

**APEX INTERNATIONAL CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8~10
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	12~40
(7) Related-party transactions	40
(8) Pledged assets	41
(9) Significant commitments and contingencies	41
(10) Losses due to major disasters	42
(11) Subsequent events	42
(12) Other	42
(13) Other disclosures	
(a) Information on significant transactions	43
(b) Information on investees	44
(c) Information on investment in China	44
(d) Major shareholders	45
(14) Segment information	45~46



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Independent Auditors' Review Report

To the Board of Directors of Apex International Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Apex International Co., Ltd. and its subsidiaries ("the Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes of the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 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

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 Chang, Chun-I and Kuang, Chun-Hsiu.

KPMG

Taipei, Taiwan (Republic of China)

May 9, 2024

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollar)

		March 31, 2024		December 31, 2023		March 31, 2023				March 31, 2024		December 31, 2023		March 31, 2023		
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
11xx	Assets															
	Current assets:							21xx	Liabilities and Equity							
1100	Cash and cash equivalents (notes 6(a) and 8)	\$ 523,294	3	641,929	4	1,429,750	7	2100	Current liabilities:	\$ 1,900,759	11	2,284,359	13	2,020,100	10	
1110	Financial assets at fair value through profit or loss							2120	Short-term loans (notes 6(f), (i), 7, 8 and 9)							
	— current (notes 6(a), (b) and 8)	4,199	-	23,521	-	2,374	-		Financial liabilities at fair value through profit or loss	7,839	-	1,595	-	8,116	-	
1150	Notes receivable, net (notes 6(c) and (p))	1,015	-	1,522	-	94	-	2170	loss— current (notes 6(a), (b) and 8)	2,485,423	14	1,911,865	11	2,573,028	13	
1170	Accounts receivable, net (notes 6(c) and (p))	2,621,661	15	2,999,642	17	3,148,260	16	2200	Accounts payable	553,406	3	494,683	3	604,285	3	
1200	Other receivables (note 6(d))	115,689	1	104,027	1	110,544	1	2213	Other payables (note 6(q))	300,382	2	237,280	1	399,622	2	
130x	Inventories (note 6(e))	2,532,464	14	2,231,765	12	3,320,899	16	2216	Payable for machinery and equipment	-	-	-	-	379,876	2	
1470	Other current assets	66,967	-	62,801	-	58,152	-	2230	Dividends payable (note 6(n))	79	-	79	-	61,430	-	
	Total current assets	<u>5,865,289</u>	<u>33</u>	<u>6,065,207</u>	<u>34</u>	<u>8,070,073</u>	<u>40</u>	2280	Current tax liabilities	44,354	-	46,613	-	46,933	-	
15xx	Non-current assets:							2322	Current lease liabilities (notes 6(g) and (k))							
1600	Property, plant and equipment (notes 6(f), (g), (h), (i), (j), 8, 9 and 11)	11,400,600	64	11,474,655	63	11,625,745	57		Long-term loans, current portion (notes 6(a), (f), (j), 7 and 8)	2,183,042	12	2,407,691	13	1,477,025	8	
1755	Right-of-use asset (notes 6(f), (g) and (k))	123,093	1	135,616	1	157,688	1	2399	Other current liabilities	29,220	-	37,510	-	44,324	-	
1780	Intangible assets (notes 6(f) and (h))	185,813	1	193,653	1	202,951	1		Total current liabilities	<u>7,504,504</u>	<u>42</u>	<u>7,421,675</u>	<u>41</u>	<u>7,614,739</u>	<u>38</u>	
1840	Deferred tax assets	38,944	-	39,789	-	36,409	-	25xx	Non-Current liabilities:							
1915	Prepayments for equipment (note 6(f))	131,669	1	164,195	1	114,715	1	2540	Long-term loans (notes 6(a), (f), (j), 7 and 8)	3,570,399	20	3,523,834	20	4,799,160	24	
1920	Refundable deposits	7,978	-	8,117	-	8,313	-	2570	Deferred tax liabilities	39,445	-	40,261	-	42,395	-	
1980	Other financial assets— non-current (notes 6(a), (b), (j) and 8)	10,253	-	9,838	-	22,930	-	2580	Non-current lease liabilities (notes 6(g) and (k))	82,572	1	92,810	1	113,886	1	
	Total non-current assets	<u>11,898,350</u>	<u>67</u>	<u>12,025,863</u>	<u>66</u>	<u>12,168,751</u>	<u>60</u>	2612	Long-term payable	9,304	-	10,747	-	14,383	-	
								2670	Other non-current liabilities, others (note 6(l))	69,687	-	66,829	-	65,958	-	
									Total non-current liabilities	<u>3,771,407</u>	<u>21</u>	<u>3,734,481</u>	<u>21</u>	<u>5,035,782</u>	<u>25</u>	
								2xxx	Total liabilities	<u>11,275,911</u>	<u>63</u>	<u>11,156,156</u>	<u>62</u>	<u>12,650,521</u>	<u>63</u>	
								31xx	Equity attributable to owners of the Company (note 6(n)):							
								3110	Common stock	1,899,380	11	1,899,380	10	1,899,380	9	
								3200	Capital surplus	2,405,304	14	2,405,304	13	2,405,512	12	
								3300	Retained earnings	2,809,075	16	3,093,451	18	3,791,345	19	
								3410	Exchange differences on translation of foreign financial statements	(655,170)	(4)	(494,097)	(3)	(541,056)	(3)	
									Total equity attributable to owners of the Company	<u>6,458,589</u>	<u>37</u>	<u>6,904,038</u>	<u>38</u>	<u>7,555,181</u>	<u>37</u>	
								36xx	Non-controlling interests	29,139	-	30,876	-	33,122	-	
								3xxx	Total equity	<u>6,487,728</u>	<u>37</u>	<u>6,934,914</u>	<u>38</u>	<u>7,588,303</u>	<u>37</u>	
1xxx	Total assets	<u>\$ 17,763,639</u>	<u>100</u>	<u>18,091,070</u>	<u>100</u>	<u>20,238,824</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 17,763,639</u>	<u>100</u>	<u>18,091,070</u>	<u>100</u>	<u>20,238,824</u>	<u>100</u>	

See accompanying notes to consolidated financial statements.

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Common Share)

