

Stock Code :1733

Apex Biotechnology Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statement of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 September 30, 2023, and 2022, the combined total assets of these non-significant subsidiaries were NT\$11,244 thousand and NT\$16,758 thousand, respectively, representing 0.50% and 0.65%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$2,956 thousand and NT\$7,745 thousand, respectively, representing 0.62% and 0.97%, respectively, of the consolidated total liabilities; for

the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income and loss of these subsidiaries were NT\$(218) thousand, NT\$352 thousand, NT\$1,457 thousand and NT\$544 thousand, respectively, representing (0.55)%, 0.51%, 1.42% and 0.37%, respectively, of the consolidated total comprehensive income and loss.

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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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

November 10, 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	September 30, 2023		December 31, 2022		September 30, 2022		LIABILITIES AND EQUITY	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets							Current liabilities						
Cash and cash equivalents (Note 6)	\$ 251,979	11	\$ 331,705	13	\$ 383,984	15	Short-term loans (Note 16)	\$ -	-	\$ 50,000	2	\$ 100,000	4
Financial assets at fair value through profit or loss – current (Note 7)	60,414	3	65,829	3	66,651	2	Contract liabilities - current (Note 22)	17,928	1	29,043	1	28,296	1
Notes and accounts receivable, net (Notes 9, 22 and 29)	343,821	15	486,769	19	484,381	19	Notes payable (Note 17)	29,835	1	63,225	3	74,787	3
Other receivables (Note 9)	8,368	1	10,117	1	17,235	1	Accounts payable (Notes 17 and 29)	110,025	5	226,460	9	269,691	11
Inventories (Note 10)	748,802	33	739,252	29	692,725	27	Other payables (Notes 18 and 29)	130,522	6	142,968	6	138,097	5
Other current assets (Note 15)	23,927	1	20,806	1	26,465	1	Current tax liabilities (Notes 4 and 24)	48,381	2	36,915	2	37,501	2
Total current assets	1,437,311	64	1,654,478	66	1,671,441	65	Current provisions (Note 19)	10,365	1	10,901	-	10,767	-
							Lease liabilities - current (Note 13)	7,639	-	8,014	-	8,050	-
Non-current assets							Other current liabilities (Note 18)	2,812	-	3,026	-	2,740	-
Financial assets at amortized cost - non-current (Notes 8 and 30)	6,200	1	6,200	-	6,200	-	Total current liabilities	357,507	16	570,552	23	669,929	26
Property, plant and equipment (Note 12)	614,119	27	641,370	26	649,195	26							
Right-of-use assets (Note 13)	119,047	5	124,709	5	127,481	5	Non-current liabilities						
Intangible assets (Note 14)	65,712	3	69,141	3	103,481	4	Deferred tax liabilities (Notes 4 and 24)	1,121	-	3,103	-	2,966	-
Deferred tax assets (Notes 4 and 24)	3,490	-	3,620	-	3,887	-	Lease liabilities - non-current (Note 13)	118,028	5	122,668	5	124,846	5
Prepayments for business facilities	2,410	-	4,917	-	4,376	-	Guarantee deposits received	486	-	485	-	492	-
Refundable deposits	4,048	-	4,109	-	4,079	-	Total non-current liabilities	119,635	5	126,256	5	128,304	5
Net defined benefit asset, non-current (Notes 4 and 20)	5,666	-	6,157	-	581	-							
Total non-current assets	820,692	36	860,223	34	899,280	35	Total liabilities	477,142	21	696,808	28	798,233	31
Total assets	<u>\$ 2,258,003</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>	<u>\$ 2,570,721</u>	<u>100</u>	Equity attributable to shareholders of the parent (Note 21)						
							Share capital						
							Ordinary shares	999,502	44	999,502	40	999,502	39
							Capital surplus	68,368	3	68,368	3	68,368	3
							Retained earnings						
							Legal reserve	516,208	23	497,454	20	497,454	19
							Unappropriated earnings	184,425	8	242,493	9	193,609	8
							Total retained earnings	700,633	31	739,947	29	691,063	27
							Other equity	11,716	1	9,507	-	12,688	-
							Equity attributable to shareholders of the parent	1,780,219	79	1,817,324	72	1,771,621	69
							Non-controlling interests (Note 21)	642	-	569	-	867	-
							Total equity	1,780,861	79	1,817,893	72	1,772,488	69
							Total liabilities and equity	<u>\$ 2,258,003</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>	<u>\$ 2,570,721</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated November 10, 2023)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE								
(Notes 22 and 29)	\$ 412,491	100	\$ 605,478	100	\$ 1,266,309	100	\$ 1,735,537	100
OPERATING COSTS								
(Notes 10、23 and 29)	<u>275,201</u>	<u>67</u>	<u>452,439</u>	<u>75</u>	<u>871,790</u>	<u>69</u>	<u>1,316,566</u>	<u>76</u>
GROSS PROFIT	<u>137,290</u>	<u>33</u>	<u>153,039</u>	<u>25</u>	<u>394,519</u>	<u>31</u>	<u>418,971</u>	<u>24</u>
OPERATING EXPENSES (Notes 23 and 29)								
Selling and marketing expenses	25,830	6	28,720	5	77,216	6	83,884	5
General and administrative expenses	32,175	8	31,005	5	94,048	7	90,286	5
Research and development expenses	<u>41,766</u>	<u>10</u>	<u>40,711</u>	<u>7</u>	<u>119,871</u>	<u>10</u>	<u>118,922</u>	<u>7</u>
Total operating expenses	<u>99,771</u>	<u>24</u>	<u>100,436</u>	<u>17</u>	<u>291,135</u>	<u>23</u>	<u>293,092</u>	<u>17</u>
INCOME FROM OPERATIONS	<u>37,519</u>	<u>9</u>	<u>52,603</u>	<u>8</u>	<u>103,384</u>	<u>8</u>	<u>125,879</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 23)	20	-	63	-	1,157	-	141	-
Other income (Notes 23 and 26)	1,057	-	501	-	3,968	-	2,099	-
Other gains and losses (Note 23)	10,760	3	19,340	3	23,547	2	32,563	2
Finance costs (Note 23)	(<u>878</u>)	<u>-</u>	(<u>1,646</u>)	<u>-</u>	(<u>3,443</u>)	<u>-</u>	(<u>3,860</u>)	<u>-</u>
Total non-operating income and expenses	<u>10,959</u>	<u>3</u>	<u>18,258</u>	<u>3</u>	<u>25,229</u>	<u>2</u>	<u>30,943</u>	<u>2</u>
INCOME BEFORE INCOME TAX	48,478	12	70,861	11	128,613	10	156,822	9
INCOME TAX EXPENSE								
(Notes 4 and 24)	(<u>10,658</u>)	(<u>3</u>)	(<u>6,857</u>)	(<u>1</u>)	(<u>27,949</u>)	(<u>2</u>)	(<u>18,240</u>)	(<u>1</u>)
NET INCOME	<u>37,820</u>	<u>9</u>	<u>64,004</u>	<u>10</u>	<u>100,664</u>	<u>8</u>	<u>138,582</u>	<u>8</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
(LOSS) (Notes 21)								
Items that may be reclassified subsequently to								
profit or loss								
Exchange differences arising on translation of								
foreign operations	\$ 1,666	1	\$ 5,031	1	\$ 2,234	-	\$ 10,285	1
TOTAL COMPREHENSIVE INCOME FOR								
THE PERIOD	\$ 39,486	10	\$ 69,035	11	\$ 102,898	8	\$ 148,867	9
NET INCOME ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 37,863	9	\$ 64,001	10	\$ 100,616	8	\$ 138,654	8
Non-controlling interests	(43)	-	3	-	48	-	(72)	-
	\$ 37,820	9	\$ 64,004	10	\$ 100,664	8	\$ 138,582	8
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 39,508	10	\$ 68,976	11	\$ 102,825	8	\$ 148,824	9
Non-controlling interests	(22)	-	59	-	73	-	43	-
	\$ 39,486	10	\$ 69,035	11	\$ 102,898	8	\$ 148,867	9
EARNINGS PER SHARE (Note 25)								
Basic	\$ 0.38		\$ 0.64		\$ 1.01		\$ 1.39	
Diluted	\$ 0.38		\$ 0.64		\$ 1.00		\$ 1.38	

