

APACER TECHNOLOGY INC.
Minutes of 2023 General Shareholders' Meeting

Time: 9 a.m., 29 May 2023 (Monday)

Location: 1F, No. 32, Zhongcheng Road, Tucheng District, New Taipei City (1F of the Company)

Attendance: 91,720,044 shares in attendance (among which 36,184,271 shares were represented by attending shareholders exercising their rights in electronic manners), representing 74.75% of the 122,688,266 outstanding shares, constituting the quorum. This general shareholders' meeting was attended by 4 directors - Chairman and Chief Strategy Officer Chen, Yi-Shi, Director, and President Chang, Chia-Kun, Director, Lu, Li-Da, Independent Director Wu, Guang-Yi.

Also Present: CPA Tang, Tze-Chie, KPMG

Chair: Chairman Chen, Yi-Shi

Minutes taken by: Lai, Tze-Wen

A. Reported Matters

- (1) 2022 Annual Business Report. (see Attachment 1)
- (2) 2022 Audit Committee's Review Report. (see Attachment 2)
- (3) 2022 Profits Report. (see Meeting Handbook)
- (4) 2022 Employee and Director Remuneration Allocation Status Report. (see Meeting Handbook)
- (5) Report on the Implementation of private placement common stock in 2022. (see Attachment 3)
- (6) Report on Amendment to Corporate Social Responsibility Best Practice Principles (see Attachment 4)

B. Acknowledged, Discussion and Election Matters

Agenda No. 1

Subject: Adoption of 2022 Annual Business Report and Financial Statements. (Proposal by board of directors)

Illustration: (1) The Company's 2022 business report and financial statements (including statutory and consolidated balance sheets, profit and income statements, equity variation statements and cash flow statements, etc.) have been audited by accountants Tze-Chieh, Tang and Wei-Ming, Shih of KPMG.
(2) The 2022 business report, the above financial statements and profit distribution statement have been reviewed by the audit committee and approved by board resolution. Please refer to Attachments 1, 5 and 6 to this Handbook on pages 15 to 16, 25 to 44 and 45.
(3) Submitted for approval.

Resolution: 91,704,120 shareholder votes were represented attending shareholders at the time of voting on this agenda (including 36,184,271 votes exercised in electronic manners). The voting results are as follows:

Votes	Percentage of Voting Rights by Attending shareholders
86,488,528 votes in favor (including 31,091,679 electronic votes)	94.31%
14,391 votes against (including 14,391 electronic votes)	0.01%
5,201,201 votes waived (including 5,078,201 electronic votes)	5.67%

The agenda is voted and approved.

Agenda No. 2

Subject: Discussion regarding the release the non-compete clauses for independent director Han, Ching-Shih (Proposed by board of directors).

Illustration: (1) According to article 209 of the Company Act, A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. Since independent director Han, Ching-Shih has added the title of independent director of AUO Cooperation since June 17, 2022 and therefore has investment or operate a company that is within the scope same or similar to the company, we hereby proposed to release her non-compete clauses pursuant to laws.
(2) The titles served by independent director Han, Ching-Shih in the Company and other companies are as follows: Independent Director of Apacer Co., Ltd., Independent Director of Wiwynn Corporation, Independent Director of MACROBLOCK, INC., Independent Director of AUO Corporation.
(3) It is hereby proposed for discussion.

Resolution: 91,704,120 shareholder votes were represented attending shareholders at the time of voting on this agenda (including 36,184,271 votes exercised in electronic manners). The voting results are as follows:

Votes	Percentage of Voting Rights by Attending shareholders
86,455,225 votes in favor (including 31,058,376 electronic votes)	94.27%
214,558 votes against (including 214,558 electronic votes)	0.23%
5,034,337 votes waived (including 4,911,337 electronic votes)	5.48%

The agenda is voted and approved.

Agenda No. 3

Subject: The Company's proposal to issue ordinary shares through private placement for capital increase in cash is submitted for discussion (Proposed by board of directors).

- Illustration: (I) To attract strategic investors and reinforce long-term partnership with strategic partners for the benefit of the Company's long-term operation and business development, the Company plans to issue new shares through private placement for capital increase in cash in accordance with /article 43-6 of the Securities and Exchange Act (hereinafter the "Private Placement"). Estimated total number of ordinary shares for the Private Placement will not exceed 10,000,000 shares, which shall be new ordinary shares with a face value of NT\$10 per share, to be issued through one or two issuances within one year from the date of shareholders' resolution.
- (II) Details provided in accordance with Article 43-6 of the Securities and Exchange Act and the Directions for Public Companies Conducting Private Placements of Securities:
1. Basis and Reasonableness of Private Placement Price
 - (1) The price per share for the Private Placement is determined not to be lower than 80% of higher of the below two base prices preceding the pricing date of the Company:
 - (a) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - (b) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 - (2) The board of directors is authorized to determine the actual pricing date and the actual private placement price based on the above pricing basis and in accordance with the places selected and market status in the future, provided that it shall not be

lower than the ratio resolved by the shareholders' meeting.