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6(p))	\$ 2,814,855	100	3,293,734	100
5000	Operating costs (notes 6(e), (f), (g), (h), (k), (l) and 12)	<u>2,625,974</u>	<u>93</u>	<u>2,903,474</u>	<u>88</u>
5900	Gross profit from operations	<u>188,881</u>	<u>7</u>	<u>390,260</u>	<u>12</u>
6000	Operating expenses (notes 6(c), (f), (g), (h), (k), (l), (q), 7 and 12):				
6188	Selling expenses	198,028	7	242,332	8
6200	Administrative expenses	202,582	7	199,991	6
6300	Research and development expenses	22,233	1	14,472	-
6450	Reversal of expected credit loss	<u>(2,488)</u>	<u>-</u>	<u>(25,830)</u>	<u>(1)</u>
	Total operating expenses	<u>420,355</u>	<u>15</u>	<u>430,965</u>	<u>13</u>
6900	Operating loss	<u>(231,474)</u>	<u>(8)</u>	<u>(40,705)</u>	<u>(1)</u>
7000	Non-operating income and expenses (notes 6(b), (f), (k) and (r)):				
7100	Interest income	155	-	589	-
7010	Other income	11,102	-	8,852	-
7020	Other gains and losses	6,322	-	(378)	-
7050	Finance costs	<u>(71,210)</u>	<u>(2)</u>	<u>(63,281)</u>	<u>(2)</u>
	Total non-operating income and expenses	<u>(53,631)</u>	<u>(2)</u>	<u>(54,218)</u>	<u>(2)</u>
7900	Loss from continuing operations before tax	(285,105)	(10)	(94,923)	(3)
7951	Less: Income tax expenses (benefits) (note 6(m))	<u>361</u>	<u>-</u>	<u>(21)</u>	<u>-</u>
8200	Loss	<u>(285,466)</u>	<u>(10)</u>	<u>(94,902)</u>	<u>(3)</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(161,720)	(6)	31,541	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>(161,720)</u>	<u>(6)</u>	<u>31,541</u>	<u>1</u>
8500	Total comprehensive loss	<u>\$ (447,186)</u>	<u>(16)</u>	<u>(63,361)</u>	<u>(2)</u>
	Loss attributable to:				
8610	Owners of the Company	\$ (284,376)	(10)	(94,552)	(3)
8620	Non-controlling interests	<u>(1,090)</u>	<u>-</u>	<u>(350)</u>	<u>-</u>
		<u>\$ (285,466)</u>	<u>(10)</u>	<u>(94,902)</u>	<u>(3)</u>
	Comprehensive loss attributable to:				
8710	Owners of the Company	\$ (445,449)	(16)	(63,143)	(2)
8720	Non-controlling interests	<u>(1,737)</u>	<u>-</u>	<u>(218)</u>	<u>-</u>
		<u>\$ (447,186)</u>	<u>(16)</u>	<u>(63,361)</u>	<u>(2)</u>
	Deficits per share (expressed in New Taiwan dollars) (note 6(o))				
9750	Basic deficits per share	<u>\$ (1.50)</u>		<u>(0.50)</u>	
9850	Diluted deficits per share	<u>\$ (1.50)</u>		<u>(0.50)</u>	

See accompanying notes to consolidated financial statements.

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)****Equity attributable to owners of the Company**

	Common stock	Capital surplus	Retained earnings		Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity	
			Special reserve	Unappropriated retained earnings					Total
Balance at January 1, 2023	\$ 1,899,380	2,405,512	1,048,969	3,216,804	4,265,773	(572,465)	7,998,200	33,340	8,031,540
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	(379,876)	(379,876)	-	(379,876)	-	(379,876)
Loss	-	-	-	(94,552)	(94,552)	-	(94,552)	(350)	(94,902)
Other comprehensive income	-	-	-	-	-	31,409	31,409	132	31,541
Total comprehensive income (loss)	-	-	-	(94,552)	(94,552)	31,409	(63,143)	(218)	(63,361)
Balance at March 31, 2023	\$ 1,899,380	2,405,512	1,048,969	2,742,376	3,791,345	(541,056)	7,555,181	33,122	7,588,303
Balance at January 1, 2024	\$ 1,899,380	2,405,304	1,048,969	2,044,482	3,093,451	(494,097)	6,904,038	30,876	6,934,914
Loss	-	-	-	(284,376)	(284,376)	-	(284,376)	(1,090)	(285,466)
Other comprehensive income	-	-	-	-	-	(161,073)	(161,073)	(647)	(161,720)
Total comprehensive loss	-	-	-	(284,376)	(284,376)	(161,073)	(445,449)	(1,737)	(447,186)
Balance at March 31, 2024	\$ 1,899,380	2,405,304	1,048,969	1,760,106	2,809,075	(655,170)	6,458,589	29,139	6,487,728

See accompanying notes to consolidated financial statements.

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) operating activities:		
Loss before tax	\$ (285,105)	(94,923)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	306,818	315,916
Amortization expense	5,482	6,535
Reversal of expected credit loss	(2,488)	(25,830)
Interest expense	71,210	63,281
Interest income	(155)	(589)
Loss (gain) on disposal of property, plant and equipment	95	(411)
Valuation losses on financial assets or liabilities, net	49,108	2,486
Loss of impairment on non-financial assets	3,971	-
Total adjustments to reconcile profit (loss)	<u>434,041</u>	<u>361,388</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(20,437)	37,991
Notes receivable	507	62
Accounts receivable	381,648	829,607
Other receivables	(11,662)	10,957
Inventories	(300,699)	(222,860)
Other current assets	(3,296)	(16)
Total changes in operating assets	<u>46,061</u>	<u>655,741</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(3,462)	(13,860)
Accounts payable	573,558	489,747
Other payables	59,232	75,338
Other current liabilities	(8,290)	(15,864)
Other non-current liabilities	2,858	4,310
Total changes in operating liabilities	<u>623,896</u>	<u>539,671</u>
Total changes in operating assets and liabilities	<u>669,957</u>	<u>1,195,412</u>
Total adjustments	<u>1,103,998</u>	<u>1,556,800</u>
Cash inflow generated from operations	818,893	1,461,877
Interest received	155	589
Interest paid	(71,719)	(62,791)
Income taxes paid	(1,195)	(251)
Net cash flows from operating activities	<u>746,134</u>	<u>1,399,424</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(334,618)	(498,656)
Proceeds from disposal of property, plant and equipment	-	24,015
Decrease in refundable deposits	139	-
Acquisition of intangible assets	(904)	(3)
Increase in other financial assets — non-current	(415)	(4,373)
Increase in prepayments for equipment	(45,785)	(24,821)
Net cash flows used in investing activities	<u>(381,583)</u>	<u>(503,838)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(340,774)	(463,639)
Proceeds from long-term loans	385,873	588,392
Repayments of long-term loans	(450,412)	(312,490)
Payment of lease liabilities	(12,342)	(12,267)
Net cash flows used in financing activities	<u>(417,655)</u>	<u>(200,004)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(65,531)</u>	<u>19,902</u>
Net increase (decrease) in cash and cash equivalents	<u>(118,635)</u>	<u>715,484</u>
Cash and cash equivalents at beginning of period	<u>641,929</u>	<u>714,266</u>
Cash and cash equivalents at end of period	<u>\$ <u>523,294</u></u>	<u>1,429,750</u>

See accompanying notes to consolidated financial statements.

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollar, Unless Otherwise Specified)

(1) Company history

Apex International Co., Ltd. (the "Company") was established in the Cayman Islands on October 28, 2009. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for emerging stock registration on the Taipei Exchange ("TPEX") in the Republic of China. After restructuring, the Company became the holding company of Apex Circuit (Thailand) Co., Ltd. ("APT"), which is located in Thailand, and became a listed company on the TPEX in the Republic of China ("R.O.C.") on October 18, 2011. The Company then changed its listing from the TPEX to the Taiwan Stock Exchange ("TWSE") in the R.O.C. on September 8, 2015. APT mainly manufactures and sells electronic printed circuit boards. For the related information, please refer to note 14 of the consolidated financial statements. The Company and its subsidiaries are hereinafter referred to as the Group.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of adopting the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2023.

List of subsidiaries in the consolidated financial statements is as follows:

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Apex Circuit (Thailand) Co., Ltd. (APT)	PCB manufacturing and sales	99.60 %	99.60 %	99.58 %	(Note)
The Company	Approach Excellence Trading Ltd. (incorporated in British Virgin Islands) (AET)	Supply chain integration	100.00 %	100.00 %	100.00 %	
APT	Shye Feng Enterprise (Thailand) Co., Ltd. (APS)	PCB manufacturing and sales	99.99 %	99.99 %	99.99 %	
APT	Apex IPO (Dong Guan) Ltd. (APC)	Supply chain integration	100.00 %	100.00 %	100.00 %	
APS	Shye Feng (Singapore) Pte. Ltd. (APSS)	PCB sales development	100.00 %	100.00 %	100.00 %	

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note: The Company's Board of Directors resolved to participate in APT's capital increase and issuance of new shares on February 28, 2023. APT plans to issue 8,000 thousand shares at THB 62.5 per share, with a par value of THB 10 per share. As the minority shareholding waived its subscription, the Company subscribed the entire new shares issued and made the full payment on March 31, 2023. APT completed the registration of new shares with the local government on April 4, 2023.

Subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year and adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policy involves significant judgment and information that have significant effect on the amount recognized in the consolidated financial statements as below:

Based on the actual usage experience of similar assets in the past and in order to provide reliable and relevant information, the Group decided to revise the estimated useful lives of some of its machinery and equipment beginning on January 1, 2024, with the approval of its board on February 28, 2024, resulting in the depreciation expenses to decrease by approximately \$26,818 thousand and \$106,691 thousand in the first quarter and fiscal year of 2024, respectively.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following, the preparation of the consolidated financial statements are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash	\$ 3,851	3,723	1,202
Demand deposits	481,619	614,841	1,408,926
Checking deposits	6,542	10,132	7,440
Time deposits	<u>31,282</u>	<u>13,233</u>	<u>12,182</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 523,294</u>	<u>641,929</u>	<u>1,429,750</u>

Reserve account deposits that are not highly liquid and cannot be readily converted to a known amount of cash, or the values of which are subject to fluctuation, are listed under other financial assets – non-current as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Restricted bank deposit	\$ <u>10,253</u>	<u>9,838</u>	<u>22,930</u>

Please refer to note 8 for more information on the collateral for derivative instruments not used for hedging and long-term loans.

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

(i) Financial assets at fair value through profit or loss – Current

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Financial assets held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>4,199</u>	<u>23,521</u>	<u>2,374</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities at fair value through profit or loss – Current

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>7,839</u>	<u>1,595</u>	<u>8,116</u>

Please refer to note 6(r) for the amounts recognized in the consolidated statements of comprehensive income that resulted from remeasurement at fair value.

The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from its operating, financing, and investing activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets (liabilities) as of March 31, 2024, December 31, 2023, and March 31, 2023.

Forward exchange contracts:

March 31, 2024					
	Amount	Currency	Maturity dates	Fair value of assets	(liabilities)
	(in thousands)			\$	
Forward exchange purchased	USD 2,000	USD to THB	2024.7.5	\$ 4,179	
Forward exchange purchased	CNY 900	CNY to THB	2024.8.7	20	
Total				<u>\$ 4,199</u>	
Forward exchange sold	USD 10,300	USD to THB	2024.4.9 ~2024.5.7	<u>\$ (7,839)</u>	

December 31, 2023					
	Amount	Currency	Maturity dates	Fair value of assets	(liabilities)
	(in thousands)			\$	
Forward exchange sold	USD 32,300	USD to THB	2024.1.16 ~2024.3.4	<u>\$ 23,521</u>	
Forward exchange purchased	USD 2,000	USD to THB	2024.1.2	\$ (1,499)	
Forward exchange purchased	CNY 700	CNY to THB	2024.1.16	(96)	
Total				<u>\$ (1,595)</u>	

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2023				
	Amount	Currency	Maturity dates	Fair value of assets (liabilities)
	(in thousands)			\$
Forward exchange sold	USD 3,732	USD to THB	2023.5.2 ~2023.5.3	\$ 2,374
Forward exchange purchased	USD 5,000	USD to NTD	2023.8.17 ~2023.8.28	\$ (2,223)
Forward exchange sold	USD 7,500	USD to THB	2023.4.3 ~2023.5.31	(5,893)
Total				\$ (8,116)

Please refer to note 8 for more information on the collateral for derivative instruments not used for hedging.

(c) Notes receivable and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 1,015	1,522	94
Accounts receivable	2,673,638	3,055,286	3,222,173
Less: allowance for bad debt	(51,977)	(55,644)	(73,913)
	\$ 2,622,676	3,001,164	3,148,354

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on the regions that customers stand for, shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomics and relevant industry information.

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Taiwan and Mainland China were as follows:

March 31, 2024			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 214,008	0.52	1,122
Past due 1~30 days	17,658	2.41	425
Past due 31~60 days	4,869	3.82	186
Past due 61~90 days	14	14.29	2
Past due 91~120 days	192	55.73	107
Past due 121~180 days	1,487	89.85	1,336
Past due over 180 days	5,051	100.00	5,051
	\$ 243,279		8,229

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 232,787	0.78	1,822
Past due 1~30 days	68,036	3.49	2,376
Past due 31~60 days	19,404	10.02	1,945
Past due 121~180 days	18	88.89	16
Past due over 180 days	7,208	100.00	7,208
	\$ 327,453		13,367
	March 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 392,594	0.75	2,947
Past due 1~30 days	35,104	3.49	1,226
Past due 31~60 days	3,755	10.01	376
Past due 91~120 days	3,252	47.08	1,531
Past due 121~180 days	5,907	69.41	4,100
Past due over 180 days	8,521	100.00	8,521
	\$ 449,133		18,701

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Japan and Korea were as follows:

	March 31, 2024		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 325,692	-	-
Past due 1~30 days	23,542	-	-
Past due 31~60 days	667	-	-
Past due 61~90 days	4,909	-	-
Past due 91~120 days	5,014	-	-
Past due 121~180 days	6,751	-	-
	\$ 366,575		-

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 335,974	-	-
Past due 1~30 days	43,305	-	-
Past due 31~60 days	25,501	-	-
Past due 61~90 days	<u>11,162</u>	-	-
	<u>\$ 415,942</u>		<u>-</u>
	March 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 254,898	-	-
Past due 1~30 days	24,535	-	-
Past due 31~60 days	8,725	-	-
Past due 91~120 days	<u>5,658</u>	-	-
	<u>\$ 293,816</u>		<u>-</u>

The Group's analyses of the expected credit loss on its accounts receivable in the region of India were as follows:

	March 31, 2024		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	<u>\$ 2,045</u>	100.00	<u>2,045</u>
	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	<u>\$ 1,961</u>	100.00	<u>1,961</u>
	March 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	<u>\$ 2,013</u>	100.00	<u>2,013</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's analyses of the expected credit loss on its notes receivable and accounts receivable in other Asian region were as follows:

	March 31, 2024		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,486,587	-	-
Past due 1~30 days	148,336	-	-
Past due 31~60 days	22,084	-	-
Past due 91~120 days	47	-	-
Past due over 180 days	69	100.00	69
	\$ 1,657,123		69

The accounts receivable above did not contain all the amounts that the Group has for a specific client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount was \$40,062 thousand.

	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,538,624	-	-
Past due 1~30 days	266,527	-	-
Past due 31~60 days	10,560	-	-
Past due 61~90 days	3,175	-	-
Past due 91~120 days	2,345	-	-
Past due 121~180 days	66	36.36	24
	\$ 1,821,297		24

The accounts receivable above did not contain all the amounts that the Group has for a specific client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount was \$38,412 thousand.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,617,492	-	79
Past due 1~30 days	163,870	0.02	40
Past due 31~60 days	8,952	0.85	76
Past due 61~90 days	3,233	-	-
Past due 91~120 days	147	18.37	27
Past due 121~180 days	5,057	-	-
Past due over 180 days	175	100.00	175
	\$ 1,798,926		397

The accounts receivable above did not contain all the amounts that the Group has for a specific client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount was \$38,051 thousand.

The Group's analyses of the expected credit loss on its accounts receivable in the Western region (Europe and America) were as follows:

	March 31, 2024		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 279,720	0.18	503
Past due 1~30 days	44,896	0.62	279
Past due 31~60 days	34,388	1.78	611
Past due 61~90 days	6,565	2.73	179
	\$ 365,569		1,572

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 347,485	0.18	626
Past due 1~30 days	68,083	0.62	424
Past due 31~60 days	16,566	1.77	294
Past due 61~90 days	19,609	2.73	536
	\$ 451,743		1,880

	March 31, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 470,441	0.74	3,484
Past due 1~30 days	152,500	5.52	8,415
Past due 31~60 days	10,949	8.01	877
Past due 91~120 days	5,477	18.51	1,014
Past due over 180 days	961	100.00	961
	\$ 640,328		14,751

The movements in the allowance for losses of accounts receivable were as follows:

	For the three months ended March 31	
	2024	2023
Balance at the beginning	\$ 55,644	99,303
Gain on reversal of impairment	(2,488)	(25,830)
Foreign exchange losses	(1,179)	440
Balance at the ending	\$ 51,977	73,913

(d) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	\$ 115,689	104,027	110,544

The Group did not have any past due other receivables as of March 31, 2024, December 31, 2023, and March 31, 2023.