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

(With Deloitte & Touche review report dated November 10, 2023)

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Shareholders of the Parent									
	Share Capital			Retained Earnings		Other Equity				
	Shares				Unappropriated	Exchange		Non-controlling		
	(In thousands)	Amount	Capital Surplus	Legal Reserve	Earnings	Differences	on	Interests	Total Equity	
						Translation of	Foreign	Total		
						Operations				
BALANCE AT JANUARY 1, 2022	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518		\$ 1,752,732	\$ 824	\$ 1,753,556
Appropriation of 2021 earnings										
Legal reserve	-	-	-	20,476	(20,476)	-		-	-	-
Cash dividends -\$1.3 per share	-	-	-	-	(129,935)	-		(129,935)	-	(129,935)
Net income (loss) for the nine months ended										
September 30, 2022	-	-	-	-	138,654	-		138,654	(72)	138,582
Other comprehensive income (loss) for the nine										
months ended September 30, 2022, net of Income	-	-	-	-	-	10,170		10,170	115	10,285
tax										
Total comprehensive income (loss) for the nine										
months ended September 30, 2022	-	-	-	-	138,654	10,170		148,824	43	148,867
BALANCE AT SEPTEMBER 30, 2022	99,950	\$ 999,502	\$ 68,368	\$ 479,454	\$ 193,609	\$ 12,688		\$ 1,771,621	\$ 867	\$ 1,772,488
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										
Legal reserve	-	-	-	18,754	(18,754)	-		-	-	-
Cash dividends -\$1.40 per share	-	-	-	-	(139,930)	-		(139,930)	-	(139,930)
Net income for the nine months ended										
September 30, 2023	-	-	-	-	100,616	-		100,616	48	100,664
Other comprehensive income (loss) for the nine										
months ended September 30, 2023, net of Income	-	-	-	-	-	2,209		2,209	25	2,234
tax										
Total comprehensive income (loss) for the nine										
months ended September 30, 2023	-	-	-	-	100,616	2,209		102,825	73	102,898
BALANCE AT SEPTEMBER 30, 2023	99,950	\$ 999,502	\$ 68,368	\$ 516,208	\$ 184,425	\$ 11,716		\$ 1,780,219	\$ 642	\$ 1,780,861