- (3) The pricing manner for the Private Placement is in accordance with the Directions for Public Companies Conducting Private Placements of Securities. Considering the future prospect of the Company, the strict restrictions on the timing of transfer, target and quantity of securities placed and the fact that no listing may take place within 3 years, creating less liquidity, the price of the Private Placement is reasonable and should not create a significant impact on shareholders' interest.
2. Selection of Placees:
- (1) The placees of the Private Placement shall be those selected in accordance with the requirements under Article 43-6 of the Securities and Exchange Act and the order by Financial Supervisory Commission, Executive Yuan (2002) Tai-Cai-Zheng-Yi-Zi No. 0910003455 dated 13 June 2002 and shall be limited to strategic investors only.
 - (2) It is proposed that the placees be strategic investors:
 - (a) Placee selection manner and purpose: As required for the Company's long-term operation and business development, priority shall be given to strategic investors who can create direct or indirect benefit to the Company's operating capacity in the future, help the Company expand its business and product market, reinforce client relationship, improve overall benefit of product development and consolidation or to improve its technology, and who identify with the operating philosophy of the Company.
 - (b) Necessity: The purpose of this selection of placees is to introduce strategic investors and to reinforce long-term partnership with strategic partners. It is necessary to strengthen the Company's long-term competitiveness and operating performance through strategic investors.
 - (c) Estimated benefit: Through strategic cooperation, co-development of products, market consolidation or business development partnership, the strengths of strategic investors such as their experience, product technology, knowledge, brand goodwill and market channels are expected to help the Company lower its operating cost, upgrade its product technology, expand its sales market and increase the Company's operating performance in the future.
 - (3) Currently no placee has been approached.
3. Reason why private placement is required:
- (1) Reason against public placement: In consideration of factors such as the status of capital market, cost of issuance, fundraising timeliness and feasibility of private placement and restrictions against free transfer of privately placed shares within 3 years and to ensure and reinforce closer long-term partnership with strategic partners, issuance of new shares through private placement for capital increase in cash is adopted this time in lieu of public placement.
 - (2) Private Placement Limit Amount: The total number of ordinary shares under this Private Placement will not exceed 10,000,000

- shares, to be issued through one or two issuances within one year from the date of shareholders' resolution.
- (3) Purpose of funds from Private Placement and estimated benefit are as follows:
- (A) Number of issuances: Since issuance
- (a) Purpose of funds: To seek opportunities of technical cooperation or strategic alliance with domestic or overseas large plants, which enriching working capital required for long-term operating development of the Company.
- (b) Estimated benefit: Lower the Company's operating risk, strengthen its financial structure and improve its future operating performance.
- (B) Number of issuances: Two issuances
- (a) Purpose of funds: Both issuances are to seek opportunities of technical cooperation or strategic alliance with domestic or overseas large plants, which enriching working capital required for long-term operating development of the Company.
- (b) Estimated benefit: Both issuances are to lower the Company's operating risk, strengthen its financial structure and improve its future operating performance.
4. There has been no material change in the operation right during the one-year period before the board of directors resolved this Private Placement. The estimated total number of ordinary shares under this Private Placement will not exceed 10,000,000 shares, representing an estimated 7.54% of the total number of shares in the paid-in capital. The placees are expected to be strategic investors only, bringing positive effects to the business development of the Company. The introduction of strategic investors through this Private Placement will not create significant change in the operation right, either.
5. Other details to be provided:
- (1) Ordinary shares under this Private Placement will have the same rights and obligations as the ordinary shares already issued by the Company in principle. However, according to Article 43-8 of the Securities and Exchange Act, other than in accordance with the transferees and conditions provided in such article, ordinary shares under private placement are not freely transferable within 3 years from the delivery date in principle. After expiry of the 3-year period from the delivery date, the Company plans to first acquire a consent letter for listing qualification issued by the Taiwan Stock Exchange in accordance with applicable regulations such as the Securities and Exchange Act, followed by a filing with the competent authority for the public listing of the ordinary shares under this Private Placement and application for public trading.
- (2) It is proposed that the shareholders' meeting authorize the board of directors to adjust, establish and carry out main details of this Private Placement plan, including actual number of shares placed, actual price of private placement, selection of placees, record date, issue conditions, projects planned, purpose and progress of funding, estimated benefit and other relevant matters, etc., as

well as all other matters related to the issuance plan based on the market situation. In case of legislative change in the future or request by the competent authority to make amendment, or if any change is required due to objective environment, the board of directors should also be authorized with full discretion.

- (3) In addition to the above scope of authorization, it is proposed that the shareholders' meeting authorizes the chairman to sign, negotiate and amend all contracts and documents related to the Private Placement on behalf of the Company and to carry out all matters required in relation to the Private Placement for the Company.

(III) Submitted for discussion.

Resolution: Shareholder Statement: Questions raised by shareholder account no. 1299 Please explain the company's future operation prospects and industry trends from private placement in order to boost long-term investors' confidence.

Chair: To enhance the competitiveness and benefit the long-term development, constantly seek advantageous strategic partners in the relevant fields, hope to expand the company's business and product markets from multiple aspects, actively make layout in the various fields of IOT/cloud computing/national defense strengthening/SmartAuto through the four operation growth energy and particularly alliance with strategic partners for the future uncertainties, so it represents the general trend to seek partners, and it is necessary to introduce strategic partners through private placement in order to enhance the corporate operation performance by considering the capital market status, issue costs and the timeliness and feasibility of the fundraising.

91,704,120 shareholder votes were represented attending shareholders at the time of voting on this agenda (including 36,184,271 votes exercised in electronic manners). The voting results are as follows:

Votes	Percentage of Voting Rights by Attending shareholders
86,470,906 votes in favor (including 31,074,057 electronic votes)	94.29%
215,326 votes against (including 215,326 electronic votes)	0.23%
5,017,888 votes waived (including 4,894,888 electronic votes)	5.47%

The agenda is voted and approved.

C. Motion

Shareholder statement: Questions raised by shareholder account no. 1299 From its early days of startup to the current integration of plants both in rural and urban areas, Xizhi has always been supporting Apacer; the company's share price also bottomed out from NT\$5. I would like to thank our operation team for making minor shareholders have stable income and cash flows, and believe that the company will have a better development in the future.

Chair: I would also like to express my gratitude to the shareholders for their support and care for a long time, we will adhere to the company's operation strategies for pursuing long-term and stable growth and profit, actively promote the four-operation growth

energy, hope to realize core value and long-term ESG promotion with the shareholders' support and care, and share the sustainable operation achievements with all the stakeholders (including shareholders present). Again, please allow me to extend my thanks to shareholders for your encouragement.