For more information on credit risk, please refer to note 6(s).

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Inventories

	March 31, 2024		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 857,381	(151,578)	705,803
Work in process	485,372	(28,287)	457,085
Finished goods	895,909	(213,974)	681,935
Supplies and spare parts	628,936	(48,618)	580,318
Goods in transit	103,146	-	103,146
Merchandise inventory	4,177	-	4,177
Total	\$ 2,974,921	(442,457)	2,532,464

	December 31, 2023		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 720,180	(139,629)	580,551
Work in process	353,063	(16,066)	336,997
Finished goods	835,593	(178,807)	656,786
Supplies and spare parts	690,420	(51,882)	638,538
Goods in transit	14,066	-	14,066
Merchandise inventory	4,827	-	4,827
Total	\$ 2,618,149	(386,384)	2,231,765

	March 31, 2023		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 1,193,574	(120,248)	1,073,326
Work in process	477,537	(15,939)	461,598
Finished goods	1,108,487	(180,858)	927,629
Supplies and spare parts	810,238	(67,252)	742,986
Goods in transit	106,309	-	106,309
Merchandise inventory	9,051	-	9,051
Total	\$ 3,705,196	(384,297)	3,320,899

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023, in addition to the costs of inventories recognized when inventories were sold, the following loss and revenue were included in the Group's operating costs:

	For the three months ended March 31	
	2024	2023
Allowance for inventory valuation and obsolescence losses	\$ 64,622	21,907
Revenue from sale of scrap	(93,976)	(76,582)
Loss on inventory write-off	37,644	-
Testing cost	88,902	9,907
Unallocated manufacturing expense	153,991	139,366
	\$ 251,183	94,598

As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group did not pledge its inventory as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the three months ended March 31, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Land improvement</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Unfinished construction and equipment undergoing acceptance testing</u>	<u>Total</u>
Cost:									
Balance at January 1, 2024	\$ 719,031	13,505	4,770,434	12,508,313	23,723	819,343	24,661	528,004	19,407,014
Additions	-	-	2,146	3,366	-	3,729	-	387,036	396,277
Disposals	-	-	-	(3,085)	(1,140)	(864)	-	-	(5,089)
Reclassification (notes 1 and 2)	-	-	38,260	100,099	-	-	-	(64,151)	74,208
Translation effect	(15,377)	(288)	(102,197)	(267,942)	(501)	(17,426)	(468)	(12,719)	(416,918)
Balance at March 31, 2024	\$ 703,654	13,217	4,708,643	12,340,751	22,082	804,782	24,193	838,170	19,455,492
Balance at January 1, 2023	\$ 712,063	13,375	3,883,347	11,873,068	23,016	702,373	24,455	963,742	18,195,439
Additions	-	-	26,984	125,131	-	9,729	-	198,412	360,256
Disposals	-	-	-	(52,686)	-	(1,832)	-	-	(54,518)
Reclassification (notes 1, 2 and 3)	-	-	84,839	22,463	481	13,280	-	(53,624)	67,439
Translation effect	2,803	52	15,075	46,559	90	2,716	91	3,519	70,905
Balance at March 31, 2023	\$ 714,866	13,427	4,010,245	12,014,535	23,587	726,266	24,546	1,112,049	18,639,521

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Land improvement</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Unfinished construction and equipment undergoing acceptance testing</u>	<u>Total</u>
Accumulated depreciation and impairment losses:									
Balance at January 1, 2024	\$ -	8,859	1,477,853	5,904,862	21,483	500,351	18,951	-	7,932,359
Depreciation	-	358	61,636	207,955	247	23,480	697	-	294,373
Impairment loss	-	-	-	3,971	-	-	-	-	3,971
Disposals	-	-	-	(3,078)	(1,140)	(776)	-	-	(4,994)
Translation effect	-	(192)	(31,877)	(127,202)	(455)	(10,743)	(348)	-	(170,817)
Balance at March 31, 2024	<u>\$ -</u>	<u>9,025</u>	<u>1,507,612</u>	<u>5,986,508</u>	<u>20,135</u>	<u>512,312</u>	<u>19,300</u>	<u>-</u>	<u>8,054,892</u>
Balance at January 1, 2023	\$ -	6,839	1,238,901	5,021,452	19,610	412,180	15,976	-	6,714,958
Depreciation	-	480	51,456	229,184	365	21,165	700	-	303,350
Disposals	-	-	-	(29,359)	-	(1,555)	-	-	(30,914)
Reclassification (note 3)	-	-	-	-	481	-	-	-	481
Translation effect	-	26	4,779	19,386	75	1,579	56	-	25,901
Balance at March 31, 2023	<u>\$ -</u>	<u>7,345</u>	<u>1,295,136</u>	<u>5,240,663</u>	<u>20,531</u>	<u>433,369</u>	<u>16,732</u>	<u>-</u>	<u>7,013,776</u>
Carrying amount:									
Balance at January 1, 2024	<u>\$ 719,031</u>	<u>4,646</u>	<u>3,292,581</u>	<u>6,603,451</u>	<u>2,240</u>	<u>318,992</u>	<u>5,710</u>	<u>528,004</u>	<u>11,474,655</u>
Balance at March 31, 2024	<u>\$ 703,654</u>	<u>4,192</u>	<u>3,201,031</u>	<u>6,354,243</u>	<u>1,947</u>	<u>292,470</u>	<u>4,893</u>	<u>838,170</u>	<u>11,400,600</u>
Balance at March 31, 2023	<u>\$ 714,866</u>	<u>6,082</u>	<u>2,715,109</u>	<u>6,773,872</u>	<u>3,056</u>	<u>292,897</u>	<u>7,814</u>	<u>1,112,049</u>	<u>11,625,745</u>

- Note 1: The cost of \$74,928 thousand and \$69,783 thousand, respectively, were reclassified from prepayment for equipment for the three months ended March 31, 2024 and 2023.
2. The cost of \$720 thousand and \$2,825 thousand, respectively, were reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the three months ended March 31, 2024 and 2023.
3. The cost of \$481 thousand and accumulated depreciation of \$481 thousand were reclassified from right-of-use asset for the three months ended March 31, 2023.

The Group evaluated the majority of the idle machinery for impairment and estimated the differences between the book value and the recoverable amount. The impairment loss recognized was as follows:

	For the three months ended March 31	
	<u>2024</u>	<u>2023</u>
Loss of impairment	<u>\$ 3,971</u>	<u>-</u>

The Group used the fair value, less selling cost, to calculate the recoverable amount as the basis to assess the impairment of the idle property, plant and equipment.

Please refer to note 6(r) for the amount of interest expenses capitalized.