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

(With Deloitte & Touche review report dated November 10, 2023)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended	
	September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 128,613	\$ 156,822
Adjustments for :		
Depreciation expense	49,707	52,514
Amortization expense	7,937	18,052
Net loss on financial assets at fair value		
through profit or loss	5,415	3,768
Finance costs	3,443	3,860
Interest income	(1,157)	(141)
Dividend income	(1,421)	(575)
Property, plant and equipment transferred to		
expenses	223	855
Impairment loss on non-financial assets	4,500	4,500
Unrealized foreign exchange gain	(11,822)	(32,256)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	143,822	4,951
Other receivables	1,718	(3,264)
Inventories	(14,050)	(68,640)
Other current assets	(3,121)	(14,826)
Contract liabilities	(11,115)	(64,764)
Notes payable	(33,390)	16,054
Accounts payable	(117,001)	(20,845)
Other payables	(10,331)	(2,065)
Provisions	(536)	1,017
Other current liabilities	(214)	(149)
Net defined benefit assets	491	533
Cash generated from operations	141,711	55,401
Interest received	1,188	142
Dividend received	1,421	575
Interest paid	(3,443)	(3,860)

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended	
	September 30	
	2023	2022
Income taxes paid	(\$ 18,052)	(\$ 24,011)
Net cash generated from operating activities	<u>122,825</u>	<u>28,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	-	(1,705)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,001
Acquisition of property, plant and equipment	(17,712)	(30,577)
Decrease in refundable deposits	103	60
Acquisition of intangible assets	(2,320)	(3,803)
Decrease in prepayments for business facilities	<u>2,507</u>	<u>86</u>
Net cash used in investing activities	(<u>17,422</u>)	(<u>34,938</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	250,928	753,570
Decrease in short-term loans	(300,928)	(803,570)
Increase in guarantee deposits received	-	26
Payments of lease liabilities	(6,332)	(5,913)
Cash dividends paid	(<u>139,930</u>)	(<u>129,935</u>)
Net cash used in financing activities	(<u>196,262</u>)	(<u>185,822</u>)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>11,133</u>	<u>21,163</u>
		(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended	
	September 30	
	2023	2022
NET DECREASE IN CASH AND CASH EQUIVALENTS	(\$ 79,726)	(\$ 171,350)
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>\$ 251,979</u>	<u>\$ 383,984</u>

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

(With Deloitte & Touche review report dated November 10, 2023)

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 Board of Directors on November 10, 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. The IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date
	Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

- 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 exist 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, which may have difficulty complying with the covenants and repaying 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, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an 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 of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2) (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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 32 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. MATERIAL 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 pandemic and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. For the summary of material accounting judgments and key sources of estimation uncertainty refer to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 287	\$ 2,081	\$ 377
Checking accounts and demand deposits	251,692	278,952	383,607
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	-	50,672	-
	<u>\$ 251,979</u>	<u>\$ 331,705</u>	<u>\$ 383,984</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL -current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic emerging market shares	\$ 52,056	\$ 58,919	\$ 60,627
Domestic unlisted shares	<u>8,358</u>	<u>6,910</u>	<u>6,024</u>
	<u>\$ 60,414</u>	<u>\$ 65,829</u>	<u>\$ 66,651</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 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>

- The interest rates range for time deposits with original maturities of more than 3 months was all 0.790%~1.065% per annum as of September 30,2023, December 31,2022 and September 30, 2022.
- Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Notes receivable - operating	\$ 4,550	\$ 5,151	\$ 5,329
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	339,305	481,650	479,085
Less: Allowance for impairment loss	(34)	(32)	(33)
	<u>339,271</u>	<u>481,618</u>	<u>479,052</u>
	<u>\$ 343,821</u>	<u>\$ 486,769</u>	<u>\$ 484,381</u>
<u>Other receivables</u>			
Tax receivable	\$ 8,310	\$ 10,028	\$ 17,135
Others	<u>58</u>	<u>89</u>	<u>100</u>
	<u>\$ 8,368</u>	<u>\$ 10,117</u>	<u>\$ 17,235</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.

September 30, 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	\$268,209	\$ 66,959	\$ 1,687	\$ 2,450	\$ -	\$339,305
Loss allowance (Lifetime ECLs)	(<u>1</u>)	<u>-</u>	(<u>1</u>)	(<u>32</u>)	<u>-</u>	(<u>34</u>)
Amortized cost	<u>\$268,208</u>	<u>\$ 66,959</u>	<u>\$ 1,686</u>	<u>\$ 2,418</u>	<u>\$ -</u>	<u>\$339,271</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>

September 30, 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	\$399,690	\$ 49,340	\$ 30,008	\$ 47	\$ -	\$479,085
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	(<u>2</u>)	(<u>31</u>)	<u>-</u>	(<u>33</u>)
Amortized cost	<u>\$399,690</u>	<u>\$ 49,340</u>	<u>\$ 30,006</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$479,052</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 32	\$ 29
Foreign exchange gains and losses	<u>2</u>	<u>4</u>
Balance at September 30	<u>\$ 34</u>	<u>\$ 33</u>

10. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods and merchandise	\$ 81,155	\$ 94,737	\$ 91,093
Work in progress	297,835	293,973	284,651
Raw materials	<u>369,812</u>	<u>350,542</u>	<u>316,981</u>
	<u>\$ 748,802</u>	<u>\$ 739,252</u>	<u>\$ 692,725</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were NT\$275,201 thousand, NT\$452,439 thousand, NT\$871,790 thousand, and NT\$1,316,566 thousand, respectively. The cost of goods sold included inventory write-downs were NT\$1,500 thousand, NT\$1,500 thousand, NT\$4,500 thousand and NT\$4,500 thousand, respectively.