D. Adjournment (9:43 a.m. on same day)

(These minutes of general shareholders meeting only record the main proceedings of the meeting. Details shall be based on audiovisual records of the meeting.)

VII. Attachment

Attachment 1

APACER TECHNOLOGY INC. 2022 Business Report

Dear Shareholders:

Due to the Russia-Ukraine War of the past year, agricultural exports from Ukraine were blocked, leading to price fluctuation, an energy crisis, and an impact on world order. Economic damage and inflation caused by climate change has also influenced consumer demand, resulting in economic downturn. Global markets have been in a state of uncertainty since the second quarter, and various fluctuations have made enterprise operations more difficult than ever.

As a member of this rapidly changing market, Apacer has learned from past experience and strengthened its operational structure to facilitate adjustments to strategy and respond immediately when facing with challenges. We have recently promoted three business momentum strategies: **Focusing on key areas, deploying future technologies, and the digital transformation.** In 2022, we developed a fourth business momentum strategy: uniting with strategic partners. We then formed an alliance with UD Info Corp., and through private placement, invited Acer to become a partner. Thanks to these four major business momentum strategies, our EPS in 2022 reached another record high.

The consolidated sales revenue in 2022 was NT\$8.80 billion, with consolidated gross profit NT\$1.69 billion; the consolidated net income after tax was NT\$577 million, and EPS NT\$5.23. The 2022 operational performance and 2023 business plan are summarized as follows:

I. The consolidated operational performance in 2022:

Unit: NT\$ Thousand

Item	2022	2021	Increase (Decrease)
Sales Revenue	8,797,035	8,682,393	114,642
Gross Profit	1,688,414	1,452,884	235,530
Net Operating Income	694,122	573,060	121,062
Net Non-operating Income	19,353	4,213	15,140
Net Income after Tax	576,991	485,781	91,210
Equity Attributable to Parent Company	559,126	485,788	73,338
Non-controlling Interests	17,865	(7)	17,872
Earnings Per Share After Tax (Loss) (NT\$)	5.23	4.81	0.42

II. 2022 Operation performance and major research results:

The summary of operation and brand performance is as follows:

1. Single technology was recognized in the EE Awards Asia for the first time.
2. Invited by the Industrial Development Bureau to participate in the Branding Taiwan Project for five consecutive years, and was awarded a potential star award.
3. The Sustainability Report won Gold in the TCSA Awards.
4. Won First Prize in the Manufacturing Elite Category of the 2022 Digital Transformation Innovation Awards.
5. Revenue in the top 10 among global module manufacturers.

To fulfill ESG initiatives and maximize our brand value as "Being a Good Partner", Apacer established a corporate governance officer prior to the schedule required by regulations. In addition, we launched the Greenhouse Gas Inventory Project and are preparing to acquire certification in 2024. We also invest a lot of effort in caring for our people and raise employee's recognition of the company; we provided pandemic insurance for all employees before the serious outbreak of COVID-19 so employees could get through that difficult time without additional challenges. We also hold charity events, for example, donating second-hand toys, exchanging second-hand items to raise money, Apacer Appreciation Day, sponsoring coffee trees from small-holder farmers, and donating products to social welfare organizations to expand our enterprise influence.

By the end of 2022, we had accumulated 235 domestic and international certificates and patents. DRAM is the core product of the business in both the industrial control market and consumer-end product market, DDR5 with the latest specifications has entered into mass production, and PCIe Gen4x4 specifications for SSD products are also available, which not only meets the needs of eSports and consumers, but also provides corresponding products in the vertical market. Moreover, a series of industrial control products have passed FIPS 140-2 of the US Federal Information Processing Standard; we are one of the few companies in the industry to have obtained this certification. We aim to keep up with IIoT trends by meeting demand for Intelligent Automated Inspection, launching self-developed AI+AOI optical inspection software and customized database management system, which have had good performance in the panel and biopharmaceutical manufacturing client base. We also aim to expand the business to food and beverage manufacturers in the future.

III. 2023 Business Plan:

(1) Operation guidelines

Sticking to the brand spirit of "Access the best", we are committed to "being a good partner" and ESG, building the sustainable competitiveness of Apacer while fulfilling our vision of being a leader in integrating technological information services with digital storage, the core concept of Apacer.

(2) Development strategies

Upholding the four strategic indicators of business momentum. Apacer will continue to invest in the deployment of digital transformation and future technologies, as well as work with strategic partners to focus on the deployment and market development of applications in high-value industries. We will also look for partners with complementary advantages and partner with them to extend the industry value chain.

(3) Important production and sales policies

Apacer is equipped with good operational and management abilities, including strategy adjustment mechanisms in response to operational risks, resilient supply chain management, and a diversified and integrated operating system. To achieve the goal of improving operational efficiency, we will continue to develop new products to increase brand market share. Furthermore, we will collect system data for analyses for use in manufacturing, purchasing, supply, marketing, and sales, enhancing our decision-making abilities while creating a multiplier effect.

It is widely believed that the economic situation will recover in the second half of 2023. While facing tough future challenges, Apacer will continue to promote the four strategies of business momentum and focus on the deployment of IIoT, cloud computing, national defense, information and communication, eSports, and Intelligent Automated Inspection. In addition, we will strengthen our cooperation with strategic partners, expand channels, increase brand exposure, and expand further in overseas markets. We will persist in implementing our core value of "Being a Good Partner" and ESG, and look forward to sharing our sustainable development achievements with all our stakeholders.

Chairman
Manager
Chief Accountant

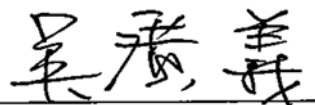
Attachment 2

Audit Committee's Review Report

The business report, financial statement, and earnings distribution proposal of the year 2022, which were prepared by the Company's Board of Directors, have been certified by TZE-CHIEH, TANG and WEI-MING, SHIH, CPAs of KPMG. The aforementioned reports, the business report, financial statements, and the earnings distribution proposal have been reviewed by the Committee and were found to be true and correct. The Committee hereby submits the aforementioned reports and proposal for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The general shareholders' meeting of APACER TECHNOLOGY INC. in 2023.