Please refer to note 8 for more information on the collateral for loans.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

The Group leases many assets including buildings, machinery and equipment, and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 173,658	107,588	69,342	1,337	351,925
Additions	-	1,822	666	-	2,488
Translation effect	<u>(2,951)</u>	<u>(2,309)</u>	<u>(1,474)</u>	<u>(29)</u>	<u>(6,763)</u>
Balance at March 31, 2024	<u>\$ 170,707</u>	<u>107,101</u>	<u>68,534</u>	<u>1,308</u>	<u>347,650</u>
Balance at January 1, 2023	\$ 170,527	83,290	58,538	1,324	313,679
Additions	-	17,040	2,758	-	19,798
Reclassification	-	-	(481)	-	(481)
Translation effect	<u>585</u>	<u>295</u>	<u>226</u>	<u>5</u>	<u>1,111</u>
Balance at March 31, 2023	<u>\$ 171,112</u>	<u>100,625</u>	<u>61,041</u>	<u>1,329</u>	<u>334,107</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2024	\$ 99,543	67,309	48,168	1,289	216,309
Depreciation	6,037	3,601	2,807	-	12,445
Translation effect	<u>(1,684)</u>	<u>(1,456)</u>	<u>(1,030)</u>	<u>(27)</u>	<u>(4,197)</u>
Balance at March 31, 2024	<u>\$ 103,896</u>	<u>69,454</u>	<u>49,945</u>	<u>1,262</u>	<u>224,557</u>
Balance at January 1, 2023	\$ 74,461	51,080	37,151	1,053	163,745
Depreciation	6,138	3,758	2,578	92	12,566
Reclassification to property, plant and equipment	-	-	(481)	-	(481)
Translation effect	<u>248</u>	<u>194</u>	<u>143</u>	<u>4</u>	<u>589</u>
Balance at March 31, 2023	<u>\$ 80,847</u>	<u>55,032</u>	<u>39,391</u>	<u>1,149</u>	<u>176,419</u>
Carrying amount:					
Balance at January 1, 2024	<u>\$ 74,115</u>	<u>40,279</u>	<u>21,174</u>	<u>48</u>	<u>135,616</u>
Balance at March 31, 2024	<u>\$ 66,811</u>	<u>37,647</u>	<u>18,589</u>	<u>46</u>	<u>123,093</u>
Balance at March 31, 2023	<u>\$ 90,265</u>	<u>45,593</u>	<u>21,650</u>	<u>180</u>	<u>157,688</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the three months ended March 31, 2024 and 2023, were as follows:

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Costs:					
Balance at January 1, 2024	\$ 112,383	2,934	38,471	184,099	337,887
Addition	-	-	-	904	904
Reclassification from property, plant and equipment	-	-	-	720	720
Translation effect	<u>(2,404)</u>	<u>(63)</u>	<u>(823)</u>	<u>(3,777)</u>	<u>(7,067)</u>
Balance at March 31, 2024	<u>\$ 109,979</u>	<u>2,871</u>	<u>37,648</u>	<u>181,946</u>	<u>332,444</u>
Balance at January 1, 2023	\$ 111,294	2,906	38,098	171,736	324,034
Addition	-	-	-	3	3
Reclassification from property, plant and equipment	-	-	-	2,825	2,825
Translation effect	<u>438</u>	<u>11</u>	<u>150</u>	<u>669</u>	<u>1,268</u>
Balance at March 31, 2023	<u>\$ 111,732</u>	<u>2,917</u>	<u>38,248</u>	<u>175,233</u>	<u>328,130</u>
Amortization and impairment loss:					
Balance at January 1, 2024	\$ -	2,347	15,388	126,499	144,234
Amortization	-	144	945	4,393	5,482
Translation effect	<u>-</u>	<u>(50)</u>	<u>(333)</u>	<u>(2,702)</u>	<u>(3,085)</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>2,441</u>	<u>16,000</u>	<u>128,190</u>	<u>146,631</u>
Balance at January 1, 2023	\$ -	1,743	11,429	105,021	118,193
Amortization	-	146	958	5,431	6,535
Translation effect	<u>-</u>	<u>7</u>	<u>44</u>	<u>400</u>	<u>451</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>1,896</u>	<u>12,431</u>	<u>110,852</u>	<u>125,179</u>
Carrying amount:					
Balance at January 1, 2024	<u>\$ 112,383</u>	<u>587</u>	<u>23,083</u>	<u>57,600</u>	<u>193,653</u>
Balance at March 31, 2024	<u>\$ 109,979</u>	<u>430</u>	<u>21,648</u>	<u>53,756</u>	<u>185,813</u>
Balance at March 31, 2023	<u>\$ 111,732</u>	<u>1,021</u>	<u>25,817</u>	<u>64,381</u>	<u>202,951</u>

(i) Short-term loans

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured loans	\$ 83,467	85,291	53,556
Unsecured loans	<u>1,817,292</u>	<u>2,199,068</u>	<u>1,966,544</u>
Total	<u>\$ 1,900,759</u>	<u>2,284,359</u>	<u>2,020,100</u>
Unused credit line	<u>\$ 3,848,183</u>	<u>3,604,739</u>	<u>3,260,862</u>
Interest rate (%)	<u>2.10~4.70</u>	<u>1.95~5.95</u>	<u>1.45~5.68</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 8 for more information on the collateral for loans from bank.

(j) Long-term loans

The long-term loans of the Group were stated as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured loans	\$ 502,357	424,300	614,368
Unsecured loans	5,255,539	5,512,155	5,667,781
Less: deferred financing fee	(4,455)	(4,930)	(5,964)
Subtotal	5,753,441	5,931,525	6,276,185
Less: current portion	(2,183,042)	(2,407,691)	(1,477,025)
Total	<u>\$ 3,570,399</u>	<u>3,523,834</u>	<u>4,799,160</u>
Unused credit line	<u>\$ 8,489,760</u>	<u>8,419,371</u>	<u>8,478,273</u>
Interest rate (%)	<u>2.22~6.38</u>	<u>2.16~6.33</u>	<u>2.10~5.64</u>
Maturity date	<u>2024.7~2029.6</u>	<u>2024.3~2029.6</u>	<u>2023.4~2027.12</u>

(i) Collateral for loans

Please refer to note 8 for more information on the collateral for loans.

(ii) Loan contracts

The increase in long-term loans for the three months ended March 31, 2024 and 2023 were \$385,873 thousand and \$588,392 thousand, with the interest rates ranging from 2.29% to 6.38% and 3.23% to 3.60%, and maturities from July 2024 to June 2029 and from May 2024 to December 2027, as well as repayments amounting to \$450,412 thousand and \$312,490 thousand, respectively.

The Company and APT violated the debt covenants of certain banks as of December 31, 2023, wherein the Group has obtained a waiver for reviewing the debt covenants in February and March 2024.

For the related information, please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2023.

(k) Lease liabilities

The amounts of leased liability were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current	\$ 44,354	46,613	46,933
Non-current	82,572	92,810	113,886
	<u>\$ 126,926</u>	<u>139,423</u>	<u>160,819</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(s) for more information on maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the three months ended	
	March 31	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 1,026</u>	<u>1,209</u>
Expenses relating to short-term leases	<u>\$ 1,183</u>	<u>1,573</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 117</u>	<u>154</u>

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

	For the three months ended	
	March 31	
	<u>2024</u>	<u>2023</u>
Total cash outflow from operating activities	<u>\$ 2,326</u>	<u>2,936</u>
Total cash outflow from financing activities	<u>12,342</u>	<u>12,267</u>
Total cash outflow for leases	<u>\$ 14,668</u>	<u>15,203</u>

(i) Real estate leases

The Group leases buildings for its office space and warehouse. The leases of warehouse typically run for a period of 2 to 6 years, and of office for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of buildings contain extension options exercisable by the Group, the extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases office equipment and transportation equipment with lease terms of 1 to 7 years. Some of these leases are considered as short-term leases or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant curtailments, settlements, or other one-time events in the prior fiscal year, pension cost in the interim financial statements is measured and disclosed in accordance with the pension cost determined by the actuarial report issued for the years ended December 31, 2023 and 2022.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's expenses recognized in profit or loss, were as follows:

	For the three months ended March 31	
	2024	2023
Operating costs	\$ 1,808	1,695
Administration expenses	1,335	1,310
	\$ 3,143	3,005

(ii) Defined contribution plans

Pension costs paid by the Group to the Bureau of Labor Insurance based on the defined contribution plans were as follows:

	For the three months ended March 31	
	2024	2023
Administration expenses	\$ 216	249

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to \$7,537 thousand, \$6,518 thousand and \$7,309 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

(m) Income taxes

The amounts of income tax for the the three months ended March 31, 2024 and 2023, were as follows:

	For the three months ended March 31	
	2024	2023
Current tax expense (benefits)		
Current period	\$ 361	(21)

The Company and AET are not required to pay income tax and file an income tax return in the country in which they are incorporated.

