

**Apex Biotechnology Corporation and
Subsidiaries**

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

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Apex Biotechnology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Apex Biotechnology Corporation and its subsidiaries (collectively, the “Company”) as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, the consolidated statement of changes in equity and cash flows for the three months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 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 following paragraph, we conducted our reviews in accordance with the Statement of Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 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 disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2023, and 2022, the combined total assets of these non-significant subsidiaries were NT\$13,720 thousand and NT\$17,103 thousand, respectively, representing 0.57% and 0.67%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$7,671 thousand and NT\$8,242 thousand, respectively, representing 1.08% and 1.12%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the combined comprehensive income of these

subsidiaries were NT\$583 thousand and NT\$(1,571) thousand, respectively, representing 1.65% and (3.28)%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Company as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 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 Ya Yun Chang and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets							Current liabilities						
Cash and cash equivalents (Note 6)	\$ 276,839	11	\$ 331,705	13	\$ 364,799	14	Short-term loans (Note 16)	\$ 40,000	2	\$ 50,000	2	\$ -	-
Financial assets at fair value through profit or loss – current (Note 7)	65,829	3	65,829	3	68,758	3	Financial liabilities at fair value through profit or loss – current (Note 7)	-	-	-	-	363	-
Notes and accounts receivable, net (Note 9, 22 and 28)	420,876	17	486,769	19	491,499	19	Contract liabilities - current (Note 22)	12,090	-	29,043	1	91,851	4
Other receivables (Note 9)	11,966	1	10,117	1	17,392	1	Notes payable (Note 17)	40,296	2	63,225	3	62,198	3
Inventories (Note 10)	780,493	32	739,252	29	647,955	26	Accounts payable (Note 17 and 28)	183,520	8	226,460	9	249,040	10
Other current assets (Note 15)	22,507	1	20,806	1	33,314	1	Dividends payable (Note 21)	139,930	6	-	-	-	-
Total current assets	<u>1,578,510</u>	<u>65</u>	<u>1,654,478</u>	<u>66</u>	<u>1,623,717</u>	<u>64</u>	Other payables (Note 18 and 28)	100,370	4	142,968	6	126,011	5
Non-current assets							Current tax liabilities (Note 4 and 24)	47,446	2	36,915	2	56,253	2
Financial assets at amortized cost - non-current (Note 8 and 29)	6,200	1	6,200	-	6,200	1	Current provisions (Note 19)	9,811	-	10,901	-	10,215	-
Property, plant and equipment (Note 12)	629,509	26	641,370	26	661,264	26	Lease liabilities - current (Note 13)	8,070	-	8,014	-	6,865	-
Right-of-use assets (Note 13)	122,302	5	124,709	5	128,556	5	Other current liabilities (Note 18)	3,492	-	3,026	-	3,391	-
Intangible assets (Note 14)	67,559	3	69,141	3	103,678	4	Total current liabilities	<u>585,025</u>	<u>24</u>	<u>570,552</u>	<u>23</u>	<u>606,187</u>	<u>24</u>
Deferred tax assets (Note 4 and 24)	2,174	-	3,620	-	5,156	-	Non-current liabilities						
Prepayments for business facilities	4,406	-	4,917	-	5,374	-	Deferred tax liabilities (Note 4 and 24)	1,548	-	3,103	-	4,296	-
Refundable deposits	4,074	-	4,109	-	3,890	-	Lease liabilities - non-current (Note 13)	120,335	5	122,668	5	126,314	5
Net defined benefit asset, non-current (Note 4 and 20)	5,994	-	6,157	-	936	-	Guarantee deposits received	487	-	485	-	495	-
Total non-current assets	<u>842,218</u>	<u>35</u>	<u>860,223</u>	<u>34</u>	<u>915,054</u>	<u>36</u>	Total non-current liabilities	<u>122,370</u>	<u>5</u>	<u>126,256</u>	<u>5</u>	<u>131,105</u>	<u>5</u>
							Total liabilities	<u>707,395</u>	<u>29</u>	<u>696,808</u>	<u>28</u>	<u>737,292</u>	<u>29</u>
							Equity attributable to shareholders of the parent (Note 21)						
							Share capital						
							Ordinary shares	<u>999,502</u>	<u>41</u>	<u>999,502</u>	<u>40</u>	<u>999,502</u>	<u>39</u>
							Capital surplus	<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>
							Retained earnings						
							Legal reserve	497,454	20	497,454	20	476,978	19
							Unappropriated earnings	<u>138,297</u>	<u>6</u>	<u>242,493</u>	<u>9</u>	<u>250,958</u>	<u>10</u>
							Total retained earnings	<u>635,751</u>	<u>26</u>	<u>739,947</u>	<u>29</u>	<u>727,936</u>	<u>29</u>
							Other equity	<u>9,133</u>	<u>1</u>	<u>9,507</u>	<u>-</u>	<u>4,928</u>	<u>-</u>
							Equity attributable to shareholders of the parent	1,712,754	71	1,817,324	72	1,800,734	71
							Non-controlling interests (Note 21)	<u>579</u>	<u>-</u>	<u>569</u>	<u>-</u>	<u>745</u>	<u>-</u>
							Total equity	<u>1713,333</u>	<u>71</u>	<u>1,817,893</u>	<u>72</u>	<u>1,801,479</u>	<u>71</u>
Total assets	<u>\$2,420,728</u>	<u>100</u>	<u>\$2,514,701</u>	<u>100</u>	<u>\$2,538,771</u>	<u>100</u>	Total liabilities and equity	<u>\$2,420,728</u>	<u>100</u>	<u>\$2,514,701</u>	<u>100</u>	<u>\$2,538,771</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated May 9, 2023)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	Note	For the Three Months Ended March 31			
		2023		2022	
		Amount	%	Amount	%
NET OPERATING REVENUE	22,28	\$ 436,537	100	\$ 521,954	100
OPERATING COSTS	10,23,28	<u>302,321</u>	<u>69</u>	<u>389,649</u>	<u>74</u>
GROSS PROFIT		<u>134,216</u>	<u>31</u>	<u>132,305</u>	<u>26</u>
OPERATING EXPENSES	23,38				
Selling and marketing expenses		22,676	5	27,401	5
General and administrative expenses		30,732	7	30,077	6
Research and development expenses		<u>38,755</u>	<u>9</u>	<u>35,087</u>	<u>7</u>
Total operating expenses		<u>92,163</u>	<u>21</u>	<u>92,565</u>	<u>18</u>
INCOME FROM OPERATIONS		<u>42,053</u>	<u>10</u>	<u>39,740</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES	23				
Interest income		323	-	27	-
Other income		961	-	508	-
Other gains and losses		4,942	1	19,281	3
Finance costs		<u>(1,669)</u>	<u>-</u>	<u>(1,184)</u>	<u>-</u>
Total non-operating income and expenses		<u>4,557</u>	<u>1</u>	<u>(18,632)</u>	<u>3</u>
INCOME BEFORE INCOME TAX		46,610	11	58,372	11
INCOME TAX EXPENSE	4,24	<u>(10,862)</u>	<u>(2)</u>	<u>(12,885)</u>	<u>(2)</u>
NET INCOME		<u>35,748</u>	<u>9</u>	<u>45,487</u>	<u>9</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