Convener of the audit committee: GUANG-YI WU

Handwritten signature of Guang-Yi Wu in black ink, written over a horizontal line.

21 February 2023

Attachment 3

Report on the Implementation of Private Placement Common Shares in 2022

Item	2022 Private Placement of Securities Issuance Date (Shares Distribution Date): December 15, 2022 Shares: 11,000,000
Type of Private Placement Securities	Common shares
Date and Quantity Approved by the Shareholders' Meeting	The capital increment by issuing common shares via private placement to the extent of 11,000,000 shares was approved in the shareholders' meeting on May 31, 2022, and shall be managed once or twice within one year from the date of resolution.
The basis and reasonableness of the private placement pricing: Basis for	<p>The price determination date of this (first) private placement is November 3, 2022. According to the resolution of the shareholders' meeting of the Company on May 31, 2022, the standards of the reference price of private placement was determined by 80 percent of the price calculated based on the higher of the following two standards:</p> <p>(A) The simple average of the closing prices of the ordinary shares of the company calculated either one, three, or five business days before the date of the price determination and after any adjustments for the distribution of stock or cash dividends or capital reduction. These were NT\$40.70, NT\$40.42 and NT\$40.16, respectively. The simple average closing price of the common shares of the company for one business day before the date of the price determination and after any adjustment for the distribution of stock or cash dividends or capital reduction, was NT\$40.70.</p> <p>(B) The simple average closing price of the common shares of the company calculated 30 business days before the date of the price determination and after any adjustment for the distribution of stock or cash dividends or capital reduction, was NT\$39.92. The higher of these two, NT\$40.70, shall be the reference price.</p> <p>With comprehensive consideration, the actual subscription price per share of the private placement is NT\$33, which is 81.08% of the reference price and not less than the minimum percentage resolved by the shareholders' meeting.</p>
The method for selecting the specific persons	Articles 43-6 of Securities Exchange Act
The reasons for the necessity for conducting the private placement	Considering the conditions of capital markets, issuance costs, fund raising timeliness, and feasibility of private placement, transfer of shares via private placement within three years may ensure and strengthen the long-term cooperation relationship between strategic partners.

Completion date of price collection	November 17, 2022				
Placee information	The Placee of the Private Placement	Qualification	Subscription Quantity (NT\$)	Relation with the Company	Involvement in Company Operation
	Acer Incorporated	Subparagraph 2 of Paragraph 1 of Article 43-6 of the Securities Exchange Act	363,000,000	None	None
Actual Subscription (or Conversion) Price	NT\$33 per share				
Difference Between Actual Subscription (or Conversion) and Reference Price	The subscription price is NT\$33 per share of this private placement, which is 81.08% of reference NT\$40.7 and not less than the minimum percent resolved by the shareholders' meeting				
The Effects of Private Placement to Shareholders' Equity	No private placement securities shall be transferred within three years and the qualification of place is regulated in the Securities Exchange Act, therefore the shareholders' equity is protected to certain level. Meanwhile, the private placement may replenish the working capital of the company and ensure long-term cooperation relationship with strategic investment partner of the company. Accordingly, it is favorable to the long-term development of the company and positive benefit to the shareholders' equity.				
The status of utilization of the funds and plan implementation progress	Fully used for working capital as required by the company				
Significance of private placement benefits	Rich working capital of the company is favorable to enhance competition advantage and market expansion				

Attachment 4

APACER TECHNOLOGY INC. **Comparison Table of Amendments to Sustainable Development** **Best Practice Principles**

Original Clause	Amended Clause	Remarks
<p>Article 27</p> <p>The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.</p> <p>The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc., participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p>	<p>Article 27</p> <p>The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.</p> <p>The Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc., participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p> <p><u>The Company should advise to, through donation, sponsorship, investment, procurement, strategic cooperation, corporate voluntary service or other support model to support organizations focused on culture, art or creative industry to promote cultural development.</u></p>	<p>According to the letter from Taiwan Stock Exchange Corporation Tai-Zheng-Zhi-Li-Zi No. 1110024366 dated 23 December 2022</p>
<p>Article 32</p> <p>These Principles were established on 21 April 2016.</p> <p>The first amendment was made on 16 April 2020.</p>	<p>Article 32</p> <p>These Principles were established on 21 April 2016.</p> <p>The first amendment was made on 16 April 2020.</p> <p>The second amendment was made on 31 May 2022.</p> <p><u>The third amendment was made on 29 May 2023.</u></p>	<p>Date of amendment added.</p>

Attachment 5

Independent Auditors' Report

The Board of Directors of Apacer Technology Inc.:

Opinion

We have audited the consolidated financial statements of Apacer Technology Inc. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Valuation of inventories

Please refer to notes 4(h), 5(a) and 6(e) for the accounting policy on inventories, "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation, and "Inventories" for the related disclosures, respectively, of the notes to consolidated financial statements.

Description of key audit matter:

The Group's inventories are measured at the lower of cost and net realizable value. Management is required to make judgments and estimates in determining the net realizable value of inventories on the reporting date. The market prices of the Group's main raw materials, constituting the majority amount of product cost, fluctuate rapidly and the life cycle of certain products of the Group are short, which could possibly result in a price decline and obsolescence of inventories, wherein the inventories cost may exceed its net realizable value, as the Group fails to timely respond to market changes. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included obtaining and understanding the Group's accounting policy of valuation of inventories, performing a retrospective test to evaluate the reasonableness of the accounting policy of valuation of inventories with reference to actual write-off of inventories in a subsequent period; as well as performing a sample test of the estimated selling price provided by Management to assess the reasonableness of the net realizable value and allowance for inventory valuation loss.