11. SUBSIDIARIES

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 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	-	-	2,360	1,595	1,799	28	2,605	7,273	15,660
Disposals	-	-	(2,477)	(290)	(1,857)	-	(25)	(223)	(4,872)
Reclassification	-	-	4,997	2,393	757	-	843	(8,990)	-
Effects of exchange rate changes	-	-	77	-	-	38	1	-	116
Balance at September 30, 2023	<u>\$261,675</u>	<u>\$604,129</u>	<u>\$511,522</u>	<u>\$ 42,527</u>	<u>\$ 3,654</u>	<u>\$ 20,218</u>	<u>\$201,369</u>	<u>\$ 8,966</u>	<u>\$1,654,060</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	-	17,712	11,427	2,851	181	1,033	9,539	-	42,743
Disposals	-	-	(2,477)	(290)	(1,857)	-	(25)	-	(4,649)
Effects of exchange rate changes	-	-	28	-	-	32	1	-	61
Balance at September 30, 2023	<u>\$ -</u>	<u>\$354,960</u>	<u>\$454,716</u>	<u>\$ 28,523</u>	<u>\$ 756</u>	<u>\$ 17,249</u>	<u>\$183,737</u>	<u>\$ -</u>	<u>\$1,039,941</u>
Carrying amount at September 30, 2023	<u>\$261,675</u>	<u>\$249,169</u>	<u>\$ 56,806</u>	<u>\$ 14,004</u>	<u>\$ 2,898</u>	<u>\$ 2,969</u>	<u>\$ 17,632</u>	<u>\$ 8,966</u>	<u>\$614,119</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>

			Machinery	Testing	Transportation	Office	Miscellaneous	Equipment under	
	Land	Buildings	Equipment	Equipment	Equipment	Equipment	Equipment	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	-	1,578	5,068	-	641	1,149	1,324	21,724	31,484
Disposals	-	-	(11,753)	-	-	(198)	(367)	(855)	(13,173)
Reclassification	-	503	14,614	584	-	-	776	(16,477)	-
Effects of exchange rate changes	-----	-----	201	-----	-----	92	25	-----	318
Balance at September 30, 2022	<u>\$261,675</u>	<u>\$604,036</u>	<u>\$497,236</u>	<u>\$ 38,830</u>	<u>\$ 2,955</u>	<u>\$ 20,241</u>	<u>\$197,088</u>	<u>\$ 14,444</u>	<u>\$1,636,505</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	-	19,607	10,782	3,158	93	1,178	10,838	-	45,656
Disposals	-	-	(11,753)	-	-	(198)	(367)	-	(12,318)
Effects of exchange rate changes	-----	-----	27	-----	-----	82	16	-----	125
Balance at September 30, 2022	<u>\$ -----</u>	<u>\$331,228</u>	<u>\$441,807</u>	<u>\$ 24,978</u>	<u>\$ 2,400</u>	<u>\$ 15,989</u>	<u>\$170,908</u>	<u>\$ -----</u>	<u>\$987,310</u>
Carrying amount at September 30, 2022	<u>\$261,675</u>	<u>\$272,808</u>	<u>\$ 55,429</u>	<u>\$ 13,852</u>	<u>\$ 555</u>	<u>\$ 4,252</u>	<u>\$ 26,180</u>	<u>\$ 14,444</u>	<u>\$649,195</u>

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

No impairment loss recognized or reversed for the nine months ended September 30, 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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 106,230	\$ 109,050	\$ 109,991
Buildings	12,088	13,894	15,380
Transportation equipment	482	1,100	1,305
Office equipment	<u>247</u>	<u>665</u>	<u>805</u>
	<u>\$ 119,047</u>	<u>\$ 124,709</u>	<u>\$ 127,481</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets			<u>\$ 790</u>	<u>\$ 2,370</u>
Depreciation charge for right-of-use assets				
Land	\$ 940	\$ 941	\$ 2,820	\$ 2,815
Buildings	1,054	1,023	3,108	2,981
Transportation equipment	205	207	618	645
Office equipment	<u>140</u>	<u>138</u>	<u>418</u>	<u>417</u>
	<u>\$ 2,339</u>	<u>\$ 2,309</u>	<u>\$ 6,964</u>	<u>\$ 6,858</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 nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 7,639</u>	<u>\$ 8,014</u>	<u>\$ 8,050</u>
Non-current	<u>\$ 118,028</u>	<u>\$ 122,668</u>	<u>\$ 124,846</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 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 to 33 years.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 599	\$ 654	\$ 1,739	\$ 1,911
Total cash outflow for leases			(\$ 10,737)	(\$ 10,609)

