

Advanced Power Electronics Co.,  
Ltd. and Subsidiaries

Consolidated Financial Statements for the  
Six Months Ended June 30, 2025 and 2024  
and Independent Auditors' Review Report

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## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Advanced Power Electronics Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Advanced Power Electronics Co., Ltd. and its subsidiaries (collectively, the “Group”) as of June 30, 2025 and 2024, the consolidated statements of comprehensive income for the three months and the six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including material accounting policy information. 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 Standards on 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.

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused 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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months ended June 30, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2025 and 2024 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 Wen-Ling Liu and Chih-Feng Yu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
July 29, 2025

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.*

# ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	June 30, 2025		December 31, 2024		June 30, 2024	
ASSETS	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents (Note 6)	\$ 777,381	12	\$ 662,988	11	\$ 653,936	10
Financial assets at fair value through profit or loss (Note 7)	-	-	490,459	8	200,916	3
Financial assets at amortized cost (Note 9)	3,243,500	49	2,347,434	38	2,512,848	41
Notes receivable (Note 10)	30,664	-	12,981	-	6,359	-
Accounts receivable (Notes 10 and 25)	702,412	10	785,937	12	727,105	12
Other receivables (Notes 10)	48,221	1	43,142	1	40,976	1
Current tax assets (Note 4)	921	-	2,153	-	1,791	-
Inventories (Note 11)	587,386	9	520,956	8	546,335	9
Other current assets	2,599	-	894	-	1,637	-
Total current assets	<u>5,393,084</u>	<u>81</u>	<u>4,866,944</u>	<u>78</u>	<u>4,691,903</u>	<u>76</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (Note 7)	192,660	3	194,968	3	173,997	3
Financial assets at fair value through other comprehensive income (Note 8)	132,617	2	139,961	2	137,709	2
Financial assets at amortized cost (Note 9)	174,882	3	195,584	3	193,738	3
Property, plant and equipment (Note 12)	436,146	7	441,776	7	452,017	8
Right-of-use assets (Note 13)	6,984	-	9,240	-	9,106	-
Other intangible assets, net	2,144	-	2,803	-	1,583	-
Deferred tax assets (Note 4)	56,294	1	46,691	1	45,938	1
Other non-current assets (Note 14)	226,596	3	342,461	6	432,223	7
Total non-current assets	<u>1,228,323</u>	<u>19</u>	<u>1,373,484</u>	<u>22</u>	<u>1,446,311</u>	<u>24</u>
<b>TOTAL</b>	<u>\$ 6,621,407</u>	<u>100</u>	<u>\$ 6,240,428</u>	<u>100</u>	<u>\$ 6,138,214</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Notes payable	\$ -	-	\$ -	-	\$ 44	-
Accounts payable (Note 25)	474,532	7	387,799	6	369,879	6
Other payables (Note 16)	539,701	8	136,167	2	429,757	7
Current tax liabilities (Note 4)	86,999	1	61,907	1	45,172	1
Lease liabilities (Note 13)	4,216	-	4,571	-	5,301	-
Other current liabilities	25,276	1	27,992	1	19,849	-
Total current liabilities	<u>1,130,724</u>	<u>17</u>	<u>618,436</u>	<u>10</u>	<u>870,002</u>	<u>14</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Note 4)	-	-	10,285	-	10,533	-
Lease liabilities (Note 13)	2,836	-	4,632	-	3,785	-
Total non-current liabilities	<u>2,836</u>	<u>-</u>	<u>14,917</u>	<u>-</u>	<u>14,318</u>	<u>-</u>
Total liabilities	<u>1,133,560</u>	<u>17</u>	<u>633,353</u>	<u>10</u>	<u>884,320</u>	<u>14</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b> (Note 18)						
Common stock	<u>1,187,925</u>	<u>18</u>	<u>1,184,432</u>	<u>19</u>	<u>1,184,432</u>	<u>19</u>
Capital surplus	<u>3,013,263</u>	<u>45</u>	<u>3,005,869</u>	<u>48</u>	<u>3,005,066</u>	<u>49</u>
Retained earnings						
Legal reserve	324,675	5	268,153	4	268,153	4
Special reserve	75,416	1	63,566	1	63,566	1
Unappropriated earnings	971,349	15	1,167,805	19	824,572	14
Total retained earnings	<u>1,371,440</u>	<u>21</u>	<u>1,499,524</u>	<u>24</u>	<u>1,156,291</u>	<u>19</u>
Other equity interests	( 84,349 )	( 1 )	( 81,652 )	( 1 )	( 90,331 )	( 1 )
Total equity attributable to owners of the parent	<u>5,488,279</u>	<u>83</u>	<u>5,608,173</u>	<u>90</u>	<u>5,255,458</u>	<u>86</u>
<b>NON-CONTROLLING INTERESTS</b>	( 432 )	-	( 1,098 )	-	( 1,564 )	-
Total equity	<u>5,487,847</u>	<u>83</u>	<u>5,607,075</u>	<u>90</u>	<u>5,253,894</u>	<u>86</u>
<b>TOTAL</b>	<u>\$ 6,621,407</u>	<u>100</u>	<u>\$ 6,240,428</u>	<u>100</u>	<u>\$ 6,138,214</u>	<u>100</u>