2. Business combination

Please refer to notes 4(s) and 6(g) for the accounting policy on business combinations and "Business combination" for the related disclosures, respectively, of the notes to consolidated financial statements.

Description of key audit matter:

In August 2022, the Group issued additional shares of common stock in exchange for shares of common stock of UD INFO Corp. (UD), wherein the Company acquired 68.54% ownership of UD and obtained control over UD. To adopt the accounting treatment of business combination, the management needs to assess and determine the consideration transferred and the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Therefore, the assessment of acquisition of subsidiary has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the share exchange agreement signed by both parties; understanding the related terms of scope of business combination and consideration transferred; inspecting the record of issuance of additional common shares to confirm the settlement of the share exchange transaction; obtaining the purchase price allocation report with valuation on intangible assets, conducted by an external expert engaged by the management; auditing the acquired assets and liabilities identified by the management, including any fair value adjustments at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

3. Assessment of impairment of goodwill

Please refer to notes 4(m), 5(b) and 6(j)(iii) for the accounting policy on impairment of non-financial assets, “Critical accounting judgments and key sources of estimation uncertainty” for estimation uncertainty of impairment of goodwill, and “Impairment test on Goodwill” for the related disclosures, respectively, of the notes to consolidated financial statements.

Description of key audit matter:

Goodwill arising from business combination is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management’s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the estimation base and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of the Group’s disclosures with respect to the related information.

Other Matter

Apacer Technology Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercised professional judgment and professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' audit report are Tzu-Chieh Tang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
February 21, 2023

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Assets					
Current assets:					
11100	Cash and cash equivalents (note 6(a))	\$ 1,419,376	23	650,064	13
11110	Financial assets at fair value through profit or loss – current (note 6(b))	980	-	110,748	2
11170	Notes and accounts receivable, net (notes 6(d) and (t))	735,899	12	1,335,198	27
11180	Accounts receivable from related parties (notes 6(d), (t) and 7)	377	-	2,420	-
1310	Inventories (note 6(e))	955,484	16	1,486,513	31
1476	Other financial assets – current (note 6(a))	1,380,623	23	100,440	2
1479	Other current assets	105,986	2	79,773	2
	Total current assets	4,598,725	76	3,765,156	77
Non-current assets:					
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(c))	29,769	1	26,056	-
1550	Investments accounted for using equity method (note 6(f))	444	-	1,364	-
1600	Property, plant and equipment (notes 6(h) and 8)	917,402	15	861,356	18
1755	Right-of-use assets (note 6(i))	46,445	1	32,455	1
1780	Intangible assets (notes 6(g) and (j))	245,556	4	43,147	1
1840	Deferred income tax assets (note 6(p))	175,117	3	141,344	3
1980	Other financial assets – non-current	5,842	-	5,339	-
1990	Other non-current assets	2,736	-	1,851	-
	Total non-current assets	1,423,311	24	1,112,912	23
Liabilities and Equity					
Current liabilities:					
	Short-term borrowings (note 6(k))	\$ 92,145	2	251,979	5
	Financial liabilities at fair value through profit or loss – current (note 6(b))	1,012	-	133	-
	Notes and accounts payable	504,327	8	668,123	14
	Accounts payable to related parties (note 7)	214,345	4	202,608	4
	Other payables (notes 6(u) and 7)	452,284	8	384,135	8
	Current income tax liabilities	110,864	2	115,274	2
	Provisions – current (note 6(n))	10,544	-	10,224	-
	Lease liabilities – current (note 6(m))	15,659	-	14,848	1
	Other current liabilities (note 6(t))	206,050	3	66,279	1
	Current portion of long-term debt (notes 6(l) and 8)	2,016	-	-	-
	Total current liabilities	1,609,246	27	1,713,603	35
Non-current liabilities:					
	Long-term debt (notes 6(l) and 8)	28,108	1	-	-
	Deferred income tax liabilities (note 6(p))	22,894	-	123	-
	Lease liabilities – non-current (note 6(m))	31,339	1	18,086	1
	Net defined benefit liabilities (note 6(o))	19,982	-	40,541	1
	Guarantee deposits	6,558	-	13,845	-
	Total non-current liabilities	108,881	2	72,595	2
	Total liabilities	1,718,127	29	1,786,198	37
Equity attributable to shareholders of the Company (notes 6(g) and (q)):					
3100	Common stock	1,226,882	20	1,018,243	21
3200	Capital surplus	924,322	15	389,146	8
3300	Retained earnings	2,100,373	35	1,819,067	37
3400	Other equity	(87,389)	(1)	(134,722)	(3)
	Total equity attributable to shareholders of the Company	4,164,188	69	3,091,734	63
36XX	Non-controlling interests (note 6(g))	139,721	2	136	-
	Total equity	4,303,909	71	3,091,870	63
	Total liabilities and equity	\$ 6,022,036	100	\$ 4,878,068	100