		For the Three Months Ended March 31			
		2023		2022	
<u>Note</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that may be reclassified subsequently to profit or loss:				
	Exchange differences arising on translation of foreign operations	(\$ 378)	-	\$ 2,436	-
	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 35,370</u>	<u>9</u>	<u>\$ 47,923</u>	<u>9</u>
	NET INCOME ATTRIBUTABLE TO :				
	Shareholders of the parent	\$ 35,734	9	\$ 45,592	9
	Non-controlling interests	<u>14</u>	<u>-</u>	<u>(105)</u>	<u>-</u>
		<u>\$ 35,748</u>	<u>9</u>	<u>\$ 45,487</u>	<u>9</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :				
	Shareholders of the parent	\$ 35,360	9	\$ 48,002	9
	Non-controlling interests	<u>10</u>	<u>-</u>	<u>(79)</u>	<u>-</u>
		<u>\$ 35,370</u>	<u>9</u>	<u>\$ 47,923</u>	<u>9</u>
	EARNINGS PER SHARE				
	Basic	<u>\$ 0.36</u>		<u>\$ 0.46</u>	
	Diluted	<u>\$ 0.36</u>		<u>\$ 0.45</u>	

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

(With Deloitte & Touche review report dated May 9, 2023)

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

(Review, Not Audited)

	Equity Attributable to Shareholders of the Parent					Other Equity Exchange Differences on Translation of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings					
	Shares (In thousands)	Amount		Legal Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2022	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518	\$ 1,752,732	\$ 824	\$ 1,753,556
Net income (loss) for the three months ended March 31, 2022	-	-	-	-	45,592	-	45,592	(105)	45,487
Other comprehensive income (loss) for the three months ended March 31,2022, net of Income tax	-	-	-	-	-	2,410	2,410	26	2,436
Total comprehensive income (loss) for the three months ended March 31,2022	-	-	-	-	45,592	2,410	48,002	(79)	47,923
BALANCE AT MARCH 31, 2022	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,958	\$ 4,928	\$ 1,800,734	\$ 745	\$ 1,801,479
BALANCE AT JANUARY 1, 2023	99,950	\$ 999,502	\$ 68,368	\$ 497,454	\$ 242,493	\$ 9,507	\$ 1,817,324	\$ 569	\$ 1,817,893
Appropriation of 2022 earnings									
Cash dividends -\$1.40 per share	-	-	-	-	(139,930)	-	(139,930)	-	(139,930)
Net income for the three months ended March 31, 2023	-	-	-	-	35,734	-	35,734	14	35,748
Other comprehensive income (loss) for the three months ended March 31,2023, net of Income tax	-	-	-	-	-	(374)	(374)	(4)	(378)
Total comprehensive income (loss) for the three months ended March 31,2023	-	-	-	-	35,734	(374)	35,360	10	35,370
BALANCE AT MARCH 31, 2023	99,950	\$ 999,502	\$ 68,368	\$ 497,454	\$ 138,297	\$ 9,133	\$ 1,712,754	\$ 579	\$ 1,713,333

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

(With Deloitte & Touche review report dated May 9, 2023)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Note Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 46,610	\$ 58,372
Adjustments for :		
Depreciation expense	16,980	18,106
Amortization expense	2,617	5,756
Net loss on financial assets at fair value through profit or loss	-	920
Finance costs	1,669	1,184
Interest income	(323)	(27)
Property, plant and equipment transferred to expenses	137	657
Impairment loss on non-financial assets	1,500	1,500
Unrealized foreign exchange gain	(305)	(18,532)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	62,556	(5,528)
Other receivables	(1,796)	(3,421)
Inventories	(42,741)	(20,870)
Other current assets	(1,701)	(21,675)
Contract liabilities	(16,953)	(1,209)
Notes payable	(22,929)	3,465
Accounts payable	(42,356)	(38,332)
Other payables	(39,942)	(12,896)
Provisions	(1,090)	465
Other current liabilities	466	502
Net defined benefit assets	<u>163</u>	<u>178</u>
Cash generated from operations	(37,438)	(31,385)
Interest received	270	28
Interest paid	(1,669)	(1,184)
Income taxes paid	<u>(436)</u>	<u>-</u>
Net cash used in operating activities	<u>(39,273)</u>	<u>(32,541)</u>

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APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Note Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	\$ -	\$ 400
Acquisition of property, plant and equipment	(5,609)	(14,100)
Decrease in refundable deposits	30	155
Acquisition of intangible assets	(1,439)	(152)
Decrease (Increase) in prepayments for business facilities	<u>511</u>	(<u>912</u>)
Net cash used in investing activities	(<u>6,507</u>)	(<u>14,609</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	220,395	260,988
Decrease in short-term loans	(230,395)	(410,988)
Increase in guarantee deposits received	4	33
Payments of lease liabilities	(<u>2,179</u>)	(<u>2,091</u>)
Net cash used in financing activities	(<u>12,175</u>)	(<u>152,058</u>)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>3,089</u>	<u>8,673</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(54,866)	(190,535)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		
	<u>331,705</u>	<u>555,334</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD		
	<u>\$ 276,839</u>	<u>\$ 364,799</u>

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

(With Deloitte & Touche review report dated May 9, 2023)

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Apex Biotechnology Corporation (“APEX”) was incorporated on December 2, 1997 and engages mainly in research, development, production, manufacturing and selling of biochemical testing instruments and its detection strips, and trade of products and components relevant to the core business.

APEX’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 19, 2001.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issued by the Company’s board of directors on May 9, 2023.

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

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of APEX and its subsidiaries (collectively as the “Company”).