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

**ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 25)	\$ 818,180	100	\$ 733,811	100	\$ 1,534,088	100	\$ 1,323,557	100
OPERATING COSTS (Notes 11,19 and 25)	<u>507,870</u>	<u>62</u>	<u>529,116</u>	<u>72</u>	<u>959,065</u>	<u>63</u>	<u>1,011,575</u>	<u>76</u>
GROSS PROFIT FROM OPERATIONS	<u>310,310</u>	<u>38</u>	<u>204,695</u>	<u>28</u>	<u>575,023</u>	<u>37</u>	<u>311,982</u>	<u>24</u>
OPERATING EXPENSES (Notes 19 and 25)								
Selling and marketing expenses	22,047	3	20,539	3	43,104	3	40,365	3
General and administrative expenses	35,191	4	31,180	4	77,352	5	61,956	5
Research and development expenses	<u>34,023</u>	<u>4</u>	<u>32,096</u>	<u>4</u>	<u>64,373</u>	<u>4</u>	<u>63,145</u>	<u>5</u>
Total operating expenses	<u>91,261</u>	<u>11</u>	<u>83,815</u>	<u>11</u>	<u>184,829</u>	<u>12</u>	<u>165,466</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>219,049</u>	<u>27</u>	<u>120,880</u>	<u>17</u>	<u>390,194</u>	<u>25</u>	<u>146,516</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	19,470	2	15,740	2	35,983	3	33,324	3
Other income	526	-	632	-	1,017	-	1,038	-
Other gains and losses, net (Note 19)	( 133,686 )	( 16 )	30,599	4	( 105,377 )	( 7 )	93,996	7
Finance costs (Note 19)	( <u>36</u> )	-	( <u>34</u> )	-	( <u>76</u> )	-	( <u>64</u> )	-
Total non-operating income and expenses	( <u>113,726</u> )	( <u>14</u> )	<u>46,937</u>	<u>6</u>	( <u>68,453</u> )	( <u>4</u> )	<u>128,294</u>	<u>10</u>
PROFIT BEFORE INCOME TAX	105,323	13	167,817	23	321,741	21	274,810	21
INCOME TAX EXPENSE (Notes 4 and 20)	<u>25,660</u>	<u>3</u>	<u>32,067</u>	<u>5</u>	<u>70,243</u>	<u>5</u>	<u>52,565</u>	<u>4</u>
NET PROFIT	<u>79,663</u>	<u>10</u>	<u>135,750</u>	<u>18</u>	<u>251,498</u>	<u>16</u>	<u>222,245</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	252	-	( 3,588 )	-	( 5,691 )	-	( 14,636 )	( 1 )
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	( <u>1,221</u> )	-	<u>119</u>	-	( <u>1,201</u> )	-	<u>564</u>	-
Other comprehensive income (loss) (after tax)	( <u>969</u> )	-	( <u>3,469</u> )	-	( <u>6,892</u> )	-	( <u>14,072</u> )	( <u>1</u> )
TOTAL COMPREHENSIVE INCOME	<u>\$ 78,694</u>	<u>10</u>	<u>\$ 132,281</u>	<u>18</u>	<u>\$ 244,606</u>	<u>16</u>	<u>\$ 208,173</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the parent	\$ 79,387	10	\$ 135,636	18	\$ 250,934	16	\$ 221,987	17
Non-controlling interests	<u>276</u>	-	<u>114</u>	-	<u>564</u>	-	<u>258</u>	-
	<u>\$ 79,663</u>	<u>10</u>	<u>\$ 135,750</u>	<u>18</u>	<u>\$ 251,498</u>	<u>16</u>	<u>\$ 222,245</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the parent	\$ 78,285	10	\$ 132,187	18	\$ 243,940	16	\$ 207,979	16
Non-controlling interests	<u>409</u>	-	<u>94</u>	-	<u>666</u>	-	<u>194</u>	-
	<u>\$ 78,694</u>	<u>10</u>	<u>\$ 132,281</u>	<u>18</u>	<u>\$ 244,606</u>	<u>16</u>	<u>\$ 208,173</u>	<u>16</u>
EARNINGS PER SHARE (Note 21)								
Basic earnings per share	<u>\$ 0.67</u>		<u>\$ 1.15</u>		<u>\$ 2.12</u>		<u>\$ 1.89</u>	
Diluted earnings per share	<u>\$ 0.67</u>		<u>\$ 1.14</u>		<u>\$ 2.11</u>		<u>\$ 1.87</u>	

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

# ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent												
	Retained Earnings						Other Equity Interests						
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Total	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2024	\$ 1,178,905	\$ 3,001,320	\$ 235,110	\$ 75,774	\$ 918,146	\$ 1,229,030	( \$ 4,169 )	( \$ 59,397 )	( \$ 33,010 )	( \$ 96,576 )	\$ 5,312,679	( \$ 1,758 )	\$ 5,310,921
Distribution of 2023 earnings													
Legal reserve	-	-	33,043	-	( 33,043 )	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	( 12,208 )	12,208	-	-	-	-	-	-	-	-
Cash dividends -NT\$ 2.5 per share	-	-	-	-	( 294,726 )	( 294,726 )	-	-	-	-	( 294,726 )	-	( 294,726 )
Exercise of disgorgement of short-swing profits	-	1,444	-	-	-	-	-	-	-	-	1,444	-	1,444
Profit for the six months ended June 30, 2024	-	-	-	-	221,987	221,987	-	-	-	-	221,987	258	222,245
Other comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	628	( 14,636 )	-	( 14,008 )	( 14,008 )	( 64 )	( 14,072 )
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	221,987	221,987	628	( 14,636 )	-	( 14,008 )	207,979	194	208,173
Employee share options issued by the Company	8,047	22,291	-	-	-	-	-	-	-	-	30,338	-	30,338
Compensation cost of employee share options	-	751	-	-	-	-	-	-	-	-	751	-	751
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	( 3,007 )	( 3,007 )	( 3,007 )	-	( 3,007 )
Cancellation of employee restricted shares	( 2,520 )	( 20,740 )	-	-	-	-	-	-	23,260	23,260	-	-	-
BALANCE, JUNE 30, 2024	<u>\$ 1,184,432</u>	<u>\$ 3,005,066</u>	<u>\$ 268,153</u>	<u>\$ 63,566</u>	<u>\$ 824,572</u>	<u>\$ 1,156,291</u>	( <u>\$ 3,541</u> )	( <u>\$ 74,033</u> )	( <u>\$ 12,757</u> )	( <u>\$ 90,331</u> )	<u>\$ 5,255,458</u>	( <u>\$ 1,564</u> )	<u>\$ 5,253,894</u>
BALANCE, JANUARY 1, 2025	\$ 1,184,432	\$ 3,005,869	\$ 268,153	\$ 63,566	\$ 1,167,805	\$ 1,499,524	( \$ 3,449 )	( \$ 71,967 )	( \$ 6,236 )	( \$ 81,652 )	\$ 5,608,173	( \$ 1,098 )	\$ 5,607,075
Distribution of 2024 earnings													
Legal reserve	-	-	56,522	-	( 56,522 )	-	-	-	-	-	-	-	-
Special reserve	-	-	-	11,850	( 11,850 )	-	-	-	-	-	-	-	-
Cash dividends -NT\$ 3.2 per share	-	-	-	-	( 379,018 )	( 379,018 )	-	-	-	-	( 379,018 )	-	( 379,018 )
Profit (Loss) for the six months ended June 30, 2025	-	-	-	-	250,934	250,934	-	-	-	-	250,934	564	251,498
Other comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	-	-	( 1,303 )	( 5,691 )	-	( 6,994 )	( 6,994 )	102	( 6,892 )
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	250,934	250,934	( 1,303 )	( 5,691 )	-	( 6,994 )	243,940	666	244,606
Employee share options issued by the Company	3,893	10,355	-	-	-	-	-	-	-	-	14,248	-	14,248
Compensation cost of employee share options	-	331	-	-	-	-	-	-	-	-	331	-	331
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	605	605	605	-	605
Cancellation of employee restricted shares	( 400 )	( 3,292 )	-	-	-	-	-	-	3,692	3,692	-	-	-
BALANCE, JUNE 30, 2025	<u>\$ 1,187,925</u>	<u>\$ 3,013,263</u>	<u>\$ 324,675</u>	<u>\$ 75,416</u>	<u>\$ 971,349</u>	<u>\$ 1,371,440</u>	( <u>\$ 4,752</u> )	( <u>\$ 77,658</u> )	( <u>\$ 1,939</u> )	( <u>\$ 84,349</u> )	<u>\$ 5,488,279</u>	( <u>\$ 432</u> )	<u>\$ 5,487,847</u>