Total assets

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 years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Revenue (notes 6(t), 7 and 14)	\$ 8,797,035	100	8,682,393	100
5000	Cost of revenue (notes 6(e), (h), (j), (m), (n), (o), (r), 7 and 12)	(7,108,621)	(81)	(7,229,509)	(83)
5900	Gross profit	<u>1,688,414</u>	<u>19</u>	<u>1,452,884</u>	<u>17</u>
6000	Operating expenses (notes 6(d), (h), (i), (j), (m), (o), (r), (u), 7 and 12):				
6100	Selling expenses	(553,021)	(6)	(511,040)	(6)
6200	Administrative expenses	(259,710)	(3)	(232,902)	(2)
6300	Research and development expenses	(165,679)	(2)	(138,947)	(2)
6450	Reversal of (recognized) expected credit losses	(15,882)	-	3,065	-
6000	Total operating expenses	<u>(994,292)</u>	<u>(11)</u>	<u>(879,824)</u>	<u>(10)</u>
6900	Operating income	<u>694,122</u>	<u>8</u>	<u>573,060</u>	<u>7</u>
7000	Non-operating income and loss (notes 6(f), (h), (j), (m) and (v)):				
7100	Interest income	11,009	-	2,067	-
7020	Other gains and losses — net	16,116	-	6,668	-
7050	Finance costs	(6,852)	-	(3,418)	-
7770	Share of losses of associates	(920)	-	(1,104)	-
	Total non-operating income and loss	<u>19,353</u>	<u>-</u>	<u>4,213</u>	<u>-</u>
7900	Income before income tax	<u>713,475</u>	<u>8</u>	<u>577,273</u>	<u>7</u>
7950	Less: income tax expenses (note 6(p))	<u>(136,484)</u>	<u>(1)</u>	<u>(91,492)</u>	<u>(1)</u>
	Net income	<u>576,991</u>	<u>7</u>	<u>485,781</u>	<u>6</u>
	Other comprehensive income (notes 6(o), (p), (q) and (w)):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	20,565	-	(11,295)	(1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,713	-	(10,365)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(4,113)	-	2,259	-
		<u>20,165</u>	<u>-</u>	<u>(19,401)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	34,679	-	(6,458)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		<u>34,679</u>	<u>-</u>	<u>(6,458)</u>	<u>-</u>
	Other comprehensive income for the year, net of income tax	<u>54,844</u>	<u>-</u>	<u>(25,859)</u>	<u>(1)</u>
8500	Total comprehensive income for the year	<u>\$ 631,835</u>	<u>7</u>	<u>459,922</u>	<u>5</u>
8600	Net income attributable to:				
8610	Shareholders of the Company	\$ 559,126	7	485,788	6
8620	Non-controlling interests	17,865	-	(7)	-
		<u>\$ 576,991</u>	<u>7</u>	<u>485,781</u>	<u>6</u>
8700	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 613,970	7	459,929	5
8720	Non-controlling interests	17,865	-	(7)	-
		<u>\$ 631,835</u>	<u>7</u>	<u>459,922</u>	<u>5</u>
	Earnings per share (in New Taiwan dollars) (note 6(s)):				
9750	Basic earnings per share	\$ 5.23		4.81	
9850	Diluted earnings per share	\$ 5.11		4.71	

See accompanying notes to the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars)

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Income before income tax	\$ 713,475	577,273
Adjustments:		
Depreciation	52,657	52,123
Amortization	16,007	12,085
Recognized (reversal of) expected credit loss	15,882	(3,065)
Interest expense	6,852	3,418
Interest income	(11,009)	(2,067)
Share-based compensation cost	8,941	26,823
Share of loss of associates	920	1,104
Loss (gain) on disposal of property, plant and equipment	(7)	10
Impairment loss on non-financial assets	303	140
Subtotal	<u>90,546</u>	<u>90,571</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	3,502	(529)
Notes and accounts receivable	602,398	(503,522)
Accounts receivable from related parties	2,043	(1,621)
Inventories	769,467	(688,744)
Other current assets	(8,176)	(22,634)
Net changes in operating assets	<u>1,369,234</u>	<u>(1,217,050)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	879	(35)
Notes and accounts payable	(201,810)	201,096
Accounts payable to related parties	(61,438)	(41,340)
Other payables	51,859	139,197
Provisions	320	2,880
Other current liabilities	24,419	27,419
Net defined benefit liabilities	6	(10)
Net changes in operating liabilities	<u>(185,765)</u>	<u>329,207</u>
Total changes in operating assets and liabilities	<u>1,183,469</u>	<u>(887,843)</u>
Total adjustments	<u>1,274,015</u>	<u>(797,272)</u>
Cash provided by (used in) operations	1,987,490	(219,999)
Interest received	9,326	2,187
Interest paid	(6,658)	(3,344)
Income taxes paid	(192,937)	(100,187)
Net cash provided by (used in) operating activities	<u>1,797,221</u>	<u>(321,343)</u>

See accompanying notes to the consolidated financial statements.

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

APACER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(159,000)
Proceeds from disposal of financial assets at fair value through profit or loss	137,726	98,135
Acquisition of subsidiary, net of cash received	248,556	-
Acquisition of property, plant and equipment	(29,118)	(24,237)
Proceeds from disposal of property, plant and equipment	52	-
Acquisition of intangible assets	(5,946)	(943)
Decrease (increase) in other financial assets—current	(1,268,183)	509,179
Decrease in other financial assets—non-current	342	709
Increase in other non-current assets	(885)	(2,271)
Net cash provided by (used in) investing activities	(917,456)	421,572
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(164,834)	153,629
Repayment of long-term debt	(22,716)	-
Increase (decrease) in guarantee deposits	(7,287)	8,225
Payment of lease liabilities	(17,965)	(18,510)
Cash dividends distributed to shareholders	(294,272)	(205,685)
Capital increase in cash	363,000	-
Net cash provided by (used in) financing activities	(144,074)	(62,341)
Effect of foreign exchange rate changes	33,621	(5,440)
Net increase in cash and cash equivalents	769,312	32,448
Cash and cash equivalents at beginning of year	650,064	617,616
Cash and cash equivalents at end of year	\$ 1,419,376	650,064

See accompanying notes to the consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of Apacer Technology Inc.:

Opinion

We have audited the parent-company-only financial statements of Apacer Technology Inc. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2022 are stated as follows:

1. Valuation of inventories

Please refer to notes 4(g), 5(a) and 6(e) for the accounting policy on inventories, "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation, and "Inventories" for the related disclosures, respectively, of the notes to parent-company-only financial statements.