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	1,358	-	962	-	2,320
Effects of exchange rate changes	269	7,486	-	5,023	12,778
Balance at September 30, 2023	<u>\$ 24,519</u>	<u>\$ 159,212</u>	<u>\$ 28,243</u>	<u>\$ 103,909</u>	<u>\$ 315,883</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 17,652	\$ 102,723	\$ 12,383	\$ 98,886	\$ 231,644
Amortization expenses	1,175	5,441	1,321	-	7,937
Effects of exchange rate changes	270	5,297	-	5,023	10,590
Balance at September 30, 2023	<u>\$ 19,097</u>	<u>\$ 113,461</u>	<u>\$ 13,704</u>	<u>\$ 103,909</u>	<u>\$ 250,171</u>
Carrying amount at September 30,					
2023	<u>\$ 5,422</u>	<u>\$ 45,751</u>	<u>\$ 14,539</u>	<u>\$ -</u>	<u>\$ 65,712</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	
	Software	Trademarks	Patents	Relationship	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 19,302	\$ 137,024	\$ 26,581	\$ 89,129	\$ 272,036
Additions	3,212	-	591	-	3,803
Effects of exchange rate changes	<u>724</u>	<u>19,533</u>	<u>-</u>	<u>13,106</u>	<u>33,363</u>
Balance at September 30, 2022	<u>\$ 23,238</u>	<u>\$ 156,557</u>	<u>\$ 27,172</u>	<u>\$ 102,235</u>	<u>\$ 309,202</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 15,886	\$ 73,308	\$ 10,698	\$ 65,666	\$ 165,558
Amortization expenses	1,019	6,469	1,256	9,308	18,052
Effects of exchange rate changes	<u>723</u>	<u>10,948</u>	<u>-</u>	<u>10,440</u>	<u>22,111</u>
Balance at September 30, 2022	<u>\$ 17,628</u>	<u>\$ 90,725</u>	<u>\$ 11,954</u>	<u>\$ 85,414</u>	<u>\$ 205,721</u>
Carrying amount at September 30,					
2022	<u>\$ 5,610</u>	<u>\$ 65,832</u>	<u>\$ 15,218</u>	<u>\$ 16,821</u>	<u>\$ 103,481</u>

Based on the revised estimation in 2022, the collectable amount of Omnis is less than the carrying amount, thus the recognized impairment loss is NT\$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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayments (Note)	\$ 22,440	\$ 18,998	\$ 23,999
Others	<u>1,487</u>	<u>1,808</u>	<u>2,466</u>
	<u>\$ 23,927</u>	<u>\$ 20,806</u>	<u>\$ 26,465</u>

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

16. BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
Working capital loans	\$ -	\$ 50,000	\$ 100,000

The interest rate on bank borrowing were 1.70% and 1.58% at December 31, 2022 and September 30, 2022, respectively.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes payable</u>			
Operating	\$ 29,835	\$ 63,225	\$ 74,787
<u>Accounts payable</u>			
Operating	\$ 110,025	\$ 226,460	\$ 269,691

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 55,737	\$ 66,970	\$ 61,102
Payables for employees' compensation and remuneration of directors	11,749	17,361	14,112
Payables for purchases of equipment	1,272	3,324	1,881
Others (Note)	61,764	55,313	61,002
	<u>\$ 130,522</u>	<u>\$ 142,968</u>	<u>\$ 138,097</u>

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Other liabilities</u>			
Receipts under custody	\$ <u>2,812</u>	\$ <u>3,026</u>	\$ <u>2,740</u>

Note: Others include consumable expenses, utility bills, cleaning fees and etc. relevant payables incurred by the Company due to the business operations.

19. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Employee benefits (Note)	\$ <u>10,365</u>	\$ <u>10,901</u>	\$ <u>10,767</u>

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

20. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were NT\$164 thousand, NT\$177 thousand, NT\$491 thousand, and NT\$532 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

	September 30, 2023	December 31, 2022	September 30, 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

	September 30, 2023	December 31, 2022	September 30, 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 had been resolved by the shareholders in their meeting 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 Nine Months Ended	
	September 30	
	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>2,209</u>	<u>10,170</u>
Balance at September 30	\$ <u>11,716</u>	\$ <u>12,688</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 569	\$ 824
Share in profit (loss) for the period	48	(72)
Other comprehensive income (loss) during the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>25</u>	<u>115</u>
Balance at September 30	<u>\$ 642</u>	<u>\$ 867</u>

22. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 405,935	\$ 603,243	\$ 1,235,688	\$ 1,714,477
Other operating revenue	<u>6,556</u>	<u>2,235</u>	<u>30,621</u>	<u>21,060</u>
	<u>\$ 412,491</u>	<u>\$ 605,478</u>	<u>\$ 1,266,309</u>	<u>\$ 1,735,537</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

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Accounts receivable (Note 9)	\$ 339,271	\$ 481,618	\$ 479,052	\$ 467,703
Contract liabilities				
Sale of goods	\$ 17,928	\$ 29,043	\$ 28,296	\$ 93,060