In Thailand and Singapore, where APT, APS and APSS operate, income taxes do not require approval by the tax authority. Income taxes paid in prior years have received income tax receipts up to 2022. The income tax return of AET's Taiwan Branch and the Company's Taiwan Branch had been approved by the Revenue department through 2022. The income tax of APC had been submitted to the Revenue department through 2022.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Share capital and other equity

Except for the following, there were no significant changes in the Group's share capital and other equity for the three months ended March 31, 2024 and 2023. Please refer to note 6(n) of the 2023 consolidated financial statements for related information.

According to the Company's original Articles of Association, when allocating the net profit for each fiscal year, the Company should first offset its losses incurred in previous years, and appropriate a special surplus reserve as required by the applicable authority under the applicable public company rules. After the distribution, the remainder is to be combined with inappropriate earnings in the beginning of the period as accumulated distributable profits, the Board of Directors shall prepare a resolution for the distribution of earnings in accordance with the dividend policy. If all or parts of the distribution were made in cash, it shall be approved by a majority vote cast at a meeting of the Board with two third or more of the Directors present at the Board meeting; and, in addition thereto, a report of such distribution shall be submitted to the annual shareholders' meeting.

There were no earnings distributed in 2023 based on a resolution decided during the shareholders' meeting held on February 28, 2024; while the 2022 earnings distribution had been approved during the shareholders' meeting held on March 29, 2023 as follows:

	2022
Dividends distributed to ordinary shareholders	
Cash	\$ 379,876

The related information about the earnings distribution that was approved by the Company's Board of Directors is available on the Market Observation Post System website.

(o) Deficits per share

The calculation of basic and diluted deficits per share was as follows:

	For the three months ended	
	March 31	
	2024	2023
Basic deficits per share (diluted deficits per share):		
Net loss	\$ (284,376)	(94,552)
Weighted-average number of common shares outstanding (thousand shares)	189,938	189,938
Basic deficits per share / diluted deficits per share (New Taiwan Dollars)	\$ (1.50)	(0.50)

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Revenues from contracts with customers

(i) Disaggregation of revenue

	For the three months ended	
	March 31	
	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
Singapore	\$ 565,044	695,168
Vietnam	515,428	597,370
Thailand	495,647	618,578
Korea	491,011	381,208
Others	<u>747,725</u>	<u>1,001,410</u>
	<u>\$ 2,814,855</u>	<u>3,293,734</u>
Main product/service line		
Single-layer PCB sales	\$ 86,162	121,220
Double-layer PCB sales	794,706	1,131,768
Multi-layer PCB sales	1,931,598	2,045,366
Others	7,050	8,781
Less: sales return and allowance	<u>(4,661)</u>	<u>(13,401)</u>
	<u>\$ 2,814,855</u>	<u>3,293,734</u>

(ii) Remaining balances of contract

	<u>March 31, 2024</u>	<u>December 31,</u>	<u>March 31, 2023</u>
		2023	
Notes receivable	\$ 1,015	1,522	94
Accounts receivable	2,673,638	3,055,286	3,222,173
Less: loss allowance	<u>(51,977)</u>	<u>(55,644)</u>	<u>(73,913)</u>
Total	<u>\$ 2,622,676</u>	<u>3,001,164</u>	<u>3,148,354</u>

(q) Remunerations to employees and directors

According to the Company's Articles of Association, where there are profits in a given year, after reserving the amount for covering the accumulated losses, a maximum of 2% of the profit shall be distributed as remunerations to employees and directors. Employee remuneration may be distributed in the form of shares or cash, and may be allocated to qualified employees of the Company's subsidiaries.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There were no employee remuneration accrued for the the three months ended March 31, 2024 and 2023; while the remuneration to directors amounted to \$0 thousand and \$360 thousand, respectively. If there are differences between the actual distribution and estimated amount, they will be treated as changes in accounting estimates, and recognized as gain or loss in the following year.

The 2023 and 2022 remunerations to both employees and directors had been decided during the board meeting held on February 28, 2024 and 2023, respectively, wherein there were no differences between the actual and estimated amounts for both years.

The related information is available on the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

The details of interest income of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Interest income on bank deposits	\$ 155	589

(ii) Other income

The details of other income of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Income from cancellation of orders	\$ 3,154	1,537
Others	7,948	7,315
	\$ 11,102	8,852

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ (95)	411
Net foreign exchange gains	59,479	1,704
Valuation losses on financial assets or liabilities, net	(49,108)	(2,486)
Loss of impairment	(3,971)	-
Others	17	(7)
	\$ 6,322	(378)

(iv) Finance cost

The details of finance cost of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Interest expense on loans from banks	\$ 79,641	73,519
Interest expense on lease liabilities	1,026	1,209
Less: interest expense capitalized	(9,457)	(11,447)
	\$ 71,210	63,281

(s) Financial instruments

Except for the following, there were no significant changes in the credit risk and interest rate risk the Group was exposed to. Please refer to note 6(s) of the 2023 consolidated financial statements for related information.

(i) Credit risk

1) Risk exposure

The book value of financial assets represents the maximum risk exposure.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. The Group's accounts receivable are obviously concentrated on three main customers, which accounted for 33%, 30% and 35% of the total amount of notes and accounts receivable as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group's accounts receivable concentrated on three main customers were \$878,135 thousand, \$903,481 thousand and \$1,090,576 thousand, respectively.

3) Credit risk of accounts receivable

Please refer to note 6(c) for information on credit risk of accounts receivable; and note 6(d) for details of other receivables. All of other receivables are considered to have low risk, and thus, the allowance for bad debts are measured by the expected losses of 12 months during the period.

(ii) Liquidity risk

The following table shows the maturity of the financial liabilities including estimated interest:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
March 31, 2024					
Non-derivative financial liabilities					
Short-term loans	\$ 1,900,759	1,912,222	1,912,222	-	-
Long-term loans	5,753,441	6,111,040	2,433,188	2,518,517	1,159,335
Lease liabilities	126,926	133,595	47,610	38,777	47,208
Accounts payable	2,485,423	2,485,423	2,485,423	-	-
Other payables (including payables for equipment)	853,788	853,788	853,788	-	-
Long-term payable	9,304	9,304	-	4,854	4,450
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(321,159)	(321,159)	-	-
Outflow	7,839	328,998	328,998	-	-
	<u>\$ 11,137,480</u>	<u>11,513,211</u>	<u>7,740,070</u>	<u>2,562,148</u>	<u>1,210,993</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 2,284,359	2,298,567	2,298,567	-	-
Long-term loans	5,931,525	6,304,129	2,629,994	2,286,203	1,387,932
Lease liabilities	139,423	147,107	50,194	40,482	56,431
Accounts payable	1,911,865	1,911,865	1,911,865	-	-
Other payables (including payables for equipment)	731,963	731,963	731,963	-	-
Long-term payable	10,747	10,747	-	4,960	5,787
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(66,068)	(66,068)	-	-
Outflow	1,595	67,663	67,663	-	-
	<u>\$ 11,011,477</u>	<u>11,405,973</u>	<u>7,624,178</u>	<u>2,331,645</u>	<u>1,450,150</u>
March 31, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 2,020,100	2,028,134	2,028,134	-	-
Long-term loans	6,276,185	6,768,078	1,816,148	2,380,093	2,571,837
Lease liabilities	160,819	170,983	51,075	41,926	77,982
Accounts payable	2,573,028	2,573,028	2,573,028	-	-
Dividend payable	379,876	379,876	379,876	-	-
Other payables (including payables for equipment)	1,003,907	1,003,907	1,003,907	-	-
Long-term payable	14,383	14,383	-	4,931	9,452
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(416)	(416)	-	-
Outflow	8,116	8,532	8,532	-	-
	<u>\$ 12,436,414</u>	<u>12,946,505</u>	<u>7,860,284</u>	<u>2,426,950</u>	<u>2,659,271</u>