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

# ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 321,741	\$ 274,810
Adjustments for:		
Depreciation expense	19,142	19,020
Amortization expense	2,646	2,628
Net (gain)/loss on financial instruments at fair value through profit or loss	471	( 14,924)
Finance costs	76	64
Interest income	( 35,983)	( 33,324)
Dividend income	( 497)	-
Compensation costs of employee share options	936	( 2,256)
Loss on decline in market value and obsolete and slow-moving inventories	6,089	36,500
Unrealized (gain)/loss on foreign currency exchange	119,867	( 79,728)
Lease modification gain	-	( 4)
Changes in operating assets and liabilities:		
Notes receivable	( 17,683)	( 1,455)
Accounts receivable	4,961	134,167
Other receivables	( 3,916)	3,647
Inventories	( 72,519)	170,046
Other current assets	19,127	905
Notes payable	-	( 246)
Accounts payable	129,395	433
Other payables	26,777	5,492
Other current liabilities	( 2,716)	( 2,510)
Net cash inflows generated from operating activities	517,914	513,265
Interest received	34,683	31,221
Interest paid	( 76)	( 64)
Income taxes paid	( 63,807)	( 72,598)
Net cash generated from operating activities	<u>488,714</u>	<u>471,824</u>

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# ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(\$2,584,536)	(\$2,256,341)
Proceeds from sale of financial assets at amortized cost	1,688,456	1,538,402
Purchase of financial assets at fair value through profit or loss	-	( 200,000 )
Proceeds from sale of financial assets at fair value through profit or loss	492,296	201,509
Acquisition of property, plant and equipment	( 11,979 )	( 9,113 )
Increase in refundable deposits	( 1,295 )	( 1,600 )
Decrease in refundable deposits	80,858	92,729
Payments for intangible assets	( 2,738 )	( 1,764 )
Increase in prepayments for equipment	( 2,149 )	-
Other dividend received	497	-
Net cash used in investing activities	( <u>340,590</u> )	( <u>636,178</u> )
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	( 2,680 )	( 2,357 )
Proceeds from exercise of employee share options	14,248	30,338
Proceeds from exercise of disgorgement of short-swing profits	<u>-</u>	<u>1,444</u>
Net cash generated from financing activities	<u>11,568</u>	<u>29,425</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	( <u>45,299</u> )	<u>17,766</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,393	( 117,163 )
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>662,988</u>	<u>771,099</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 777,381</u>	<u>\$ 653,936</u>

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

(Concluded)



# ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATIONS

Advanced Power Electronics Co., Ltd. (“APEC”) was incorporated in Taiwan, the Republic of China (“ROC”) on July 17, 1998. APEC is mainly engaged in the design of electronic elements, integrated circuits, semi-conductors, and the testing service.

APEC’s stock was approved to be traded over the counter by the ROC Taipei Exchange on April 9, 2004 and was listed on the ROC Over-the-Counter (“OTC”) Securities Exchange (known as The Taipei Exchange, TPEX) on April 15, 2004. On December 11, 2009, APEC’s stock was shifted to be listed on the Taiwan Stock Exchange.

The Group’s consolidated financial statements are presented in New Taiwan dollars (NTD), which is APEC’s functional currency.

### 2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on July 29, 2025.

### 3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

Application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2026.

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature -dependent Electricity”	January 1, 2026
IFRS Accounting Standards “Annual Improvements- Volume 11”	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information”	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance.

- c. New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC.

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

The 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 endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the information which should be disclosed in the annual consolidated financial statements in accordance with the IFRSs endorsed and issued into effect by the FSC.

### **Basis of Preparation**

The accompanying company only consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Based on the extent that fair value can be observed, the fair value measurements are grouped into Levels 1 to 3:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

### **Basis of Consolidation**

All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group transactions and balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The comprehensive income from subsidiaries is allocated to APEC and its non-controlling interests, even if the non-controlling interests have a deficit balance.

See Note 15 and Tables 3 and 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

### **Other significant accounting policies**

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2024.

## Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim-period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the profit before tax of the interim-period.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The Group has considered the economic implications on critical accounting estimates such as cash flow estimation, growth rate, discount rate, and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis. The same critical accounting judgments and key sources of estimation uncertainty have been followed when preparing these interim consolidated financial statements as those that were applied in the preparation of the consolidated financial statements for the year ended December 31, 2024.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and revolving funds	\$ 121	\$ 122	\$ 132
Bank check and demand deposit	385,759	232,042	269,245
Cash equivalents (investments with the original expiration date within 3 months)			
Time deposits	391,501	345,824	277,559
Repurchase agreements collateralized by bonds	-	85,000	107,000
	<u>\$ 777,381</u>	<u>\$ 662,988</u>	<u>\$ 653,936</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Structured deposits	<u>\$ -</u>	<u>\$ 490,459</u>	<u>\$ 200,916</u>
Non-current			
Domestic listed shares (emerging market shares)	\$ 60,919	\$ 64,228	\$ 44,235
Mutual Fund	<u>131,741</u>	<u>130,740</u>	<u>129,762</u>
	<u>\$ 192,660</u>	<u>\$ 194,968</u>	<u>\$ 173,997</u>

The Group entered into a structured notes contract with a financial institution. The structured notes contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	June 30, 2025	December 31, 2024	June 30, 2024
Non-current			
Domestic listed shares	\$ 98,452	\$ 98,367	\$ 95,979
Domestic listed shares - private placement	-	15,925	14,384
Domestic listed shares (emerging market shares)	10,121	10,121	9,312
Domestic unlisted shares	10,149	-	-
Foreign unlisted shares	<u>13,895</u>	<u>15,548</u>	<u>18,034</u>
	<u>\$ 132,617</u>	<u>\$ 139,961</u>	<u>\$ 137,709</u>

These investments in equity instruments such as common shares and preferred shares are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believed that recognizing short-term fluctuations from these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The domestic private placement shares invested by the Group public trading terminated on June 23, 2025 by the Taiwan Stock Exchange' announcement received on May 13, 2025.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Investments with the original expiration date over 3 months			
Time deposits	<u>\$3,243,500</u>	<u>\$2,347,434</u>	<u>\$2,512,848</u>
Non-current			
Corporate bonds (a)	\$ 172,882	\$ 193,584	\$ 191,738
Pledged deposit certificate (b)	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>\$ 174,882</u>	<u>\$ 195,584</u>	<u>\$ 193,738</u>

a. At the end of the reporting period, corporate bonds bought by the Group were as follows:

Acquisition Date	Issuer	Purchase Amount (In Thousands)	Maturity Date	Coupon Rate	Rate of Effective Interest
September 2023	UBS Group AG	US\$ 1,000	March 2028	4.253%	5.676%
September 2023	Mizuho Financial Group, Inc.	US\$1,000	September 2028	5.414%	5.566%
September 2023	HSBC Holdings PLC	US\$ 940	November 2028	7.390%	6.244%
September 2023	Standard Chartered PLC	US\$ 940	November 2028	7.767%	6.397%
September 2023	UBS Group AG	US\$ 990	December 2027	6.327%	6.057%

Acquisition Date	Issuer	Purchase Amount (In Thousands)	Maturity Date	Coupon Rate	Rate of Effective Interest
September 2023	UBS Group AG	US\$ 990	September 2029	6.246%	6.145%

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group continues to review the changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the initial recognition to the reporting date.

b. Further details regarding pledged assets are provided in Note 26.