- b. New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

(Continued)

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

(Concluded)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

- 1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets or liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of APEX and the entities controlled by APEX (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of APEX and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Notes 11 and 31 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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 financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When developing material accounting estimates, the Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 283	\$ 2,081	\$ 381
Checking accounts and demand deposits	246,106	278,952	364,418
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>30,450</u>	<u>50,672</u>	<u>-</u>
	<u>\$ 276,839</u>	<u>\$ 331,705</u>	<u>\$ 364,799</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL -current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic emerging market shares	\$ 58,919	\$ 58,919	\$ 61,830
Domestic unlisted shares	<u>6,910</u>	<u>6,910</u>	<u>6,928</u>
	<u>\$ 65,829</u>	<u>\$ 65,829</u>	<u>\$ 68,758</u>
	March 31, 2023	December 31, 2022	March 31, 2022

Financial liabilities at FVTPL -current

Held for trading

Derivative instruments (not under hedge accounting)

Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363</u>
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At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2022</u>			
Sell	USD/NTD	May 5, 2022 to May 20, 2022	USD1,100/NTD31,115

The Company entered into forward exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>6,200</u>	\$ <u>6,200</u>	\$ <u>6,200</u>

- a. The interest rates range for time deposits with original maturities of more than 3 months was 0.790%~1.065% per annum as of March 31,2023, December 31,2022 and March 31, 2022.
- b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
Notes receivable - operating	\$ <u>3,797</u>	\$ <u>5,151</u>	\$ <u>4,983</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 417,111	\$ 481,650	\$ 486,546
Less: Allowance for impairment loss	<u>(32)</u>	<u>(32)</u>	<u>(30)</u>
	<u>417,079</u>	<u>481,618</u>	<u>486,516</u>
	<u>\$ 420,876</u>	<u>\$ 486,769</u>	<u>\$ 491,499</u>
<u>Other receivables</u>			
Tax receivable	\$ 11,828	\$ 10,028	\$ 15,794
Others	<u>138</u>	<u>89</u>	<u>1,598</u>
	<u>\$ 11,966</u>	<u>\$ 10,117</u>	<u>\$ 17,392</u>

Accounts receivable

The average credit period of sales of goods is 15 days to 90 days. No interest is charged on accounts receivable. To strengthen the credit risk management, small amount of credit limit is offered to the new client. Once the transaction is stable and the sales amount has reached a certain level, would entrust the professional credit investigation agency to determine the credit limit of the customer based on the relevant reports, complimented with other supervision procedures to ensure appropriate actions has been taken to guarantee the collection of the overdue receivables. Moreover, the Company will double check the collectable amount of the account receivables on the balance sheet date as the assurance that the uncollectable account receivables has been listed and recognized as appropriate impairment loss.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. The Company uses different provision matrixes based on customer segments by credit rating, transaction type, and determines the expected credit loss rate by reference to past due days of accounts receivable.

The Company writes off an account receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

March 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$326,171	\$ 36,072	\$ 54,781	\$ 87	\$ -	\$417,111
Loss allowance						
(Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(22)</u>	<u>-</u>	<u>(32)</u>
Amortized cost	<u>\$326,171</u>	<u>\$ 36,072</u>	<u>\$ 54,771</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$417,079</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$372,592	\$ 61,370	\$ 47,674	\$ 14	\$ -	\$481,650
Loss allowance						
(Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(14)</u>	<u>-</u>	<u>(32)</u>
Amortized cost	<u>\$372,592</u>	<u>\$ 61,370</u>	<u>\$ 47,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$481,618</u>

March 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$443,875	\$ 39,837	\$ 2,788	\$ 46	\$ -	\$486,546
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>(2)</u>	<u>-</u>	<u>(30)</u>
Amortized cost	<u>\$443,875</u>	<u>\$ 39,837</u>	<u>\$ 2,760</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$486,516</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 32	\$ 29
Foreign exchange gains and losses	<u>-</u>	<u>1</u>
Balance at March 31	<u>\$ 32</u>	<u>\$ 30</u>

10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods and merchandise	\$ 85,926	\$ 94,737	\$ 98,569
Work in progress	287,518	293,973	260,602
Raw materials	<u>407,049</u>	<u>350,542</u>	<u>288,784</u>
	<u>\$ 780,493</u>	<u>\$ 739,252</u>	<u>\$ 647,955</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 were NT\$302,321 thousand and NT\$389,649 thousand, respectively. The cost of goods sold included inventory write-downs for the three months ended March 31, 2023 and 2022 was NT\$1,500 thousand.

11. SUBSIDIARIES

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
APEX	Omnis Health LLC	Import and exports of medical equipment and its relevant business	99%	99%	99%	-
	Apex Biotechnology (Suzhou) Corporation	Import and exports of medical equipment and its relevant business	96%	96%	96%	1

Note 1 : The subsidiary included in the consolidated financial statements is non-significant, and its financial statements has not been reviewed.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment under Acceptance	Total
<u>Cost</u>									
Balance at January 1, 2023	\$261,675	\$604,129	\$506,565	\$ 38,829	\$ 2,955	\$ 20,152	\$197,945	\$ 10,906	\$ 1,643,156
Additions	-	-	779	-	-	27	481	1,669	2,956
Disposals	-	-	(2,477)	-	-	-	(8)	(137)	(2,622)
Reclassification	-	-	1,776	-	-	-	249	(2,025)	-
Effects of exchange rate changes	-----	-----	(12)	-----	-----	(3)	3	-----	(12)
Balance at March 31, 2023	<u>\$261,675</u>	<u>\$604,129</u>	<u>\$506,631</u>	<u>\$ 38,829</u>	<u>\$ 2,955</u>	<u>\$ 20,176</u>	<u>\$198,670</u>	<u>\$ 10,413</u>	<u>\$1,643,478</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	\$ -	\$337,248	\$445,738	\$ 25,962	\$ 2,432	\$ 16,184	\$174,222	\$ -	\$1,001,786
Depreciation expenses	-	5,936	3,957	985	32	355	3,405	-	14,670
Disposals	-	-	(2,477)	-	-	-	(8)	-	(2,485)
Effects of exchange rate changes	-----	-----	(2)	-----	-----	(3)	3	-----	(2)
Balance at March 31, 2023	<u>\$ -----</u>	<u>\$343,184</u>	<u>\$447,216</u>	<u>\$ 26,947</u>	<u>\$ 2,464</u>	<u>\$ 16,536</u>	<u>\$177,622</u>	<u>\$ -----</u>	<u>\$1,013,969</u>
Carrying amount at March 31, 2023	<u>\$261,675</u>	<u>\$260,945</u>	<u>\$ 59,415</u>	<u>\$ 11,882</u>	<u>\$ 491</u>	<u>\$ 3,640</u>	<u>\$ 21,048</u>	<u>\$ 10,413</u>	<u>\$629,509</u>
Carrying amount at December 31, 2022 and									
January 1, 2023	<u>\$261,675</u>	<u>\$266,881</u>	<u>\$ 60,827</u>	<u>\$ 12,867</u>	<u>\$ 523</u>	<u>\$ 3,968</u>	<u>\$ 23,723</u>	<u>\$ 10,906</u>	<u>\$641,370</u>

	Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment under Acceptance	Total
<u>Cost</u>									
Balance at January 1, 2022	\$261,675	\$601,955	\$489,106	\$ 38,246	\$ 2,314	\$ 19,198	\$195,330	\$ 10,052	\$1,617,876
Additions	-	1,067	1,226	-	641	260	327	10,153	13,674
Disposals	-	-	(8,858)	-	-	-	(203)	(657)	(9,718)
Reclassification	-	503	4,438	-	-	-	100	(5,041)	-
Effects of exchange rate changes	-	-	46	-	-	28	31	-	105
Balance at March 31, 2022	<u>\$261,675</u>	<u>\$603,525</u>	<u>\$485,958</u>	<u>\$ 38,246</u>	<u>\$ 2,955</u>	<u>\$ 19,486</u>	<u>\$195,585</u>	<u>\$ 14,507</u>	<u>\$1,621,937</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2022	\$ -	\$311,621	\$442,751	\$ 21,820	\$ 2,307	\$ 14,927	\$160,421	\$ -	\$953,847
Depreciation expenses	-	7,174	3,485	1,039	29	383	3,730	-	15,840
Disposals	-	-	(8,858)	-	-	-	(203)	-	(9,061)
Effects of exchange rate changes	-	-	3	-	-	25	19	-	47
Balance at March 31, 2022	<u>\$ -</u>	<u>\$318,795</u>	<u>\$437,381</u>	<u>\$ 22,859</u>	<u>\$ 2,336</u>	<u>\$ 15,335</u>	<u>\$163,967</u>	<u>\$ -</u>	<u>\$960,673</u>
Carrying amount at March 31, 2022	<u>\$261,675</u>	<u>\$284,730</u>	<u>\$ 48,577</u>	<u>\$ 15,387</u>	<u>\$ 619</u>	<u>\$ 4,151</u>	<u>\$ 31,618</u>	<u>\$ 14,507</u>	<u>\$661,264</u>

The Company's property, plant and equipment are all for self-use.

No impairment loss recognized or reversed for the three months ended March 31, 2023 and 2022.

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

Buildings

Main buildings	21-47 years
Electronic equipment	2-16 years
Machinery equipment	1-11 years
Testing equipment	2-10 years
Transportation equipment	2-6 years
Office equipment	2-7 years
Miscellaneous equipment	2-20 years
Leasehold improvements	5-7 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 108,110	\$ 109,050	\$ 111,358
Buildings	12,773	13,894	16,048
Transportation equipment	893	1,100	67
Office equipment	<u>526</u>	<u>665</u>	<u>1,083</u>
	<u>\$ 122,302</u>	<u>\$ 124,709</u>	<u>\$ 128,556</u>

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 209</u>
Depreciation charge for right-of-use assets		
Land	\$ 940	\$ 936
Buildings	1,024	957
Transportation equipment	207	234
Office equipment	<u>139</u>	<u>139</u>
	<u>\$ 2,310</u>	<u>\$ 2,266</u>

Except for the aforementioned additions and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 8,070</u>	<u>\$ 8,014</u>	<u>\$ 6,865</u>
Non-current	<u>\$ 120,335</u>	<u>\$ 122,668</u>	<u>\$ 126,314</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	2.93%	2.93%	2.93%
Buildings	0.86%-3.85%	0.86%-3.85%	0.86%-3.85%
Transportation equipment	5.69%	5.69%	5.69%
Office equipment	5.69%	5.69%	5.69%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 2~33 years.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ 550	\$ 642
Total cash outflow for leases	\$ (3,630)	\$ (3,657)

14. INTANGIBLE ASSETS

	Software	Trademarks	Patents	Customer Relationship	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 22,892	\$ 151,726	\$ 27,281	\$ 98,886	\$ 300,785
Additions	478	-	961	-	1,439
Effects of exchange rate changes	(45)	(1,247)	-	(837)	(2,129)
Balance at March 31, 2023	<u>\$ 23,325</u>	<u>\$ 150,479</u>	<u>\$ 28,242</u>	<u>\$ 98,049</u>	<u>\$ 300,095</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 17,652	\$ 102,723	\$ 12,383	\$ 98,886	\$ 231,644
Amortization expenses	385	1,792	440	-	2,617
Effects of exchange rate changes	(45)	(843)	-	(837)	(1,725)
Balance at March 31, 2023	<u>\$ 17,992</u>	<u>\$ 103,672</u>	<u>\$ 12,823</u>	<u>\$ 98,049</u>	<u>\$ 232,536</u>
Carrying amount at March 31, 2023	<u>\$ 5,333</u>	<u>\$ 46,807</u>	<u>\$ 15,419</u>	<u>\$ -</u>	<u>\$ 67,559</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 5,240</u>	<u>\$ 49,003</u>	<u>\$ 14,898</u>	<u>\$ -</u>	<u>\$ 69,141</u>

	Customer				Total
	Software	Trademarks	Patents	Relationship	
<u>Cost</u>					
Balance at January 1, 2022	\$ 19,302	\$ 137,024	\$ 26,581	\$ 89,129	\$ 272,036
Additions	152	-	-	-	152
Effects of exchange rate changes	<u>168</u>	<u>4,535</u>	<u>-</u>	<u>3,043</u>	<u>7,746</u>
Balance at March 31, 2022	<u>\$ 19,622</u>	<u>\$ 141,559</u>	<u>\$ 26,581</u>	<u>\$ 92,172</u>	<u>\$ 279,934</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 15,886	\$ 73,308	\$ 10,698	\$ 65,666	\$ 165,558
Amortization expenses	304	2,067	418	2,967	5,756
Effects of exchange rate changes	<u>167</u>	<u>2,466</u>	<u>-</u>	<u>2,309</u>	<u>4,942</u>
Balance at March 31, 2022	<u>\$ 16,357</u>	<u>\$ 77,841</u>	<u>\$ 11,116</u>	<u>\$ 70,942</u>	<u>\$ 176,256</u>
Carrying amount at March 31, 2022	<u>\$ 3,265</u>	<u>\$ 63,718</u>	<u>\$ 15,465</u>	<u>\$ 21,230</u>	<u>\$ 103,678</u>