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

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
Financial assets									
Monetary items									
USD	\$ 77,042	31.91	2,458,032	88,392	30.58	2,703,283	106,867	30.29	3,237,363
Financial liabilities									
Monetary items									
USD	55,033	32.18	1,771,162	41,071	30.88	1,268,072	63,542	30.59	1,943,546

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account and other receivables, loans and borrowings, and account and other payables that are denominated in foreign currency.

A 5% strengthening of the NTD and THB against the USD as at March 31, 2024 and 2023, would have decreased/increased net loss before tax for the three months ended March 31, 2024 and 2023, by \$34,000 thousand and \$65,000 thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2023.

3) Exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Group's exchange gains, including realized and unrealized, were \$59,479 thousand and \$1,704 thousand, respectively, for the three months the three months ended March 31, 2024 and 2023.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year ended at the reporting date. The Group internally reported the increases / decreases in interest rates and the exposure to changes in interest rates of 0.25% to the Group's key management so as to allow key management to assess the reasonableness of the changes in interest rates.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the interest rate had increased / decreased by 0.25%, the Group's net loss would have decreased / increased by \$4,784 thousand and \$5,185 thousand, respectively, for the three months ended March 31, 2024 and 2023, with all other variable factors remaining constant. This was mainly due to the Group's interest rate of borrowing at variable rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2024				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets – current	\$ 4,199	-	4,199	-	4,199
Financial assets measured at amortized cost					
Cash and cash equivalents	523,294	-	-	-	-
Notes receivables	1,015	-	-	-	-
Accounts receivables	2,621,661	-	-	-	-
Other receivables	115,689	-	-	-	-
Refundable deposits	7,978	-	-	-	-
Other financial assets	10,253	-	-	-	-
Subtotal	<u>3,279,890</u>	-	-	-	-
Total	<u>\$ 3,284,089</u>	<u>-</u>	<u>4,199</u>	<u>-</u>	<u>4,199</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2024				
		Fair value				
		Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities – current	\$	7,839	-	7,839	-	7,839
Financial liabilities measured at amortized cost						
Short-term loans		1,900,759	-	-	-	-
Long-term loans		5,753,441	-	-	-	-
Lease liabilities		126,926	-	-	-	-
Accounts payable		2,485,423	-	-	-	-
Other payables (including payables for equipment)		853,788	-	-	-	-
Long-term payable		9,304	-	-	-	-
Subtotal		<u>11,129,641</u>	-	-	-	-
Total		<u>\$ 11,137,480</u>	-	<u>7,839</u>	-	<u>7,839</u>
		December 31, 2023				
		Fair value				
		Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Derivative financial assets – current	\$	23,521	-	23,521	-	23,521
Financial assets measured at amortized cost						
Cash and cash equivalents		641,929	-	-	-	-
Notes receivables		1,522	-	-	-	-
Accounts receivables		2,999,642	-	-	-	-
Other receivables		104,027	-	-	-	-
Refundable deposits		8,117	-	-	-	-
Other financial assets		9,838	-	-	-	-
Subtotal		<u>3,765,075</u>	-	-	-	-
Total		<u>\$ 3,788,596</u>	-	<u>23,521</u>	-	<u>23,521</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023				
	<u>Amount</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – current	\$ 1,595	-	1,595	-	1,595
Financial liabilities measured at amortized cost					
Short-term loans	2,284,359	-	-	-	-
Long-term loans	5,931,525	-	-	-	-
Lease liabilities	139,423	-	-	-	-
Accounts payable	1,911,865	-	-	-	-
Other payables (including payables for equipment)	731,963	-	-	-	-
Long-term payable	10,747	-	-	-	-
Subtotal	<u>11,009,882</u>	-	-	-	-
Total	<u>\$ 11,011,477</u>	<u>-</u>	<u>1,595</u>	<u>-</u>	<u>1,595</u>
	March 31, 2023				
	<u>Amount</u>	Fair value			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Derivative financial assets – current	\$ 2,374	-	2,374	-	2,374
Financial assets measured at amortized cost					
Cash and cash equivalents	1,429,750	-	-	-	-
Notes receivables	94	-	-	-	-
Accounts receivables	3,148,260	-	-	-	-
Other receivables	110,544	-	-	-	-
Refundable deposits	8,313	-	-	-	-
Other financial assets	22,930	-	-	-	-
Subtotal	<u>4,719,891</u>	-	-	-	-
Total	<u>\$ 4,722,265</u>	<u>-</u>	<u>2,374</u>	<u>-</u>	<u>2,374</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2023				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – current	\$ 8,116	-	8,116	-	8,116
Financial liabilities measured at amortized cost					
Short-term loans	2,020,100	-	-	-	-
Long-term loans	6,276,185	-	-	-	-
Lease liabilities	160,819	-	-	-	-
Accounts payable	2,573,028	-	-	-	-
Dividend payable	379,876	-	-	-	-
Other payables (including payables for equipment)	1,003,907	-	-	-	-
Long-term payable	14,383	-	-	-	-
Subtotal	<u>12,428,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,436,414</u>	<u>-</u>	<u>8,116</u>	<u>-</u>	<u>8,116</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

- i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities and payment request or payment amount of future cash flow will not be changed due to timing difference, and the book value is a reasonable approximation of fair value. This method applies to cash and cash equivalents, notes and accounts receivable and payable, other receivables and payables, refundable deposits, other financial assets, short-term loans, payables for machinery and equipment.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Fair value of long-term loans, lease liabilities, and long-term payable are estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and lease payable. However, long-term loans are recognized at its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate. The present value of long-term payable is calculated based on the weighted-average cost of capital (WACC). There were no significant differences between book value and discounted present value. Thus, long-term payable is recognized at book value.

b) Derivative financial instruments

Forward exchange contracts were usually estimated by the current forward exchange rates of the transaction banks.

(t) Financial risk management

There were no significant changes in the objectives and policies concerning the financial risks the Group was exposed to. Please refer to note 6(t) of the 2023 consolidated financial statements for related information.

(u) Capital management

The purpose, policy, procedures, and summarized quantitative data of the Group's capital management were the same as those disclosed in the 2023 consolidated financial statements. Please refer to note 6(u) of the 2023 consolidated financial statements for related information.

(v) Non-cash investing and financing activities

For the three months ended March 31, 2024 and 2023, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through leasing. Please refer to note 6(g) for related information.

Reconciliation of liabilities from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes Acquisition or termination of contracts	Translation effect	March 31, 2024
Long-term loans	\$ 5,931,525	(64,539)	-	(113,545)	5,753,441
Short-term loans	2,284,359	(340,774)	-	(42,826)	1,900,759
Lease liabilities	139,423	(12,342)	2,488	(2,643)	126,926
Total liabilities from financing activities	<u>\$ 8,355,307</u>	<u>(417,655)</u>	<u>2,488</u>	<u>(159,014)</u>	<u>7,781,126</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Acquisition or termination of contracts	Translation effect	
Long-term loans	\$ 5,976,283	275,902	-	24,000	6,276,185
Short-term loans	2,472,991	(463,639)	-	10,748	2,020,100
Lease liabilities	152,755	(12,267)	19,798	533	160,819
Total liabilities from financing activities	\$ 8,602,029	(200,004)	19,798	35,281	8,457,104

(7) Related-party transactions

- (a) Parent Company and ultimate controlling party

Apex International Co., Ltd. is the ultimate controlling party of the Group.