## 10. ACCOUNTS, NOTES, DOUBTFUL AND OTHER RECEIVABLE, NET

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Notes receivable</u>			
From operating	\$ 30,791	\$ 13,108	\$ 6,486
Less: Allowance for impairment loss	( <u>127</u> )	( <u>127</u> )	( <u>127</u> )
	<u>\$ 30,664</u>	<u>\$ 12,981</u>	<u>\$ 6,359</u>
<u>Accounts receivable</u>			
At amortized cost	\$ 709,849	\$ 793,485	\$ 734,643
Less: Allowance for impairment loss	( <u>7,437</u> )	( <u>7,548</u> )	( <u>7,538</u> )
	<u>\$ 702,412</u>	<u>\$ 785,937</u>	<u>\$ 727,105</u>
<u>Doubtful receivable</u>			
At amortized cost	\$ 1,327	\$ 1,327	\$ 1,327
Less: Allowance for impairment loss	( <u>1,327</u> )	( <u>1,327</u> )	( <u>1,327</u> )
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivable</u>			
Tax refund receivable	\$ 31,897	\$ 28,221	\$ 25,501
Earned revenue receivable	16,210	14,910	15,475
Others	<u>114</u>	<u>11</u>	<u>-</u>
	<u>\$ 48,221</u>	<u>\$ 43,142</u>	<u>\$ 40,976</u>

### a. Accounts receivable

The main credit terms range from 60 to 150 days from the invoice date from the end of the month when the invoice is issued; no interest is calculated for accounts receivable.

Before accepting new customers, the Group evaluates the prospective customers' credit quality through an external credit rating system and set the credit limit for a specific customer.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The ECLs on trade receivables are estimated using a provision matrix with reference to past default experiences of the customers and an analysis

of the customers' current financial positions, as well as forward-looking indicators such as the industrial economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix does not distinguish customer segments. As a result, the expected credit loss rate is based on the number of past due days of trade receivables.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Movements of allowance for accounts receivable by individual and collective assessment were as follows:

June 30, 2025

	<b>Not Past Due</b>	<b>Overdue</b>			<b>Total</b>
		<b>1 to 90 days</b>	<b>91 to 180 days</b>	<b>Over 180 days</b>	
Gross carrying amount	\$ 700,084	\$ 8,590	\$ -	\$ 1,175	\$ 709,849
Loss allowance (Lifetime ECL)	-	( 6,262)	-	( 1,175)	( 7,437)
Amortized cost	<u>\$ 700,084</u>	<u>\$ 2,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702,412</u>

December 31, 2024

	<b>Not Past Due</b>	<b>Overdue</b>			<b>Total</b>
		<b>1 to 90 days</b>	<b>91 to 180 days</b>	<b>Over 180 days</b>	
Gross carrying amount	\$ 788,120	\$ 4,079	\$ -	\$ 1,286	\$ 793,485
Loss allowance (Lifetime ECL)	( 2,183)	( 4,079)	-	( 1,286)	( 7,548)
Amortized cost	<u>\$ 785,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,937</u>

June 30, 2024

	<b>Not Past Due</b>	<b>Overdue</b>			<b>Total</b>
		<b>1 to 90 days</b>	<b>91 to 180 days</b>	<b>Over 180 days</b>	
Gross carrying amount	\$ 718,822	\$ 14,545	\$ -	\$ 1,276	\$ 734,643
Loss allowance (Lifetime ECL)	-	( 6,262)	-	( 1,276)	( 7,538)
Amortized cost	<u>\$ 718,822</u>	<u>\$ 8,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 727,105</u>

Movements of allowance for accounts receivable were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 7,548	\$ 7,505
Effect of exchange rate changes	( 111)	33
Ending balance	<u>\$ 7,437</u>	<u>\$ 7,538</u>

b. Doubtful receivable

The Group evaluates whether or not there is objective impairment evidence for major financial assets that are overdue on the balance sheet date, taking into consideration unfavorable changes that have occurred in the payment status of the counterparty and the

increase in the number of overdue payments, among other signs, and classify them as doubtful receivables and allowance for doubtful receivables is appropriated in a full amount.

Movements of allowance for doubtful receivable were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ <u>1,327</u>	\$ <u>1,327</u>
Ending balance	\$ <u>1,327</u>	\$ <u>1,327</u>

## 11. INVENTORIES

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Raw materials	\$ 26,782	\$ 23,927	\$ 29,501
Work in process	379,905	334,848	337,084
Finished goods	<u>180,699</u>	<u>162,181</u>	<u>179,750</u>
	<u>\$ 587,386</u>	<u>\$ 520,956</u>	<u>\$ 546,335</u>

The composition of inventory-related expenses and losses recognized as cost of goods sold by the Group were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Cost of goods sold	\$ 507,870	\$ 529,116	\$ 952,976	\$ 975,075
Write-down of inventories	<u>-</u>	<u>-</u>	<u>6,089</u>	<u>36,500</u>
	<u>\$ 507,870</u>	<u>\$ 529,116</u>	<u>\$ 959,065</u>	<u>\$ 1,011,575</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Land	\$ 142,643	\$ 142,643	\$ 142,643
Buildings	245,512	248,632	251,752
Machinery and Equipment	11,658	12,915	15,130
Transport Equipment	5,752	-	-
Computer Communication Equipment	2,240	1,889	2,331
Office Equipment	19,027	22,450	25,560
Other equipment	<u>9,314</u>	<u>13,247</u>	<u>14,601</u>
	<u>\$ 436,146</u>	<u>\$ 441,776</u>	<u>\$ 452,017</u>

Except for the recognized depreciation, the Group did not have significant additions or disposals or impairment of property, plant and equipment during the six months ended June 30, 2025 and 2024.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:



Buildings	
Primary buildings	50 years
Mechanical and electrical equipment	15 years
Machinery and Equipment	3-6 years
Transport Equipment	5 years
Computer Communication Equipment	3 years
Office Equipment	4-5 years
Other Equipment	2 years

Property, plant and equipment pledged as collateral for bank borrowings are provided in Note 26.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts			
Transportation equipment	<u>\$ 6,984</u>	<u>\$ 9,240</u>	<u>\$ 9,106</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2025	2024	2025 2024
Additions to right-of-use assets			<u>\$ 529</u> <u>\$ 3,566</u>
Depreciation of right-of-use assets-			
Transportation equipment	<u>\$ 1,318</u>	<u>\$ 1,208</u>	<u>\$ 2,785</u> <u>\$ 2,353</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2025 and 2024.