Based on the revised estimation in 2022, the collectable amount of the receivables is less than the carrying amount, thus the recognized impairment loss is \$24,887 thousand.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trademarks	2-12.7 years
Patents	1-19 years
Software	1-10 years
Customer Relationship	1-6.7 years

15. OTHER CURRENT ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Prepayments (Note)	\$ 21,200	\$ 18,998	\$ 31,499
Others	<u>1,307</u>	<u>1,808</u>	<u>1,815</u>
	<u>\$ 22,507</u>	<u>\$ 20,806</u>	<u>\$ 33,314</u>

Note : The prepayments were mainly for the prepayment of patents, maintenance expenses, trademarks and insurance expenses, etc.

16. BORROWINGS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Working capital loans	\$ <u>40,000</u>	\$ <u>50,000</u>	\$ <u>-</u>

The interest rate on bank borrowing were 1.98% and 1.70% at March 31,2023 and 2022, respectively.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes payable</u>			
Operating	\$ <u>40,296</u>	\$ <u>63,225</u>	\$ <u>62,198</u>
<u>Accounts payable</u>			
Operating	\$ <u>183,520</u>	\$ <u>226,460</u>	\$ <u>249,040</u>

The average credit period on purchases of certain goods was 30-90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 23,639	\$ 66,970	\$ 51,317
Payables for employees' compensation and remuneration of directors	19,242	17,361	20,235
Payables for purchases of equipment	671	3,324	548
Others (Note)	<u>56,818</u>	<u>55,313</u>	<u>53,911</u>
	\$ <u>100,370</u>	\$ <u>142,968</u>	\$ <u>126,011</u>
	March 31, 2023	December 31, 2022	March 31, 2022
<u>Other liabilities</u>			
Receipts under custody	\$ <u>3,492</u>	\$ <u>3,026</u>	\$ <u>3,391</u>

Note: Other item refers to the consumables occurred from the operation, utility bills and maintenance for cleaning, etc. relevant payables.

19. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Employee benefits (Note)	\$ <u>9,811</u>	\$ <u>10,901</u>	\$ <u>10,215</u>

Note : The provision for employee benefits represents vested service leave entitlements accrued.

20. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were NT\$164 thousand, NT\$177 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

21. EQUITY

a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized capital	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>
Issued and paid shares (in thousands)	<u>99,950</u>	<u>99,950</u>	<u>99,950</u>
Issued capital	\$ <u>999,502</u>	\$ <u>999,502</u>	\$ <u>999,502</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Conversion of convertible bonds	\$ 26,570	\$ 26,570	\$ 26,570
Treasury share transactions	1,592	1,592	1,592
Transfer in from shares option due to convertible bonds repayment	<u>40,206</u>	<u>40,206</u>	<u>40,206</u>
	\$ <u>68,368</u>	\$ <u>68,368</u>	\$ <u>68,368</u>

Note : Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit,

such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividends policy

APEX passed a resolution in the shareholders' meeting on May 27, 2022 to amend its Articles of Association, stipulating that the company authorizes a special resolution of the board of directors to distribute dividends and bonuses in cash and report to the shareholders' meeting.

According to the distribution policy of APEX's amended Articles of Association, if there is a surplus in the annual final accounts, the tax payable should be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to APEX's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution. If all or part of the above-mentioned distribution of dividends and bonuses is made in the form of cash distribution, the board of directors shall be authorized to do so with the presence of more than two-thirds of the directors and the consent of more than half of the directors present, and report to the shareholders' meeting.

As the distribution policy before the amendment of APEX's article of association, if there is a surplus in the annual final accounts, the tax payable shall be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to APEX's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution.

For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Based on the article of association of APEX, the dividend policy mainly takes the considerations of future expansion scale for operation and the demand for cash flow into account, and shareholders' interest, balance the stock dividend and long-term company financial planning, etc. The shareholder dividend shall be more than 50% of the accumulated distributed earnings, among which the cash dividend shall be not less than 20% of the total amount of the distributed dividend.

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

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

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2022	2021
Legal reserve	<u>\$ 18,754</u>	<u>\$ 20,476</u>
Cash dividends	<u>\$ 139,930</u>	<u>\$ 129,935</u>
Cash dividends per share (NT\$)	\$ 1.4	\$ 1.3

The above 2022 appropriations for cash dividends had been resolved by the Company's board of directors on March 10, 2023. The other proposed appropriations for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023. The appropriations for 2021 had been resolved by the shareholders in their meeting on May 27, 2022.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Three Months Ended	
	March 31	
	2023	2022
Balance at January 1	\$ 9,507	\$ 2,518
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>(374)</u>	<u>2,410</u>
Balance at March 31	<u>\$ 9,133</u>	<u>\$ 4,928</u>

e. Non-controlling interests

	For the Three Months Ended	
	March 31	
	2023	2022
Balance at January 1	\$ 569	\$ 824
Share in profit (loss) for the period	14	(105)
Other comprehensive income (loss) during the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>(4)</u>	<u>26</u>
Balance at March 31	<u>\$ 579</u>	<u>\$ 745</u>

22. REVENUE

	For the Three Months Ended	
	March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 435,107	\$ 515,349
Other operating revenue	<u>1,430</u>	<u>6,605</u>
	<u>\$ 436,537</u>	<u>\$ 521,954</u>

a. Contract information

Revenue from the sale of goods

The company estimates the discount amount based on the range of price discounts given in the past, using the most probable amount. However, taking into the account that major competitors provide more favorable discounts than the estimated amount, the Company determines the revenue recognition amount based on the favorable discount. The remaining products are sold at a fixed price as agreed in the contract.

b. Contract balances

	March 31	December 31,	March 31	January 1,
	2023	2022	2022	2022
Accounts receivable (Note 9)	<u>\$ 417,079</u>	<u>\$ 481,618</u>	<u>\$ 486,516</u>	<u>\$ 467,703</u>
Contract liabilities				
Sale of goods	<u>\$ 12,090</u>	<u>\$ 29,043</u>	<u>\$ 91,851</u>	<u>\$ 93,060</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

