with significant influence over the Group	\$ 1,098,610	163,474
Other related parties	285,349	147,546
	\$ 1,383,959	311,020

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 30~60 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,	
	2026	2025
Other related parties	\$ 20	127

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.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(iii) Receivables

The receivables from related parties were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable from related parties	Entity with significant influence over the Group – Acer	\$ 818,767	250,869	122,889
	Other related parties:			
	AIL	165,656	42	89,122
	Others	<u>77,550</u>	<u>19,363</u>	<u>20,270</u>
		<u>\$ 1,061,973</u>	<u>270,274</u>	<u>232,281</u>

(iv) Payables

The payables to related parties were as follows:

<u>Account</u>	<u>Related-party categories</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts payable	Other related parties	\$ 21	213	125
Other payables	Other related parties	<u>64</u>	<u>37</u>	<u>142</u>
		<u>\$ 85</u>	<u>250</u>	<u>267</u>

(v) Operating expenses

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

<u>Account</u>	<u>Related-party categories</u>	<u>For the three months ended March 31,</u>	
		<u>2026</u>	<u>2025</u>
Operating expenses	Associates	\$ -	12
	Other related parties	<u>111</u>	<u>53</u>
		<u>\$ 111</u>	<u>65</u>

(vi) Contract liabilities

The Group's advance receipts from related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Contract liabilities – related parties	Other related parties	<u>\$ 4,443</u>	<u>-</u>	<u>-</u>

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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(c) Compensation for key management personnel

	For the three months ended	
	March 31,	
	2026	2025
Short-term employee benefits	\$ 248,505	15,455
Post-employment benefits	108	108
	<u>\$ 248,613</u>	<u>15,563</u>

8. Pledged assets

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
		2026	2025	2025
Property, plant and equipment	Bank loans and credit facilities	\$ <u>1,026,296</u>	<u>56,608</u>	<u>57,307</u>

9. Significant commitments and contingencies

(a) Significant unrecognized commitments

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	2026	2025	2025
Unused letters of credit	\$ <u>150,000</u>	<u>35,000</u>	<u>35,000</u>

(b) As of March 31, 2026, December 31 and March 31, 2025, the Group had outstanding letters of guarantee amounting to \$40,000, \$12,000 and \$12,000, respectively, for the purpose of the payment of customs duties.

(c) In response to working capital needs, on February 25, 2026, the Group's Board of Directors resolved to approve the first issuance of unsecured convertible corporate bonds in 2026 with a total issuance amount of \$1,000,000 at par value of \$100. The provisional issuance price shall not be less than 101% of the par value, wherein the issuance has been approved by the Financial Supervisory Commission.

10. Significant loss from disaster: None

11. Significant subsequent events: None

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

12. Others

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

	For the three months ended March 31, 2026			For the three months ended March 31, 2025		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	211,451	1,034,217	1,245,668	33,611	139,822	173,433
Insurance	4,790	16,737	21,527	4,261	13,225	17,486
Pension	1,511	6,459	7,970	1,493	6,305	7,798
Others	2,832	8,767	11,599	1,152	4,900	6,052
Depreciation	4,921	9,233	14,154	5,190	10,207	15,397
Amortization	308	5,663	5,971	363	5,676	6,039

(b) Seasonality operations

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

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, 2026:

- (i) Financing provided to other parties: None
- (ii) Guarantee and endorsement provided to other parties: None
- (iii) Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2026				Note
				Shares/ Units	Carrying Value	Percentage of Ownership	Fair Value	
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	23,606	11.23 %	23,606	-
The Company	Neo Semiconductor, Inc.	-	Financial assets at fair value through profit or loss – non-current	250	17,989	20.00 %	17,989	Note
AMS	Futurepath Technology (Shenzhen) Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	31.5	366	0.03 %	366	-

Note: Marketable securities held are preferred stock, wherein the percentage of ownership refers to the percentage of ownership of the specific type of preferred stock.