#### b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts			
Current	<u>\$ 4,216</u>	<u>\$ 4,571</u>	<u>\$ 5,301</u>
Non-current	<u>\$ 2,836</u>	<u>\$ 4,632</u>	<u>\$ 3,785</u>

Range of discount rate for lease liabilities were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Transportation equipment	0.98%~2.15%	0.98%~2.02%	0.98%~2.02%

#### c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Expenses related to short-term leases	<u>\$ 431</u>	<u>\$ 543</u>	<u>\$ 880</u>	<u>\$ 1,173</u>
Expenses related to low-value asset leases	<u>\$ 31</u>	<u>\$ 34</u>	<u>\$ 63</u>	<u>\$ 67</u>
Total cash outflow for leases			<u>\$ 3,699</u>	<u>\$ 3,661</u>

The Group leases certain parking space which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and, thus, no recognition of right-of-use assets and lease liabilities was made for such leases.

## 14. OTHER ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Non-current</u>			
Refundable deposits	\$ 137,010	\$ 234,192	\$ 286,708
Long-term pre-payment for purchase	87,437	108,269	145,515
Pre-payment for equipment	<u>2,149</u>	<u>-</u>	<u>-</u>
	<u>\$ 226,596</u>	<u>\$ 342,461</u>	<u>\$ 432,223</u>

The Group signed capacity guarantee contracts with suppliers, and prepaid long-term payment to ensure stable capacity. To retain the capacity, the Group also provided US\$ 11,520 thousand deposit as capacity guarantee and will be refunded in accordance with the contract. As of June 30, 2025, US\$7,125 thousand has been refunded.

## 15. SUBSIDIARY

a. The subsidiaries included in the consolidated financial statement:

The subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership		
			June 30, 2025	December 31, 2024	June 30, 2024
APEC	Future Technology Consulting (B.V.I.), Inc. (Future)	Investment	100%	100%	100%
APEC	Perfect Prime Limited (Perfect)	Investment	100%	100%	100%
APEC	Green Power Semiconductor Co., Ltd. (GPS)	Trading	87.96%	87.96%	87.96%
APEC	Fuhong Investment Co., Ltd. (Fuhong)	Investment	100%	100%	100%
Perfect	Shenzhen Fucheng Electronics Co., Ltd. (Fucheng)	Trading	100%	100%	100%
GPS	OPC Microelectronics Co., Ltd. (OPC)	Manufacturing	100%	100%	100%

b. The subsidiaries not included in the consolidated financial statement: None.

## 16. OTHER PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Dividend payable	\$ 379,903	\$ 885	\$ 295,589
Payable for remunerations of employees and directors	98,650	68,559	85,546
Payable for salaries and rewards	31,430	34,835	23,865
Payables on equipment	2,994	4,246	3,373
Payable for professional fee	650	870	666
Others	<u>26,074</u>	<u>26,772</u>	<u>20,718</u>
	<u>\$ 539,701</u>	<u>\$ 136,167</u>	<u>\$ 429,757</u>

## 17. RETIREMENT BENEFIT PLANS

### Defined contribution plans

APEC of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed and defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

## 18. EQUITY

### a. Common stock

	June 30, 2025	December 31, 2024	June 30, 2024
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>118,793</u>	<u>118,443</u>	<u>118,443</u>
Shares issued	<u>\$ 1,187,925</u>	<u>\$ 1,184,432</u>	<u>\$ 1,184,432</u>

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

The change in the Group's capital is mainly due to the exercise of employee share options and cancellation of the employee restricted shares.

The 252,000 shares of unvested employee restricted shares in the second quarter of 2024 canceled by the board of directors of the Company on July 2, 2024. The registration has been completed on August 15, 2024.

The 40,000 shares of unvested employee restricted shares in the second quarter of 2025 canceled by the board of directors of the Company on June 20, 2025. The registration has not yet been completed.

For long-term strategic development and competitiveness enhancement, with the total number of issued common shares to be no more than 35 million shares which have been resolved in the shareholders' meeting on April 13, 2022 and to authorize the board of directors to issue common shares for capital injection in cash through private placement within one year from the resolution date of the shareholders' meeting. The board of directors of the Company passed a resolution to select the specific parties on May 20, 2022, and on May 31, 2022 as the record date for capital increase. The Company issued 35 million shares at a price of NT\$ 82.48 per share, and raised a total of funds NT\$ 2,886,800 thousand.

### b. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital	\$2,862,072	\$2,844,259	\$2,844,258
Expired employee share option	68,972	68,972	68,972

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Treasury stock transactions	12,728	12,728	12,728
<u>May be used to offset a deficit only</u>			
Unclaimed dividend	9	9	9
Change in percentage of ownership interest in subsidiaries (2)	7,609	7,609	7,609
Disgorgement of short-swing profits	1,956	1,956	1,444
<u>May not be used for any purpose</u>			
Employee share option	1,649	8,776	8,486
Employee restricted shares	<u>58,268</u>	<u>61,560</u>	<u>61,560</u>
	<u>\$3,013,263</u>	<u>\$3,005,869</u>	<u>\$3,005,066</u>

- 1).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 capital surplus and to once a year).
- 2).Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

In accordance with the policy, APEC's profits earned in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside as legal reserve 10% of the remaining profit pursuant to laws and regulations, unless the legal reserve has reached APEC's total paid-up capital. The remaining profits shall be set aside for special reserve in accordance with laws and regulations, or business requirements and then any remaining profit together with any undistributed retained earnings shall be used by the APEC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and after amendment, refer to Note 19(e) on employee benefits expense.

In light of the fact that APEC is in the business growth phase, to go with the demand for capital in the future and the long-term financial planning as well as to fulfill the demand of shareholders for cash flows, APEC appropriates and assigns dividends to shareholders according to the earnings available for distribution in the preceding paragraph. Cash dividends, in particular, may not be below 10% of the overall dividend value. The type and ratio of such earnings to be distributed, however, may depend on the actual profits and capital conditions of the year and be adjusted once decided through the shareholders' meeting.

According to the ROC Company Act, a company shall first set aside its earning for legal reserve until it equals the paid-in capital. The legal reserve may offset losses. After offsetting any deficit, the legal reserve may be transferred to capital and distributed as stock dividends or cash dividends for the amount in excess of 25% of the paid-in capital

pursuant to a resolution adopted in the stockholders' meeting.