Description of key audit matter:

The Company's inventories are measured at the lower of cost and net realizable value. Management is required to make judgments and estimates in determining the net realizable value of inventories on the reporting date. The market prices of main raw materials of the Company, constituting the majority amount of product cost, fluctuate rapidly and the life cycle of certain products of the Company are short, which could possibly result in a price decline and obsolescence of inventories, wherein the inventories cost may exceed its net realizable value, as the Company fails to timely respond to market changes. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included obtaining and understanding the Company's accounting policy of valuation of inventories, performing a retrospective test to evaluate the reasonableness of the accounting policy of valuation of inventories with reference to actual write-off of inventories in a subsequent period; as well as performing a sample test of the estimated selling price provided by Management to assess the reasonableness of the net realizable value and allowance for inventory valuation loss.

2. Acquisition of subsidiary

Please refer to notes 4(s) and 6(f) for the accounting policy on business combinations and "Investments accounted for using equity method" for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

In August 2022, the Company issued additional shares of common stock in exchange for shares of common stock of UD INFO Corp. (UD), wherein the Company acquired 68.54% ownership of UD and obtained control over UD. To adopt the accounting treatment of business combination, the management needs to assess and determine the consideration transferred and the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Therefore, the assessment of acquisition of subsidiary has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the share exchange agreement signed by both parties; understanding the related terms of scope of business combination and consideration transferred; inspecting the record of issuance of additional common shares to confirm the settlement of the share exchange transaction; obtaining the purchase price allocation report with valuation on intangible assets, conducted by an external expert engaged by the management; auditing the acquired assets and liabilities identified by the management, including any fair value adjustments at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

3. Assessment of impairment of goodwill from investments in subsidiaries

Please refer to notes 4(m), 5(b) and 6(f)(iii) for the accounting policy on impairment of non-financial assets, “Critical accounting judgments and key sources of estimation uncertainty” for estimation uncertainty of impairment of goodwill, and “Impairment test on Goodwill” for the related disclosures, respectively, of the notes to parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method, is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of the cash-generating unit of goodwill involves management’s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the estimation base and key assumptions, including the discount rate, expected sales growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of the Company’s disclosures with respect to the related information.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the investees accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
February 21, 2023

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying 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' report and financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
APACER TECHNOLOGY INC.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021		December 31, 2021			
		Amount	%	Amount	%	Amount	%		
Assets		Liabilities and Equity							
Current assets:		Current liabilities:							
11100	Cash and cash equivalents (note 6(a))	\$	797,322	14	\$	92,145	2	251,979	5
11110	Financial assets at fair value through profit or loss – current (note 6(b))	-	-	-	-	1,012	-	133	-
11170	Notes and accounts receivable, net (notes 6(d) and (r))	535,434	10	1,114,944	23	490,811	9	666,953	14
11180	Accounts receivable from related parties (notes 6(d), (r) and 7)	181,113	3	188,027	4	134,803	3	203,237	4
1310	Inventories (note 6(e))	714,652	13	1,449,939	30	408,972	8	362,401	8
1470	Other current assets	85,451	2	72,362	2	1,583	-	1,482	-
1476	Other financial assets – current (note 6(a))	1,197,800	22	89,400	2	69,610	1	113,485	3
Total current assets		3,511,772	64	3,361,666	70	9,500	-	10,224	-
Non-current assets:		Other current liabilities (note 6(k))							
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(c))	29,616	-	25,749	-	9,062	-	8,710	-
1550	Investments accounted for using equity method (note 6(f))	862,452	16	372,453	8	73,419	1	59,752	1
1600	Property, plant and equipment (note 6(g))	854,215	16	858,517	18	1,290,917	24	1,678,356	35
1755	Right-of-use assets (note 6(h))	18,700	-	26,490	-	Total current liabilities			
1780	Intangible assets (note 6(i))	39,156	1	43,043	1	Non-current liabilities:			
1840	Deferred income tax assets (note 6(n))	164,300	3	136,677	3	Deferred income tax liabilities (note 6(n))			
1980	Other financial assets – non-current	2,205	-	2,394	-	Lease liabilities – non-current (note 6(k))			
1990	Other non-current assets	2,736	-	1,851	-	Net defined benefit liabilities (note 6(m))			
Total non-current assets		1,973,380	36	1,467,174	30	Total non-current liabilities			
						Total liabilities			
						Equity (note 6(o)):			
						Common stock			
						Capital surplus			
						Retained earnings			
						Other equity			
						Total equity			
						Total liabilities and equity			
Total assets		\$	5,485,152	100	4,828,840	100	\$	5,485,152	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Revenue (notes 6(r) and 7)	\$ 8,224,555	100	8,422,696	100
5000	Cost of revenue (notes 6(e), (g), (i), (k), (l), (m), (p), 7 and 12)	<u>(6,882,195)</u>	<u>(84)</u>	<u>(7,204,894)</u>	<u>(86)</u>
	Gross profit before unrealized gross profit	1,342,360	16	1,217,802	14
5920	Realized (unrealized) gross profit	<u>913</u>	<u>-</u>	<u>(2,593)</u>	<u>-</u>
	Gross profit	<u>1,343,273</u>	<u>16</u>	<u>1,215,209</u>	<u>14</u>
	Operating expenses (notes 6(d), (g), (h), (i), (k), (m), (p), (s), 7 and 12):				
6100	Selling expenses	(364,460)	(4)	(345,981)	(4)
6200	Administrative expenses	(218,850)	(3)	(202,314)	(2)
6300	Research and development expenses	(159,471)	(2)	(138,947)	(2)
6450	Reversal of (recognized) expected credit losses	<u>(16,673)</u>	<u>-</u>	<u>3,065</u>	<u>-</u>
6000	Total operating expenses	<u>(759,454)</u>	<u>(9)</u>	<u>(684,177)</u>	<u>(8)</u>
	Operating income	<u>583,819</u>	<u>7</u>	<u>531,032</u>	<u>6</u>
	Non-operating income and loss (notes 6(f), (g), (i), (k) and (t)):				
7100	Interest income	5,219	-	1,101	-
7020	Other gains and losses—net	12,332	-	6,855	-
7050	Finance costs	(6,217)	-	(3,188)	-
7070	Share of profits of subsidiaries and associates	<u>73,746</u>	<u>1</u>	<u>30,775</u>	<u>1</u>
	Total non-operating income and loss	<u>85,080</u>	<u>1</u>	<u>35,543</u>	<u>1</u>
	Income before income tax	668,899	8	566,575	7
7950	Less: Income tax expenses (note 6(n))	<u>(109,773)</u>	<u>(1)</u>	<u>(80,787)</u>	<u>(1)</u>
	Net income	<u>559,126</u>	<u>7</u>	<u>485,788</u>	<u>6</u>
	Other comprehensive income (notes 6(m), (n), (o) and (u)):				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	20,565	-	(11,295)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,867	-	(10,361)	-
8330	Share of other comprehensive income of subsidiaries	(154)	-	(4)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(4,113)</u>	<u>-</u>	<u>2,259</u>	<u>-</u>
		<u>20,165</u>	<u>-</u>	<u>(19,401)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	34,679	-	(6,458)	-
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>34,679</u>	<u>-</u>	<u>(6,458)</u>	<u>-</u>
	Other comprehensive income for the year, net of income tax	<u>54,844</u>	<u>-</u>	<u>(25,859)</u>	<u>-</u>
	Total comprehensive income for the year	<u>\$ 613,970</u>	<u>7</u>	<u>459,929</u>	<u>6</u>
	Earnings per share (in New Taiwan dollars) (note 6(q)):				
9750	Basic earnings per share	\$ <u>5.23</u>		<u>4.81</u>	
9850	Diluted earnings per share	\$ <u>5.11</u>		<u>4.71</u>	