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 Nine Months Ended September 30	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	\$ 24,028	\$ 82,803

c. Disaggregation of revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
USA	\$ 193,600	\$ 294,671	\$ 496,322	\$ 706,477
Italy	112,307	137,297	434,814	531,981
Austria	27,010	91,398	100,792	257,182
Taiwan	19,298	17,486	54,968	75,594
Others	60,276	64,626	179,413	164,303
	<u>\$ 412,491</u>	<u>\$ 605,478</u>	<u>\$ 1,266,309</u>	<u>\$ 1,735,537</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ <u>20</u>	\$ <u>63</u>	\$ <u>1,157</u>	\$ <u>141</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income	\$ 407	\$ 331	\$ 1,215	\$ 992
Dividend income	-	129	1,421	575
Grant income (Note 26)	-	-	30	-
Others	<u>650</u>	<u>41</u>	<u>1,302</u>	<u>532</u>
	<u>\$ 1,057</u>	<u>\$ 501</u>	<u>\$ 3,968</u>	<u>\$ 2,099</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange gains	\$ 10,738	\$ 19,340	\$ 28,890	\$ 36,331
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	-	-	(5,415)	(2,063)
Financial liabilities held for trading	-	-	-	(1,705)
Others	<u>22</u>	<u>-</u>	<u>72</u>	<u>-</u>
	<u>\$ 10,760</u>	<u>\$ 19,340</u>	<u>\$ 23,547</u>	<u>\$ 32,563</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 875	\$ 928	\$ 2,666	\$ 2,785
Interest on bank loans	<u>3</u>	<u>718</u>	<u>777</u>	<u>1,075</u>
	<u>\$ 878</u>	<u>\$ 1,646</u>	<u>\$ 3,443</u>	<u>\$ 3,860</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 10,427	\$ 10,685	\$ 31,712	\$ 32,715
Operating expenses	<u>5,805</u>	<u>6,304</u>	<u>17,995</u>	<u>19,799</u>
	<u>\$ 16,232</u>	<u>\$ 16,989</u>	<u>\$ 49,707</u>	<u>\$ 52,514</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of amortization by function				
Operating costs	\$ 191	\$ 194	\$ 573	\$ 468
Selling and marketing expenses	866	4,518	2,585	13,069
General and administrative expenses	1,046	1,024	3,067	2,958
Research and development expenses	<u>574</u>	<u>525</u>	<u>1,712</u>	<u>1,557</u>
	<u>\$ 2,677</u>	<u>\$ 6,261</u>	<u>\$ 7,937</u>	<u>\$ 18,052</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 122,914	\$ 141,928	\$ 380,605	\$ 424,428
Post-employment benefits				
Defined contribution plan	3,956	4,288	12,111	12,506
Defined benefit plans (Note 20)	<u>164</u>	<u>177</u>	<u>491</u>	<u>532</u>
Total employee benefits expense	<u>\$ 127,034</u>	<u>\$ 146,393</u>	<u>\$ 393,207</u>	<u>\$ 437,466</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of employee benefits expense by function				
Operating costs	\$ 69,669	\$ 90,736	\$ 223,581	\$ 273,132
Operating expenses	<u>57,365</u>	<u>55,657</u>	<u>169,626</u>	<u>164,334</u>
	<u>\$ 127,034</u>	<u>\$ 146,393</u>	<u>\$ 393,207</u>	<u>\$ 437,466</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 the rates of no less than 3% and no higher than 1%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2023	2022
Compensation of employees	7%	7%
Remuneration of directors	1%	1%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Compensation of employees	\$ 3,802	\$ 5,367	\$ 9,761	\$ 12,072
Remuneration of directors	\$ 543	\$ 767	\$ 1,394	\$ 1,725

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 15,422	\$ 41,537	\$ 44,879	\$ 74,996
Foreign exchange losses	(4,684)	(22,197)	(15,989)	(38,665)
	\$ 10,738	(\$ 19,340)	\$ 28,890	\$ 36,331

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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 11,135	\$ 12,311	\$ 29,803	\$ 31,104
Adjustments for prior periods	<u>-</u>	<u>(7,908)</u>	<u>-</u>	<u>(9,488)</u>
	<u>11,135</u>	<u>4,403</u>	<u>29,803</u>	<u>21,616</u>
Deferred tax				
In respect of the current period	(475)	2,454	(1,852)	(3,376)
Exchange difference on foreign operations	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	<u>(477)</u>	<u>2,454</u>	<u>(1,854)</u>	<u>(3,376)</u>
Income tax expense recognized in profit or loss	<u>\$ 10,658</u>	<u>\$ 6,857</u>	<u>\$ 27,949</u>	<u>\$ 18,240</u>

b. Income tax assessments

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

25. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 0.38</u>	<u>\$ 0.64</u>	<u>\$ 1.01</u>	<u>\$ 1.39</u>
Diluted earnings per share	<u>\$ 0.38</u>	<u>\$ 0.64</u>	<u>\$ 1.00</u>	<u>\$ 1.38</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Profit for the period attributable to the parent company used in the computation of diluted earnings per share	<u>\$ 37,863</u>	<u>\$ 64,001</u>	<u>\$ 100,616</u>	<u>\$ 138,654</u>

Number of shares (in thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,950	99,950	99,950	99,950
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>363</u>	<u>470</u>	<u>511</u>	<u>639</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,313</u>	<u>100,420</u>	<u>100,461</u>	<u>100,589</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. GOVERNMENT GRANTS

For the nine months ended September 30, 2023, the Company received a government subsidy of NT\$30 thousand from the Ministry of Economy Affairs on the Dubai International Medical Exhibition. The amount has been included in the other income.

27. 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 parent 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.