The appropriations of earnings for 2024 and 2023, which were resolved in the shareholders' meeting on May 29, 2025 and May 29, 2024, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (\$)</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Legal capital reserve	\$ 56,522	\$ 33,043		
Special capital reserve (reversal)	11,850	( 12,208 )		
Cash dividends to shareholders	379,018	294,726	\$ 3.2	\$ 2.5

## 19. NON-OPERATING INCOME AND EXPENSES

### a. Other gains and losses, net

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Gain/(Loss) on foreign exchange	( \$ 122,401 )	\$ 18,080	( \$ 104,462 )	\$ 79,809
Gain/(Loss) on financial instruments at fair value through profit or loss	( 11,188 )	12,959	( 471 )	14,924
Others	( 97 )	( 440 )	( 444 )	( 737 )
	<u>( \$ 133,686 )</u>	<u>\$ 30,599</u>	<u>( \$ 105,377 )</u>	<u>\$ 93,996</u>

### b. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Lease liabilities	<u>\$ 36</u>	<u>\$ 34</u>	<u>\$ 76</u>	<u>\$ 64</u>

### c. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Property, plant and equipment	\$ 8,204	\$ 8,361	\$ 16,357	\$ 16,667
Right-of-use assets	1,318	1,208	2,785	2,353
Intangible assets	<u>1,408</u>	<u>1,319</u>	<u>2,646</u>	<u>2,628</u>
	<u>\$ 10,930</u>	<u>\$ 10,888</u>	<u>\$ 21,788</u>	<u>\$ 21,648</u>
Depreciation expense classified by function				
Operating cost	\$ 4,686	\$ 5,146	\$ 9,642	\$ 10,226
Operating expense	<u>4,836</u>	<u>4,423</u>	<u>9,500</u>	<u>8,794</u>
	<u>\$ 9,522</u>	<u>\$ 9,569</u>	<u>\$ 19,142</u>	<u>\$ 19,020</u>
Amortization expense classified by function				
Operating cost	\$ 86	\$ 44	\$ 138	\$ 88
Operating expense	<u>1,322</u>	<u>1,275</u>	<u>2,508</u>	<u>2,540</u>
	<u>\$ 1,408</u>	<u>\$ 1,319</u>	<u>\$ 2,646</u>	<u>\$ 2,628</u>

### d. Employee benefits expenses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 68,219	\$ 62,204	\$ 136,935	\$ 124,193
Post-employment benefits				
Defined contribution plans	1,660	1,859	3,396	3,822

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Share-based Payment	( 1,364 )	( 2,380 )	936	( 2,256 )
Other employee benefits	<u>1,138</u>	<u>1,202</u>	<u>2,263</u>	<u>2,422</u>
	<u>\$ 69,653</u>	<u>\$ 62,885</u>	<u>\$ 143,530</u>	<u>\$ 128,181</u>
Classified by function				
Operating cost	\$ 11,425	\$ 9,973	\$ 22,728	\$ 20,531
Operating expense	<u>58,228</u>	<u>52,912</u>	<u>120,802</u>	<u>107,650</u>
	<u>\$ 69,653</u>	<u>\$ 62,885</u>	<u>\$ 143,530</u>	<u>\$ 128,181</u>

e. Employees' compensation and remuneration of directors

The APEC accrued employees' compensation and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

In accordance with the amendment to the Securities and Exchange Act in August 2024, the APEC has passed a resolution at the 2025 shareholders' meeting to amend its Articles of Incorporation. The APEC should distribute no less than 3% of profit as employees' compensation, no less than 5% of the employee compensation specified in the preceding item shall be allocated for distribution to non-executive employees.

The employees' compensation and remuneration of directors for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, respectively, were as follows:

Estimated ratio

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Employees' compensation	9.65%	5.00%	5.96%	5.00%
Remuneration of directors	3.00%	3.00%	3.00%	3.00%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Employees' compensation	<u>\$ 11,604</u>	<u>\$ 9,114</u>	<u>\$ 21,008</u>	<u>\$ 14,921</u>
Remuneration of directors	<u>\$ 3,608</u>	<u>\$ 5,469</u>	<u>\$ 10,583</u>	<u>\$ 8,953</u>

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

The employees' compensation and remuneration of directors of 2024 and 2023 approved by the Board of Directors on February 27, 2025 and February 29, 2024, respectively, were as follows:

Amount

	For the Year Ended December 31	
	2024	2023
	Paid in Cash	Paid in Cash
Employees' compensation	\$ 36,904	\$ 54,819
Remuneration of directors	22,142	6,852

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the employees' compensation and remuneration of directors approved by the Board of Directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAX

- a. Major components of tax expense recognized in profit or loss  
Components of tax expense Income tax were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current income tax expense				
Current period	\$ 36,902	\$ 31,001	\$ 84,204	\$ 47,113
Additional income tax on unappropriated earnings	5,891	743	5,891	743
Prior years' adjustment	36	( 205 )	36	( 205 )
Deferred income tax expense				
Current period	( 17,169 )	528	( 19,888 )	4,914
Income tax expense recognized in profit or loss	<u>\$ 25,660</u>	<u>\$ 32,067</u>	<u>\$ 70,243</u>	<u>\$ 52,565</u>

- b. Income tax examination

The latest years for which the income tax returns of the entities in the Group have been examined and cleared by the tax authorities were as follows:

	Year
APEC	2022
Green Power Semiconductor Co., Ltd.	2023
Fuhong Investment Co., Ltd.	2023

## 21. EARNINGS PER SHARE

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

### Net profit for the current year

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Basic EPS and Diluted EPS				
Profit attributable to owners of the parent	<u>\$ 79,387</u>	<u>\$ 135,636</u>	<u>\$ 250,934</u>	<u>\$ 221,987</u>

### Common Shares Outstanding (in thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Basic EPS				
Weighted average number of common shares	118,577	117,981	118,382	117,639

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Effect of potential dilutive common shares:				
Employees' compensation	258	174	383	377
Employee share option	45	298	162	531
Employee restricted shares	<u>191</u>	<u>319</u>	<u>211</u>	<u>378</u>
Diluted EPS				
Profit attributable to owners of the parent	<u>119,071</u>	<u>118,772</u>	<u>119,138</u>	<u>118,925</u>

Since the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were 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.

## 22. SHARE-BASED COMPENSATION EXPENSES

### a. Employee share option plan of the Company

The qualified employees of the Group were granted 2,000 options in March 2021 and May 2018, respectively. Each option entitles the holder to subscribe for 1,000 common shares of APEC. The outstanding options are valid for 6 years and exercisable at 40%, 30% and 30% after two, three and four anniversaries from the grant date. The exercise price was based on the closing price at the grant date. After the option is issued, in case of variation to the common shares of the APEC, the exercise price will be adjusted according to the specified formula.