**For the Three Months Ended
March 31**

	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	<u>\$ 23,129</u>	<u>\$ 3,889</u>

c. Disaggregation of revenue

**For the Three Months Ended
March 31**

	2023	2022
Italy	184,585	189,877
USA	\$ 140,822	\$ 192,449
Austria	47,469	68,124
Others	<u>63,661</u>	<u>71,504</u>
	<u>\$ 436,537</u>	<u>\$ 521,954</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

**For the Three Months Ended
March 31**

	2023	2022
Bank deposits	<u>\$ 323</u>	<u>\$ 27</u>

b. Other income

**For the Three Months Ended
March 31**

	2023	2022
Rental income	\$ 403	\$ 331
Others	<u>558</u>	<u>177</u>
	<u>\$ 961</u>	<u>\$ 508</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Net foreign exchange gains	\$ 4,942	\$ 20,201
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	-	44
Financial liabilities held for trading	<u>-</u>	<u>(964)</u>
	<u>\$ 4,942</u>	<u>\$ 19,281</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on lease liabilities	\$ 901	\$ 924
Interest on bank loans	<u>768</u>	<u>260</u>
	<u>\$ 1,669</u>	<u>\$ 1,184</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 10,831	\$ 11,245
Operating expenses	<u>6,149</u>	<u>6,861</u>
	<u>\$ 16,980</u>	<u>\$ 18,106</u>
An analysis of amortization by function		
Operating costs	\$ 191	\$ 125
Selling and marketing expenses	857	4,171
General and administrative expenses	1,006	942
Research and development expenses	<u>563</u>	<u>518</u>
	<u>\$ 2,617</u>	<u>\$ 5,756</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Short-term benefits	\$ 129,955	\$ 140,077
Post-employment benefits		
Defined contribution plan	4,125	4,034
Defined benefit plans (Note 20)	<u>164</u>	<u>177</u>
Total employee benefits expense	<u>\$ 134,244</u>	<u>\$ 144,288</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 79,189	\$ 90,196
Operating expenses	<u>55,055</u>	<u>54,092</u>
	<u>\$ 134,244</u>	<u>\$ 144,288</u>

g. Compensation of employees and remuneration of directors

According to the APEX's Articles, APEX accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months ended March 31, 2023 and 2022, are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2023	2022
Compensation of employees	7%	7%
Remuneration of directors	1%	1%

Amount

	For the Three Months Ended March 31	
	2023	2022
Compensation of employees	<u>\$ 3,545</u>	<u>\$ 4,448</u>
Remuneration of directors	<u>\$ 506</u>	<u>\$ 635</u>

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

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on March 10, 2023 and March 18, 2022, respectively, are as shown below:

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 15,191	\$ -	\$ 15,152	\$ -
Remuneration of directors	2,170	-	2,020	-

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

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended	
	March 31	
	2023	2022
Foreign exchange gains	\$ 13,034	\$ 23,926
Foreign exchange losses	<u>(8,092)</u>	<u>(3,725)</u>
	<u>\$ 4,942</u>	<u>\$ 20,201</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 10,971	\$ 10,017
Adjustments for prior periods	-	6,178
Deferred tax		
In respect of the current period	<u>(109)</u>	<u>(3,310)</u>
Income tax expense recognized in profit or loss	<u>\$ 10,862</u>	<u>\$ (12,885)</u>

b. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.46</u>
Diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.45</u>

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2023	2022
Profit for the period attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	<u>\$ 35,734</u>	<u>\$ 45,592</u>

Number of shares (in thousands)

	For the Three Months Ended	
	March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,950	99,950
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>586</u>	<u>682</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,536</u>	<u>100,632</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of equity attributable to owners of the Company (comprising share capital, capital surplus, retained earnings and other equity).

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

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, or the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities that not measured at fair value were approximate their fair values.

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

1) Fair value hierarchy

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ -	\$ -	\$ 58,919	\$ 58,919
Domestic unlisted shares	-	-	6,910	6,910
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,829</u>	<u>\$ 65,829</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ -	\$ -	\$ 58,919	\$ 58,919
Domestic unlisted shares	-	-	6,910	6,910
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,829</u>	<u>\$ 65,829</u>

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market shares	\$ 61,830	\$ -	\$ -	\$ 61,830
Domestic unlisted shares	-	-	6,928	6,928
	<u>\$ 61,830</u>	<u>\$ -</u>	<u>\$ 6,928</u>	<u>\$ 68,758</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 363</u>

There were no transfers between Level 1 and Level 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - forward exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

- a) Partial domestic emerging market shares equity investment adopts market method, which refers to the price base of the benchmark stock and consider the differences between the evaluated target and the benchmark stock, adding on the value of the appropriate multiply to the evaluation target. The major unobservable of the asset input value is listed as below. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	March 31, 2023	December 31, 2022	March 31, 2022
Discount for lack of marketability	15.35%	15.35%	-

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Discount for lack of marketability			
1% increase	<u>\$ (696)</u>	<u>\$ (696)</u>	<u>\$ -</u>
1% decrease	<u>\$ 696</u>	<u>\$ 696</u>	<u>\$ -</u>

- b) Part of the unlisted equity investment adopts an asset-based approach to evaluate the total value of the individual asset and individual liabilities of the target to reflect the total value of the company or business. The major unobservable input value is listed as follows. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	March 31, 2023	December 31, 2022	March 31, 2022
Discount for lack of marketability	20%	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Discount for lack of marketability			
1% increase	\$ (103)	\$ (86)	\$ (85)
1% decrease	\$ 103	\$ 86	\$ 85

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
<u>FVTPL</u>			
Mandatorily classified as at FVTPL	\$ 65,829	\$ 65,829	\$ 68,758
Financial assets at amortized cost (Note 1)	708,127	828,872	867,986
<u>Financial liabilities</u>			
<u>FVTPL</u>			
Held for trading	-	-	363
Measured at amortized cost (Note 2)	321,792	398,807	366,192

Note 1 : The balances include financial assets at amortized cost, which comprise cash and cash equivalents, pledged deposits, notes receivable and accounts receivable (including from related parties), other receivables and refundable deposits.