- (b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Wang Shu Mu	Chairman of the Company

- (c) Significant transactions with related parties – Guarantee

For the three months ended March 31, 2024 and 2023, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

- (d) Management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 15,258	13,711
Post-employment benefits	229	141
Other long-term benefits	1	2
	\$ 15,488	13,854

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other financial assets				
– non-current:				
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	\$ 10,253	9,838	22,930
Property, plant, and equipment:				
Land	Long-term and short-term loans	384	392	390
Buildings	Long-term and short-term loans	26,173	28,625	33,889
Machinery and equipment	Long-term, short-term loans and electricity guarantee	1,130,819	1,186,044	1,412,869
Total		<u>\$ 1,167,629</u>	<u>1,224,899</u>	<u>1,470,078</u>

(9) Significant commitments and contingencies:

(a) The Group did not recognize the following contract commitments in the financial statements:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Acquisition of property, plant and equipment	\$ 509,338	484,686	436,996
Other long-term commitments	24,286	27,503	30,212
Total	<u>\$ 533,624</u>	<u>512,189</u>	<u>467,208</u>

(b) The Group had outstanding letters of credit as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Letters of credit	\$ <u>60,582</u>	<u>72,538</u>	<u>80,109</u>

(c) Guarantees provided by banks were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Electricity guarantee	\$ <u>118,443</u>	<u>121,031</u>	<u>120,330</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters:None

(11) Subsequent events:None

(12) Other:

(a) A summary of personnel benefit costs, depreciation, depletion and amortization is as follows:

Function Account	For the three months ended March 31					
	2024			2023		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel benefit costs						
Salaries	408,216	88,518	496,734	384,903	79,190	464,093
Health insurance	-	416	416	-	630	630
Pension	1,808	1,551	3,359	1,695	1,559	3,254
Remuneration to directors	-	-	-	-	360	360
Other personnel expense	41,143	23,547	64,690	39,980	21,245	61,225
Depreciation	274,794	32,024	306,818	285,547	30,369	315,916
Amortization	1,131	4,351	5,482	1,941	4,594	6,535

(b) The Group's operations were not affected by seasonality factors.

(Continued)

APEX INTERNATIONAL CO., LTD.
Notes to Consolidated Interim Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
0	The Company	APT	2	19,375,767 (Note 2)	15,310,949	15,310,949	5,607,012	-	237.06 %	19,375,767 (Note 3)	Y	N	N
1	APT	APS	4	3,641,167 (Note 4)	623,806	623,806	265,686	-	9.66 %	3,641,167 (Note 5)	N	N	N

Note 1: Relationships with Guarantors and Obligees

1. Companies with business relations.
2. Companies in which more than 50% of shares with voting rights are directly or indirectly owned by the Company.
3. Companies directly or in directly owning more than 50% of shares with voting rights of the Company.
4. Companies in which 90% of shares with voting rights are directly or indirectly owned the Company.
5. Companies under reciprocal inter-insurance for constructional contractual purpose.
6. Companies guaranteed by all contributed shareholders due to co-investing relationships.
7. Companies established to practice escrow and joint, as well as several guarantees for presale homes under the Consumer Protection Act.

Note 2: If it was approved by Board of Directors, the guarantee limit for the guarantee provided to a specific enterprise shall not be applied when the Company directly or indirectly owns more than 90% of the investee's equity. However, the guarantee amount is still limited to 300% of the net worth of the Company's latest financial statements.

Note 3: The overall guarantee amount provided to others shall not exceed 300% of the net worth of the Company's latest financial statements.

Note 4: The guarantee limit for the guarantee provided to any individual company shall not exceed 50% of APT's net worth.

Note 5: Total amount of the guarantee provided by APT is limited to 50% of its net worth.

- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding NTD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).
- (x) Business relationships and significant intercompany transactions: There were no significant transactions.

(Continued)

APEX INTERNATIONAL CO., LTD.
Notes to Consolidated Interim Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	APT	Thailand	PCB (printed circuit board) manufacturing and sales	3,757,116	3,757,116	151,194	99.60 %	7,253,205	(272,277)	(271,188) Note 2 (Note 4)	
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	10,344	254	601 Note 2 (Note 4)	
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	218,531	(483)	(483) Note 2 (Note 3)	
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	17,963	(1,427)	(1,132) Note 2 (Note 4)	

Note 1: Long-term investment and investment gains and losses have been recognized by the equity method based on the financial statements of the investee companies reviewed by the Group's auditors.

Note 2: The long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

Note 3: The amount of amortization of premium on investment recognized in this period has been included in share of profits/ losses of investee.

Note 4: It takes into account unrealized and realized gains and losses on intercompany transactions.

(c) Information on investment in China:

(i) The names of investees in China, the main businesses and products, and other information:

Unit: in thousands of dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024 (Note 4)	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) (Notes 2 and 3)	Book value (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Outflow (Note 4)	Inflow (Note 4)						
APC	Supply Chain integration	39,848 (RMB9,000)	2	-	-	-	-	(3,140) (RMB718)	99.60 %	(3,176) (RMB726)	27,602 (RMB6,156)	-

Note 1: Investment methods are divided into the following three categories

- (1) Direct investment in China.
- (2) Indirect investment in China through investment in Thailand (APT).
- (3) Other methods.

Note 2: Long-term investment and investment gains and losses have been recognized by using the equity method based on the financial statements of the investee companies reviewed by the Group's auditors.

Note 3: Long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

Note 4: The Company is not a Taiwan local company, so no investment amount is shown.

Note 5: The book value at end of period were calculated by using the exchange rate on March 31, 2024 (BS exchange rate RMB:TWD=1:4.4837).The net income (loss) of the investee company and investment gains (losses) recognized by the parent company were calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.3750).

(ii) Limitation on investment in China: None.

(iii) Significant transactions in China: None.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Unit: share			
Shareholder's Name	Shareholding	Shares	Percentage
Lu Yan Xian		11,100,000	5.84 %

Note:(1) The main shareholder information of this table is calculated by Taiwan Depositor & Clearing Corporation (TDCC) using information that shareholder acquired more than 5% of common share and preferred share have been completed non-physical delivered. There might be a difference between share capital on the financial report and the actual share that have completed non-physical delivered due to different basis of accounting.

(2) Percentage of ownership is chopped to the second decimal place.

(14) Segment information:

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

	For the three months ended March 31			
	2024			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 2,808,218	6,637	-	2,814,855
Intersegment revenues	8,137	53,470	(61,607)	-
Total revenue	<u>\$ 2,816,355</u>	<u>60,107</u>	<u>(61,607)</u>	<u>2,814,855</u>
Reportable segment profit or loss	<u>\$ (265,529)</u>	<u>(17,790)</u>	<u>(1,786)</u>	<u>(285,105)</u>
	For the three months ended March 31			
	2023			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 3,275,388	18,346	-	3,293,734
Intersegment revenues	24,360	57,762	(82,122)	-
Total revenue	<u>\$ 3,299,748</u>	<u>76,108</u>	<u>(82,122)</u>	<u>3,293,734</u>
Reportable segment profit or loss	<u>\$ (88,513)</u>	<u>(6,426)</u>	<u>16</u>	<u>(94,923)</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023, the adjustments and eliminations of the intersegment net profit to the reportable segment gain (loss) were \$(1,786) thousand and \$16 thousand, respectively.