Information about employee share options was as follows:

	For the Six Months Ended June 30			
	2025		2024	
	No. of shares (In thousands)	Weighted- average exercise price	No. of shares (In thousands)	Weighted- average exercise price
Balance, beginning of Period	479	\$ 36.60	1,485	\$ 36.97
Options exercised	( 389 )	36.60	( 805 )	37.70
Options expired upon resignation	( 4 )	36.60	( 108 )	34.32
Options expired	-	-	( 43 )	21.10
Balance, end of period	<u>86</u>	36.60	<u>529</u>	37.70
Options exercisable, end of period	<u>86</u>		<u>24</u>	

The information about outstanding options was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Range of exercise price (\$)	\$36.60	\$36.60	\$37.70
Weighted-average remaining contractual life (years)	1.69	2.19	2.69



Compensation cost recognized was \$0 thousand and (\$479) thousand for the three months ended June 30, 2025, and 2024, and \$331 thousand and \$751 thousand for the six months ended June 30, 2025, and 2024, respectively.

b. Restricted shares for employees of the Company

In the shareholders' meeting on April 13, 2022, the shareholders' meeting approved to issue 1,000,000 shares of restricted shares for employees with a par value of NT\$ 10 per share and grants made free of charge. The board of directors of the Company authorized the chairman issued restricted shares for employees on October 13, 2022.

An employee's continuous employment with the Company through the vesting dates; no breach by the employee of any terms of any agreement with the Company to which the employee is subject, including, without limitation, the employee's employment terms and conditions or any other employment-related agreement, any non-competition or confidentiality agreements; no violation by the employee of employee handbook; and, the achievement by the employee of the employee's individual performance goals, and the Company's achievement of operational objectives during the applicable Performance Period. The maximum percentage of granted Restricted shares that may be vested each year shall be as follows: one-year anniversary of the grant: 30%; two-year anniversary of the grant: 30%; and three-year anniversary of the grant: 40%.

Restricted Rights of unvested Restricted shares for employees are as follows:

- 1). Except for inheritance, employees are prohibited from and shall not sell, pledge, transfer, give to another person, create any encumbrance on, or in any other way dispose of any unvested Restricted shares.
- 2). Rights to attend the Company's shareholder's meeting, submit proposals, or speak and vote at the meeting attributed to ownership of stock with respect to any unvested Restricted shares will be the same as those of the common shares of the Company but shall be subject to and performed in accordance with the trust agreement.
- 3). Rights to dividends, interest, capital reserve, and share subscription warrants attributed to ownership of stock with respect to any unvested Restricted shares will be the same as those of the common shares of the Company and shall be subject to and performed in accordance with the trust agreement.

If an employee fails to meet the vesting conditions, the Company will recall and cancel the restricted shares without any reimbursement.

Compensation cost recognized was (\$1,364) thousand and (\$1,901) thousand for the three months ended June 30, 2025, and 2024, and \$605 thousand and (\$3,007) thousand for the six months ended June 30, 2025, and 2024, respectively. As of June 30, 2025, the Company had recognized \$1,939 thousand as unearned employee compensation, which were recorded under other equity.

## **23. CAPITAL MANAGEMENT**

The Group manages capital to ensure that under the premise of continuous operation, by optimizing the balance of debts and equities so that rewards for shareholders may be maximized. In other words, the Group manages its capital for the sake of ensuring that necessary financial resources and operational plans are available to support required operating funds, capital expenditure, costs of research and development, and expenditure on dividends, among others, in the 12 months that follow.

The Group's capital structure consists of the Group's equities (that is, capital stock, capital reserve, retained earnings, and other equity items) belonging to the Group.

The Group does not need to follow other external capital requirements.

## 24. FINANCIAL INSTRUMENTS

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

Except for the following, the management of the Group believes that the book value of financial assets and liabilities not at fair value does not show significant differences from the fair value.

June 30, 2025

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
— Foreign corporate bonds	\$172,882	\$177,883	\$ -	\$ -	\$177,883

December 31, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
— Foreign corporate bonds	\$193,584	\$197,684	\$ -	\$ -	\$197,684

June 30, 2024

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
— Foreign corporate bonds	\$191,738	\$193,728	\$ -	\$ -	\$193,728

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

1). Levels of fair value

June 30, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
— Domestic listed shares (emerging market shares)	\$ 60,919	\$ -	\$ -	\$ 60,919
— Mutual funds	131,741	-	-	131,741
total	\$ 192,660	\$ -	\$ -	\$ 192,660
<u>Financial assets at FVTOCI</u>				
Equity instruments				
— Domestic listed shares	\$ 98,452	\$ -	\$ -	\$ 98,452
— Foreign / Domestic unlisted shares	-	-	34,165	34,165
total	\$ 98,452	\$ -	\$ 34,165	\$ 132,617

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
— Domestic listed shares (emerging market shares)	\$ 64,228	\$ -	\$ -	\$ 64,228
— Mutual funds	130,740	-	-	130,740
— Structured deposits	-	490,459	-	490,459
	<u>\$ 194,968</u>	<u>\$ 490,459</u>	<u>\$ -</u>	<u>\$ 685,427</u>
<u>Financial assets at FVTOCI</u>				
Equity instruments				
— Domestic listed shares	\$ 98,367	\$ 15,925	\$ -	\$ 114,292
— Foreign / Domestic unlisted shares	-	-	25,669	25,669
	<u>\$ 98,367</u>	<u>\$ 15,925</u>	<u>\$ 25,669</u>	<u>\$ 139,961</u>

June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
— Domestic listed shares (emerging market shares)	\$ 44,235	\$ -	\$ -	\$ 44,235
— Mutual funds	129,762	-	-	129,762
— Structured deposits	-	200,916	-	200,916
total	<u>\$ 173,997</u>	<u>\$ 200,916</u>	<u>\$ -</u>	<u>\$ 374,913</u>
<u>Financial assets at FVTOCI</u>				
Equity instruments				
— Domestic listed shares	\$ 95,979	\$ 14,384	\$ -	\$ 110,363
— Foreign / Domestic unlisted shares	-	-	27,346	27,346
total	<u>\$ 95,979</u>	<u>\$ 14,384</u>	<u>\$ 27,346</u>	<u>\$ 137,709</u>

There was no transfer between the fair value measurements of Levels 1 and 2 for the six months ended June 30, 2025, and 2024.

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

<u>Type of financial instrument</u>	<u>Valuation technique and input value</u>
Domestic listed shares -private placement	Fair value of financial assets evaluated according to the observable share price at end of term and taking into consideration data of absence of liquidity discounts.
Structured deposits	Structured deposits were evaluated by the discounted cash flow method. Future cash flows are estimated based on the observable interest rate at the end of year, discounted at the market interest rate.

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

The significant and unobservable input parameter for assessing the unlisted stocks held by the Group mainly relates to liquidity discount rate. The evaluation of fair value of unlisted stocks is mainly referenced to the same type of companies or the listed companies through the market approach.

c. Categories of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 192,660	\$ 685,427	\$ 374,913
Financial assets measured at amortized cost (Note 1)	5,114,070	4,282,258	4,421,670
Financial assets at fair value through other comprehensive income-Equity instruments	132,617	139,961	137,709
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (Note 2)	1,014,233	523,966	799,680

Note 1: The balances comprise cash and cash equivalents, time deposits, investments in debt instrument, notes and accounts receivable, other receivables and refundable deposits.