Note 2 : The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including from related parties), other payables (including from related parties) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Company's risk management committee, that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the USD, RMB, EUR and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2023	2022	2023	2022
Profit or loss	<u>\$ 2,201</u>	<u>\$ 1,728</u>	<u>\$ 168</u>	<u>\$ 145</u>

	EUR Impact		JPY Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2023	2022	2023	2022
Profit or loss	<u>\$ 3,455</u>	<u>\$ 5,176</u>	<u>\$ 7</u>	<u>\$ 8</u>

b) Interest rate risk

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 36,650	\$ 56,872	\$ 6,200
Financial liabilities	168,405	180,682	133,179
Cash flow interest rate risk			
Financial assets	246,106	278,944	364,418

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the three months ended March 31, 2023 and 2022 would have increased/decreased by NT\$62 thousand and NT\$91 thousand, respectively, which was mainly a result of variable-rate of net assets.

c) Other price risk

The Company was exposed to price risk through equity investments and mutual funds. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. The Company's price risk is mainly concentrated in equity investment and mutual funds in Taiwan.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$NT3,291 thousand and NT\$3,438 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparties to discharge its obligation by the Company, comes from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the financial positions of customers.

The Company's credit risk is mainly concentrated in the Company's top three customers, as of March 31, 2023, December 31, 2022 and March 31 2022, the total accounts receivable from the aforementioned customer's ratio of 89% , 79% and 80%, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2023

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,541	\$ 32,515	\$ 139,413
Notes payable	40,296	-	-
Accounts payable	183,520	-	-
Other payables	100,370	-	-
Fixed interest rate liabilities	<u>40,079</u>	<u>-</u>	<u>-</u>
	<u>\$ 375,806</u>	<u>\$ 32,515</u>	<u>\$ 139,413</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Fixed interest rate liabilities	\$40,079	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>11,541</u>	<u>32,515</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>51,363</u>
	<u>\$51,620</u>	<u>\$32,515</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$ 51,363</u>

December 31, 2022

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,541	\$ 34,228	\$ 140,879
Notes payable	63,225	-	-
Accounts payable	226,460	-	-
Other payables	142,968	-	-
Fixed interest rate liabilities	<u>50,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 494,194</u>	<u>\$ 34,228</u>	<u>\$ 140,879</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Fixed interest rate liabilities	\$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>11,541</u>	<u>34,228</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>52,829</u>
	<u>\$61,541</u>	<u>\$34,228</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$52,829</u>

March 31, 2022

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 10,456	\$ 36,453	\$ 144,643
Notes payable	62,198	-	-
Accounts payable	249,040	-	-
Other payables	<u>126,011</u>	<u>-</u>	<u>-</u>
	<u>\$ 447,705</u>	<u>\$ 36,453</u>	<u>\$ 144,643</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than		5-10	10-15	15-20	
	1 Year	1-5 Years	Years	Years	Years	20+ Years
Lease liabilities	<u>\$ 10,456</u>	<u>\$36,453</u>	<u>\$29,221</u>	<u>\$29,221</u>	<u>\$29,221</u>	<u>\$56,980</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

March 31, 2022

	On				
	Demand or				
	Less than		3 Months		
	1 Month	1-3 Months	to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange					
forward contracts					
Inflows	\$ -	\$ 31,115	\$ -	\$ -	\$ -
Outflows	<u>-</u>	<u>(31,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>(\$ 363)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Uncollateralized Bank loan facilities			
Amount used	\$ 40,000	\$ 50,000	\$ -
Amount unused	<u>542,700</u>	<u>587,810</u>	<u>614,875</u>
	<u>\$ 582,700</u>	<u>\$ 637,810</u>	<u>\$ 614,875</u>
	March 31, 2023	December 31, 2022	March 31, 2022
Collateralized Bank loan facilities			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>91,350</u>	<u>92,130</u>	<u>85,876</u>
	<u>\$ 91,350</u>	<u>\$ 92,130</u>	<u>\$ 85,876</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between APEX and its subsidiaries, which are related parties of APEX, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and related parties are disclosed as below.

a. Related party name and category

<u>Related Party Name</u>	<u>Relationship with the Company</u>
METERTECH INC.	Others

b. Sales of goods

Line Item	Related Party Category/Name	For the Three Months Ended	
		March 31	
		2023	2022
Sales	Others	<u>\$ 158</u>	<u>\$ 85</u>

c. Purchases of goods

Line Item	Related Party Category/Name	For the Three Months Ended	
		March 31	
		2023	2022
Cost of goods sold	Others	\$ <u>1,274</u>	\$ <u>1,396</u>

The Company has no comparable counterparties to compare with the sales and purchase prices of related parties. The payment terms for sales and purchases of related parties and non-related parties were 30 to 120 days after monthly closing or after receiving the goods.

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31,	December	March 31,
		2023	31, 2022	2022
Notes receivable and accounts receivable	Others	\$ <u>165</u>	\$ <u>64</u>	\$ <u>89</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31,	December	March 31,
		2023	31, 2022	2022
Accounts payable	Others	\$ <u>872</u>	\$ <u>2,035</u>	\$ <u>1,466</u>
Other payables	Others	\$ <u>6</u>	\$ <u>-</u>	\$ <u>-</u>

The outstanding accounts payable from related parties are unsecured and will be settled in cash.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended	
		March 31	
		2023	2022
Operating expenses	Others	\$ <u>6</u>	\$ <u>61</u>

The Company has no comparable counterparties to compare with the operating expenses of related parties.

g. Compensation of key management personnel

	For the Three Months Ended	
	March 31	
	2023	2022
Short-term benefits	\$ 4,694	\$ 4,794
Post-employment benefits	<u>54</u>	<u>53</u>
	<u>\$ 4,748</u>	<u>\$ 4,847</u>

The remuneration of directors and other key executives, were determined by the remuneration committee, based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantee for land lease to the Hsinchu Science Park Bureau.