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APACER TECHNOLOGY INC. AND SUBSIDIARIES
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- (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)	1,098,610	(17)%	M60	-	-	818,767	22 %	-
The Company	AIL	Other related party	(Sales)	(164,806)	(2)%	OA60	-	-	165,656	4 %	-
The Company	AMA	The Company's subsidiary	(Sales)	(130,911)	(2)%	OA30	-	-	35,337	1 %	Note 1
The Company	AMK	The Company's subsidiary	(Sales)	(217,588)	(3)%	OA30	-	-	24,926	1 %	Note 1
The Company	AMH	The Company's subsidiary	(Sales)	(225,332)	(3)%	OA30	-	-	24,412	1 %	Note 1
The Company	AMC	The Company's subsidiary	(Sales)	(329,790)	(5)%	M60	-	-	131,697	4 %	Note 1
AMA	The Company	AMA's parent company	Purchases	130,911	100 %	OA30	-	-	(35,337)	(100)%	Note 1
AMK	The Company	AMK's parent company	Purchases	217,588	100 %	OA30	-	-	(24,926)	(100)%	Note 1
AMH	The Company	AMH's parent company	Purchases	225,332	100 %	OA30	-	-	(24,412)	(100)%	Note 1
AMC	The Company	AMC's parent company	Purchases	329,790	55 %	M60	-	-	(131,697)	(69)%	Note 1

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

- (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	818,767	8.22	-	-	-	-
The Company	AIL	Other related party	165,656	7.96	-	-	-	-

- (vi) Business relationships and significant intercompany transactions:

Number (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			Percentage of Consolidated Operating Revenue or Total Assets
				Account	Amount	Payment Terms	
0	The Company	AMA	1	Sales	130,911	OA30	2 %
0	The Company	AMK	1	Sales	217,588	OA30	3 %
0	The Company	AMH	1	Sales	225,332	OA30	3 %
0	The Company	AMC	1	Sales	329,790	M60	5 %

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 that exceed 1% of consolidated operating revenue or total assets. 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, 2026, 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, 2026			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2026	December 31, 2025	Shares	Percentage of Ownership	Carrying Value			
The Company	AMA	USA	Sales of memory modules and storage memory devices	610	610	20	100.00 %	397,359	28,110	28,110	Note
The Company	ACYB	British Virgin Islands	Investment and holding activity	18,542	18,542	2,636	100.00 %	101,401	28,779	28,779	Note
The Company	AMJ	Japan	Sales of memory modules and storage memory devices	2,918	2,918	0.2	100.00 %	26,060	4,337	4,337	Note
The Company	ATPL	India	Auxiliary sales of memory modules and storage memory devices	915	915	29	99.65 %	1,786	142	141	Note
The Company	AMK	Hong Kong	Sales of memory modules and storage memory devices	20,917	20,917	5,000	100.00 %	21,256	2,563	2,563	Note
The Company	AMH	Netherlands	Sales of memory modules and storage memory devices	130,469	130,469	80	100.00 %	125,767	22,315	22,315	Note
The Company	UD	Taiwan	Manufacture and sales of memory modules and storage memory devices	380,815	380,815	4,932	68.54 %	397,305	45,476	27,772	Note
The Company	JoiUp	Taiwan	Cloud services and software development	-	7,500	-	-	-	-	-	-
ACYB	ATPL	India	Auxiliary sales of memory modules and storage memory devices	1	1	0.1	0.35 %	1	142	1	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, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2026	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of March 31, 2026	Accumulated Inward Remittance of Earnings as of March 31, 2026
					Outflow	Inflow						
Apacer Electronic (Shanghai) Co., Ltd. (AMC)	Sales of memory modules and storage memory devices	15,995 (USD 500 thousand)	Type 2	15,995 (USD 500 thousand)	-	-	15,995 (USD 500 thousand)	28,923	100.00 %	28,923	111,134 (Note 2)	-
Shenzhen Kylinports Technology Co. (AMS)	Sales of gaming products	23,929 (USD 748 thousand)	Type 2	19,130 (USD 598 thousand)	-	-	19,130 (USD 598 thousand)	(99)	99.00 %	(98)	10,916	-

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 31.99.

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

(ii) Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
35,125 (USD 1,098 thousand)	39,412 (USD 1,232 thousand)	3,788,280

(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, 2026			
	Asia	America and Europe	Adjustments and eliminations	Total
External revenue	\$ 6,577,372	464,812	-	7,042,184
Intra-group revenue	1,099,232	-	(1,099,232)	-
Total segment revenue	\$ 7,676,604	464,812	(1,099,232)	7,042,184
Segment profit (loss)	\$ 2,379,009	69,848	(119,734)	2,329,123

	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	\$ 2,222,648	226,602	(400,054)	2,049,196
Segment profit (loss)	\$ 120,413	10,637	(16,908)	114,142