28. 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

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market				
shares	\$ -	\$ -	\$ 52,056	\$ 52,056
Domestic unlisted shares	-	-	8,358	8,358
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,414</u>	<u>\$ 60,414</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>

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market				
shares	\$ 60,627	\$ -	\$ -	\$ 60,627
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,024</u>	<u>6,024</u>
	<u>\$ 60,627</u>	<u>\$ -</u>	<u>\$ 6,024</u>	<u>\$ 66,651</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 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.

	September 30, 2023	December 31, 2022	September 30, 2022
Discount for lack of marketability	11.68%	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:

	September 30, 2023	December 31, 2022	September 30, 2022
Discount for lack of marketability			
1% increase	<u>(\$ 589)</u>	<u>(\$ 696)</u>	<u>\$ -</u>
1% decrease	<u>\$ 589</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.

	September 30, 2023	December 31, 2022	September 30, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Discount for lack of marketability			
1% increase	(\$ 114)	(\$ 86)	(\$ 81)
1% decrease	\$ 114	\$ 86	\$ 81

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 60,414	\$ 65,829	\$ 66,651
Financial assets at amortized cost (Note 1)	606,106	828,872	878,744
<u>Financial liabilities</u>			
FVTPL			
Measured at amortized cost (Note 2)	203,382	398,807	507,853

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 key management personnel, 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 31.

Sensitivity analysis

The Company was mainly exposed to the USD, CNY, 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		CNY Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Profit or loss	\$ <u>2,169</u>	\$ <u>1,843</u>	\$ <u>214</u>	\$ <u>104</u>

	EUR Impact		JPY Impact	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Profit or loss	\$ <u>2,685</u>	\$ <u>5,878</u>	(\$ <u>6</u>)	\$ <u>3</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 6,200	\$ 56,872	\$ 6,200
Financial liabilities	125,667	180,682	232,896
Cash flow interest rate risk			
Financial assets	251,692	278,944	383,607

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 nine months ended September 30, 2023 and 2022 would have increased/decreased by NT\$189 thousand and NT\$288 thousand, respectively, which was mainly a result of variable-rate of assets.

c) Other price risk

The Company was exposed to price risk through equity investments. 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 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by NT\$3,021 thousand and NT\$3,333 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 September 30, 2023, December 31, 2022 and September 30 2022, the total accounts receivable from the aforementioned customer's ratio of 77% , 79% and 81%, 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.

September 30, 2023

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,033	\$ 31,497	\$ 136,477
Notes payable	29,835	-	-
Accounts payable	110,025	-	-
Other payables	<u>130,522</u>	<u>-</u>	<u>-</u>
	<u>\$ 281,415</u>	<u>\$ 31,497</u>	<u>\$ 136,477</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
Lease liabilities	<u>\$11,033</u>	<u>\$31,497</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$ 48,427</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		5-10	10-15	15-20	
	1 Year	1-5 Years	Years	Years	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>

September 30, 2022

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,635	\$ 35,805	\$ 142,346
Notes payable	74,787	-	-
Accounts payable	269,691	-	-
Other payables	138,097	-	-
Fixed interest rate liabilities	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 594,210</u>	<u>\$ 35,805</u>	<u>\$ 142,346</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>\$ 11,635</u>	<u>\$ 35,805</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 54,296</u>

b) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Uncollateralized Bank loan facilities			
Amount used	\$ -	\$ 50,000	\$ 100,000
Amount unused	<u>593,620</u>	<u>587,810</u>	<u>549,250</u>
	<u>\$ 593,620</u>	<u>\$ 637,810</u>	<u>\$ 649,250</u>
	September 30, 2023	December 31, 2022	September 30, 2022
Collateralized Bank loan facilities			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>96,810</u>	<u>92,130</u>	<u>95,250</u>
	<u>\$ 96,810</u>	<u>\$ 92,130</u>	<u>\$ 95,250</u>

29. 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

Related Party Name	Relationship with the Company
METERTECH INC.	Others

b. Sales of goods

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Sales	Others	<u>\$ 192</u>	<u>\$ 122</u>	<u>\$ 411</u>	<u>\$ 207</u>

c. Purchases of goods

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Cost of goods sold	Others	<u>\$ 2,072</u>	<u>\$ 1,923</u>	<u>\$ 5,418</u>	<u>\$ 3,730</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		September 30, 2023	December 31, 2022	September 30, 2022
	Category/ Name				
Notes receivable and accounts receivable	Others		\$ <u>201</u>	\$ <u>64</u>	\$ <u>128</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party		September 30, 2023	December 31, 2022	September 30, 2022
	Category/ Name				
Accounts payable	Others		\$ <u>-</u>	\$ <u>2,035</u>	\$ <u>1,786</u>
Other payables	Others		\$ <u>-</u>	\$ <u>-</u>	\$ <u>176</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 September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Operating expenses	Others	\$ <u>-</u>	\$ <u>168</u>	\$ <u>6</u>	\$ <u>235</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term benefits	\$ 5,657	\$ 6,272	\$ 15,368	\$ 16,151
Post-employment benefits	<u>71</u>	<u>72</u>	<u>198</u>	<u>195</u>
	\$ <u>5,728</u>	\$ <u>6,344</u>	\$ <u>15,566</u>	\$ <u>16,346</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged time deposits (classified as financial assets at amortized cost)	\$ <u>6,200</u>	\$ <u>6,200</u>	\$ <u>6,200</u>