	March 31,	December 31,	March 31,
	2023	2022	2022
Pledged time deposits (classified as financial assets at amortized cost)	<u>\$ 6,200</u>	<u>\$ 6,200</u>	<u>\$ 6,200</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2023

	Foreign		Carrying
	Currency	Exchange Rate	Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,241	30.450(USD:NTD)	\$ 281,388
USD	20	6.872(USD:RMB)	609
EUR	10,422	33.150	345,489
RMB	3,787	4.431	16,780
JPY	9,722	0.2288	<u>2,224</u>
			<u>\$ 646,490</u>

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 2,032	30.450	\$ 61,874
JPY	6,811	0.2288	1,558
RMB	6	4.431	<u>27</u>
			<u>\$ 63,459</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,598	30.710(USD:NTD)	\$ 356,175
USD	20	6.983 (USD:RMB)	614
EUR	12,826	32.720	419,667
RMB	4,427	4.408	19,514
JPY	7,112	0.2324	<u>1,653</u>
			<u>\$ 797,623</u>

Financial liabilities

Monetary items			
USD	2,428	30.710	\$ 74,564
GBP	81	37.090	3,004
JPY	6,830	0.2324	<u>1,587</u>
			<u>\$ 79,155</u>

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,153	28.625(USD:NTD)	\$ 233,380
USD	60	6.348(USD:RMB)	1,716
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
EUR	\$ 16,215	31.920	\$ 517,583
RMB	3,457	4.506	15,577
JPY	8,638	0.2353	<u>2,033</u>
			<u>\$ 770,289</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,177	28.625	\$ 62,317
JPY	5,391	0.2353	1,269
RMB	229	4.506	<u>1,032</u>
			<u>\$ 64,618</u>
Non-monetary items			
Derivative instruments			
USD	1,100	28.625	<u>\$ 363</u>
			(Concluded)

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

Foreign Currency	For the Three Months Ended March 31			
	2023		2022	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)
USD	30.450 (USD:NTD)	\$ (145)	28.625 (USD:NTD)	\$ 2,878
EUR	33.150 (EUR:NTD)	7,573	31.920 (EUR:NTD)	6,097
RMB	4.431 (RMB:NTD)	68	4.506 (RMB:NTD)	376
JPY	0.2288 (JPY:NTD)	34	0.2353 (JPY:NTD)	48
CHF	33.275 (CHF:NTD)	<u>4</u>	30.935 (CHF:NTD)	<u>28</u>
		<u>\$ 7,534</u>		<u>\$ 9,427</u>

31. SEPARATELY DISCLOSED ITEMS

Except for items (a) to (g), there are no other significant transactions, information on investees and information on investment in mainland China that should be disclosed.

a. Financing provided to others

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	APEX	Omnis	Other receivables - related parties	Yes	\$ 60,900 (USD2,000 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	1.07%~5.01%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 513,826	\$ 685,101
		Omnis	Other receivables - related parties	Yes	\$ 60,900 (USD2,000 thousand)	\$ 60,900 (USD2,000 thousand)	39,585 (USD1,300 thousand)	4.50%	The need for short-term financing	\$ -	Operating capital	-	-	-	\$ 513,826	\$ 685,101

Note 1 : Financing limit for each borrower which APEX directly or indirectly owns more than 20% of its voting shares, shall not exceed 30% of APEX's net equity as stated in latest financial statements.

Note 2 : The aggregate financing limit shall not exceed 40% of APEX's net equity as stated in latest financial statements.

b. Endorsements/guarantees provided

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	APEX	Omnis	Subsidiary	\$ 342,550	\$ 76,125 (USD 2,500 thousand)	\$ 76,125 (USD 2,500 thousand)	\$ - (USD - thousand)	\$ 76,125	4.44	\$ 856,377	Yes	No	No

Note 1 : Limit on endorsements/guarantees given on behalf of each party shall not exceed 20% of APEX's net equity as stated in latest financial statements.

Note 2 : The aggregate endorsements/guarantees limit shall less than 50% of APEX's net equity as stated in latest financial statements.

c. Marketable securities held

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
APEX	Shares : Lytone Enterprise, Inc.	—	FVTPL- current	2,030,286	\$ 58,919	12	\$ 58,919
	Shares : Ascendax Venture Capital Corporation	—	FVTPL- current	785,400	6,910	2	6,910
	H2 INC.	—	FVTPL- current	899,646	-	1	-
	Shares : Shieh-tai Biochemical Technology Co., Ltd.	—	FVTPL- current	372,000	-	1	-

Note : The marketable securities listed above were not pledged, guarantees or otherwise restricted by contract as of March 31, 2023.

d. Intercompany relationships and significant transactions

For the Three Months Ended March 31, 2023

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 2)	% to Total Revenues or Assets
0	APEX	APEX(Suzhou)	1	Sales	\$ 1,598	—	0.37%
				Net receivable from related parties	3,949	—	0.16%
				Purchase	907	—	0.21%
				Accounts payable	940	—	0.04%
				Sales	15,684	—	3.59%
				Net receivable from related parties	31,079	—	1.28%
				Interest revenue	461	—	0.11%
1	APEX(Suzhou)	Omnis	2	Other receivables from related parties	39,908	—	1.65%
				Sales	2,608	—	0.60%

Note 1 : The transactions from the parent company to the subsidiary are denoted as 1. The transactions between two subsidiaries are denoted as 2.

Note 2 : The Company has no comparable counterparties to compare with the sales prices of subsidiaries. The payment terms for sales with subsidiaries were 120 to 150 days after monthly closing.

e. Information on investees

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)
				March 31, 2023	December 31, 2022	Shares/Units	(%)	Carrying Amount		
APEX	Omnis	USA	Wholesale of medical consumable and medical equipment	\$ 526,613	\$ 526,613	70,312,094	99	\$ 42,275	(\$ 1,105)	(\$ 1,092)

f. Information on investment in mainland china

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outflow	Inflow						
APEX (Suzhou)	Wholesale of medical consumable and medical equipment	\$ 35,394 (RMB 7,000 thousand)	(Note 1)	\$ 33,975 (RMB 6,700 thousand)	\$ -	\$ -	\$ 33,975 (RMB 6,700 thousand)	\$ 609	96%	\$ 583	\$ 1,858	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$33,975 (RMB 6,700 thousand)	\$33,975 (RMB 6,700 thousand)	\$1,027,652

Note 1 : Direct investment in mainland China.

Note 2 : The amount was recognized based on the unreviewed financial statements of the investee company.

g. Information of major shareholders

Name of shareholders with ownership of 5% or greater, amount and proportion of shareholding.

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Yen Shih Shen	9,744,579	9.74%

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of product. Each product has similar economic characteristics and sales through the centralized sales approach, thus, the Company aggregated into a one operating segment. The segment information presented to the chief operating decision maker are consistent

with the information in the financial statements. The segment revenues and operating results for the three months ended March 31, 2023 and 2022 are shown in the comprehensive income statements for the three months ended March 31, 2023 and 2022. The segment assets as of March 31, 2023 and March 31, 2022 are shown in the consolidated balance sheets as of March 31, 2023 and March 31, 2022.