See accompanying notes to parent-company-only financial statements.

**For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)**

Balance at December 31, 2022

(English Translation of Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	\$ 668,899	566,575
Adjustments:		
Depreciation	41,604	42,432
Amortization	9,781	11,941
Recognized (reversal of) expected credit loss	16,673	(3,065)
Interest expense	6,217	3,188
Interest income	(5,219)	(1,101)
Share-based compensation cost	8,941	26,823
Share of profit of subsidiaries and associates	(73,746)	(30,775)
Gain on disposal of property, plant and equipment	(48)	-
Impairment loss on non-financial assets	303	140
Unrealized (realized) gross profit on sales to subsidiaries and associates	(913)	2,593
Subtotal	<u>3,593</u>	<u>52,176</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	669	(529)
Notes and accounts receivable	562,837	(440,906)
Accounts receivable from related parties	6,914	(62,941)
Inventories	735,287	(676,686)
Other current assets	(11,398)	(21,971)
Net changes in operating assets	<u>1,294,309</u>	<u>(1,203,033)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	879	(35)
Notes and accounts payable	(176,142)	205,921
Accounts payable to related parties	(68,434)	(41,175)
Other payables	46,415	133,059
Other payables to related parties	101	(367)
Provisions	(724)	2,880
Other current liabilities	13,667	27,458
Net defined benefit liabilities	6	(10)
Net changes in operating liabilities	<u>(184,232)</u>	<u>327,731</u>
Total changes in operating assets and liabilities	<u>1,110,077</u>	<u>(875,302)</u>
Total adjustments	<u>1,113,670</u>	<u>(823,126)</u>
Cash provided by (used in) operations	1,782,569	(256,551)
Interest received	3,528	1,218
Interest paid	(6,061)	(3,114)
Income taxes paid	(185,507)	(89,665)
Net cash provided by (used in) operating activities	<u>1,594,529</u>	<u>(348,112)</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

APACER TECHNOLOGY INC.

Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(159,000)
Proceeds from disposal of financial assets at fair value through or profit or loss	110,079	98,135
Acquisition of property, plant and equipment	(28,392)	(23,824)
Proceeds from disposal of property, plant and equipment	48	-
Acquisition of intangible assets	(5,946)	(943)
Decrease (increase) in other financial assets—current	(1,108,400)	508,600
Decrease in other financial assets—non-current	189	398
Increase in other non-current assets	(885)	(2,271)
Net cash provided by (used in) investing activities	<u>(1,033,307)</u>	<u>421,095</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(159,834)	153,629
Payment of lease liabilities	(9,040)	(8,449)
Cash dividends distributed to shareholders	(294,272)	(205,685)
Capital increase in cash	363,000	-
Net cash used in financing activities	<u>(100,146)</u>	<u>(60,505)</u>
Net increase in cash and cash equivalents	461,076	12,478
Cash and cash equivalents at beginning of year	<u>336,246</u>	<u>323,768</u>
Cash and cash equivalents at end of year	<u><u>\$ 797,322</u></u>	<u><u>336,246</u></u>

See accompanying notes to parent-company-only financial statements.

Attachment 6

APACER TECHNOLOGY INC. 2022 Profit Distribution Statement

		Unit: NT\$
Retained Earnings from Previous Year		\$940,622,313
Plus: Net Profit After Tax for The Current Period	\$559,126,329	
Plus: Remeasurement of Defined Benefit Obligation	<u>16,452,000</u>	
Net Income After Tax Plus Items Other Than Current		575,578,329
Net Income Included in The Retained Earnings		
Less: 10% Legal Reserve		(57,557,833)
Plus: Reversal of Special Reserve Set Aside		<u>38,391,870</u>
Retained Earnings Available for Distribution		1,497,034,679
Distribution Item:		
Cash Dividends		<u>(404,871,278)</u>
Undistributed earnings at the end of the period		<u><u>\$1,092,163,401</u></u>

Chairman: YI-SHI, CHEN Manager: CHIA-KUN, CHANG Chief Accountant: Yi-Cheng Huang