31. 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:

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,752	32.270(USD:NTD)	\$ 250,157
USD	20	7.180(USD:CNY)	634
EUR	7,918	33.910	268,499
CNY	4,854	4.415	21,430
JPY	4,449	0.2162	<u>962</u>
			<u>\$ 541,682</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 1,051	32.270	\$ 33,916
JPY	7,228	0.2162	<u>1,563</u>
			<u>\$ 35,479</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:CNY)	614
EUR	12,826	32.720	419,667
CNY	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>

September 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,743	31.750(USD:NTD)	\$ 277,590
USD	20	7.099(USD:CNY)	635
CNY	2,319	4.473	10,373
EUR	18,804	31.260	587,813
JPY	4,646	0.2201	<u>1,023</u>
			<u>\$ 877,434</u>

Financial liabilities

Monetary items

USD	2,957	31.750	\$ 93,885
JPY	3,361	0.2201	<u>740</u>
			<u>\$ 94,625</u>

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

For the Three Months Ended September 30				
2023			2022	
Foreign	Net Foreign		Net Foreign	
Currency	Exchange Rate	Exchange Gains (Losses)	Exchange Rate	Exchange Gains (Losses)
USD	32.270 (USD : NTD)	\$ 2,978	31.750 (USD : NTD)	\$ 4,449
EUR	33.910 (EUR : NTD)	(4,418)	31.260 (EUR : NTD)	7,426
CNY	4.4150 (CNY : NTD)	305	4.473 (CNY : NTD)	(1)
JPY	0.2162 (JPY : NTD)	(16)	0.2201 (JPY : NTD)	(44)
GBP	39.230 (GBP : NTD)	4	35.530 (GBP : NTD)	(23)
CHF	35.055 (CHF : NTD)	(14)	32.515 (CHF : NTD)	36
		(\$ 1,161)		\$ 11,843

For the Nine Months Ended September 30				
2023			2022	
Foreign	Net Foreign		Net Foreign	
Currency	Exchange Rate	Exchange Gains (Losses)	Exchange Rate	Exchange Gains (Losses)
USD	32.270 (USD : NTD)	\$ 4,938	31.750 (USD : NTD)	\$ 6,630
EUR	33.910 (EUR : NTD)	286	31.260 (EUR : NTD)	7,116
CNY	4.4150 (CNY : NTD)	88	4.473 (CNY : NTD)	122
JPY	0.2162 (JPY : NTD)	41	0.2201 (JPY : NTD)	22
GBP	39.230 (GBP : NTD)	-	35.530 (GBP : NTD)	-
CHF	35.055 (CHF : NTD)	12	32.515 (CHF : NTD)	36
		\$ 5,365		\$ 13,926

32. SEPARATELY DISCLOSED ITEMS

Except for items (a) to (g), there are no other significant transactions, information on investees, information on investment in mainland China and information of major shareholders 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	\$ 64,540 (USD2,000 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	1.07%~5.01%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$534,065	\$712,087
		Omnis	Other receivables - related parties	Yes	\$ 64,540 (USD2,000 thousand)	\$ 64,540 (USD2,000 thousand)	41,951 (USD1,300 thousand)	4.3%~5.12%	The need for short-term financing	-	Operating capital	-	-	-	\$534,065	\$712,087

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	\$ 356,043	\$ 80,675 (USD 2,500 thousand)	\$ 80,675 (USD 2,500 thousand)	\$ - (USD - thousand)	\$ 80,675	4.53	\$ 890,109	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	September 30, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
APEX	Shares : Lytone Enterprise, Inc.	—	FVTPL- current	2,030,286	\$ 52,056	12	\$ 52,056
	Shares : Ascendax Venture Capital Corporation	—	FVTPL- current	785,400	8,358	2	8,358
	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 September 30, 2023.

d. Intercompany relationships and significant transactions

For the Nine Months Ended September 30, 2023

No.	Company Name	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	\$ 12,392	—	0.98%
				Net receivable from related parties	5,272	—	0.23%
				Purchase	2,445	—	0.19%
		Omnis	1	Sales	50,877	—	4.02%
				Net receivable from related parties	26,392	—	1.17%
				Interest revenue	1,465	—	0.12%
1	APEX(Suzhou)	Omnis	2	Other receivables from related parties	43,109	—	1.91%
				Sales	5,295	—	0.42%

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 September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)
				September 30, 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	\$ 43,831	(\$1,568)	(\$1,551)

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, 2023	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outflow	Inflow						
APEX (Suzhou)	Wholesale of medical consumable and medical equipment	\$ 35,394 (CNY 7,000 thousand)	(Note 1)	\$ 33,975 (CNY 6,700 thousand)	\$ -	\$ -	\$ 33,975 (CNY 6,700 thousand)	\$1,523	96%	\$ 1,457	\$2,824	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$33,975 (CNY 6,700 thousand)	\$33,975 (CNY 6,700 thousand)	\$1,068,131

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%

33. 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 nine months ended September 30, 2023 and 2022 are shown in the consolidated comprehensive income statements for the nine months ended September 30, 2023 and 2022. The segment assets as of September 30, 2023, December 31, 2022 and September 30, 2022 are shown in the consolidated balance sheets as of September 30, 2023, December 31, 2022 and September 30, 2022.