Note 2: The balances comprise notes and accounts payable and other payables.

d. Purpose and policy of financial risk management

Major financial instruments of the Group include equity investments, cash and cash equivalents, accounts receivable and accounts payable. The Finance Department of the Group provides services to respective operating units and centrally coordinates operations for entering domestic and international financial markets. Such risks include market risk (foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

f. Financial risk management

1). Market risk

The Group is exposed to the financial market risks, primarily changes in foreign currency exchange rates and interest rates.

a). Foreign currency risk

Most of the Group's revenues and expenditures are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk.

For the book value of monetary assets and liabilities in non-functional currencies at the end of the reporting period (including monetary items valued in non-functional currencies already eliminated upon consolidation), refer to Note 27.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates.

For a 5% strengthening of the New Taiwan dollar against the relevant currency, the pre-tax profit would decrease by \$50,692 thousand and \$55,925 thousand for the six months ended June 30, 2025, and 2024, respectively. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

b). Interest rate risk

The book value of financial assets and liabilities exposed to the interest rate risk at the end of the reporting period were as follows:

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30,2024</b>
Fair value interest rate risk			
Financial assets	\$ 3,809,883	\$ 2,973,342	\$ 3,088,045
Financial liabilities	7,052	9,203	9,086
Cash flow interest rate risk			
Financial assets	385,734	722,926	473,245

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.5% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2025 and 2024 would have increased/decreased by \$964 thousand and \$1,183 thousand, respectively, which was mainly a result of the changes on its variable-rate bank deposits.

c). Other price risk

The Group was exposed to equity price risk through its investments in Stocks and Mutual Funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. All of investments are subject to the consent and approval of the Group 's management.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks on the balance sheet date.

If equity prices had been 5% higher/lower, pre-tax profit for the six months ended June 30, 2025 and 2024 would have increased/decreased by \$9,633 thousand and \$18,746 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended, 2025 and 2024 would have increased/decreased by \$6,631 thousand and \$6,885 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 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 Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation approximates the carrying amount of the respective recognized.

The policy adopted by the Group is to only engage in transactions with parties with outstanding credit ratings and whenever necessary, sufficient collaterals are secured in order to minimize risks associated with financial losses as a result of delinquency. The Group only engages itself in transactions with enterprises with a rating equivalent to an investment grade and above. Such information is to be provided by an independent rating institution. If such information is not available, the Group will use other publicly available financial information and mutual transaction records to rate primary customers. The Group constantly monitors exposure to credit risk and the credit ratings of counterparties and decentralize the total transaction value among respective qualified customers according to their credit rating and controls the exposure to credit risk according to the counterparty credit limits reviewed and approved by the corporate management on a yearly basis.

The Group has an enormous base of customers that is not inter-related and hence credit risk is not highly concentrated. The Group is not associated with major exposure to the credit risk versus any single counterparty or any group of counterparties with similar properties. When counterparties are affiliated with one another, the Group defines them as counterparties with similar properties.

## 3). Liquidity risk

The Group manages and maintains sufficient level of cash and cash equivalents ensure the requirements of paying estimated operating expenditures and reduce the impacts brought about by fluctuations in cash flows. The Group also monitors its bank credit facilities to ensure that the Group fully complies with the provisions and financial covenants of loan contracts.

### a). Liquidity and interest risk rate table

The following table shows the remaining contractual maturity analysis of the Group's financial liabilities with agreed-upon repayment periods, which are based on the date the Group may be required to pay the first repayment and financial liabilities.

June 30, 2025

	<b>Contractual Cash Flows or within a year</b>	<b>1-5 Years</b>	<b>More Than 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Accounts payable	\$ 474,532	\$ -	\$ -
Other payables	539,701	-	-
Lease liabilities	4,310	2,870	-
	<u>\$ 1,018,543</u>	<u>\$ 2,870</u>	<u>\$ -</u>

December 31, 2024

	<b>Contractual Cash Flows or within a year</b>	<b>1-5 Years</b>	<b>More Than 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Accounts payable	\$ 387,799	\$ -	\$ -
Other payables	136,167	-	-
Lease liabilities	<u>4,700</u>	<u>4,701</u>	<u>-</u>
	<u>\$ 528,666</u>	<u>\$ 4,701</u>	<u>\$ -</u>

June 30, 2024

	<b>Contractual Cash Flows or within a year</b>	<b>1-5 Years</b>	<b>More Than 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Notes payable	\$ 44	\$ -	\$ -
Accounts payable	369,879	-	-
Other payables	429,757	-	-
Lease liabilities	<u>5,414</u>	<u>3,821</u>	<u>-</u>
	<u>\$ 805,094</u>	<u>\$ 3,821</u>	<u>\$ -</u>

b). Financing facilities

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Unsecured loans (Renew by every year)			
— Used amount	\$ -	\$ -	\$ -
— Unused amount	<u>2,940,000</u>	<u>2,636,000</u>	<u>3,286,000</u>
	<u>\$ 2,940,000</u>	<u>\$ 2,636,000</u>	<u>\$ 3,286,000</u>
Secured loans			
— Used amount	\$ -	\$ -	\$ -
— Unused amount	<u>910,000</u>	<u>814,000</u>	<u>814,000</u>
	<u>\$ 910,000</u>	<u>\$ 814,000</u>	<u>\$ 814,000</u>

## 25. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between APEC and its subsidiaries, which are related parties of APEC, have been eliminated upon consolidation; therefore those items are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and nature of relationship

<b>Related Party</b>	<b>Nature of Relationship</b>
XSemi Corporation	Investors with significant influence
Yageo Corporation	Substantive related party
Hon Young Semiconductor Co., Ltd.	Substantive related party
YAGEO Foundation	Substantive related party
uPI Semi Corporation	Substantive related party (since July 2024)

b. Sales of goods

Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Substantive related party	\$ <u>76</u>	\$ <u>-</u>	\$ <u>366</u>	\$ <u>-</u>

Transaction terms are similar to those for ordinary customers.

c. Purchases of goods

Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Substantive related party	\$ <u>-</u>	\$ <u>688</u>	\$ <u>11</u>	\$ <u>972</u>

Transaction terms are similar to those for ordinary customers.

d. Receivables due from related parties (financing to related parties not included)

Account	Related Party Categories	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable	Substantive related party	\$ <u>132</u>	\$ <u>2,973</u>	\$ <u>-</u>

e. Payables to related parties

Account	Related Party Categories	June 30, 2025	December 31, 2024	June 30, 2024
Accounts payables	Substantive related party	\$ <u>-</u>	\$ <u>281</u>	\$ <u>727</u>

f. Others

Account	Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Operating expenses	Substantive related party	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,000</u>	\$ <u>3,000</u>

g. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 18,851	\$ 12,045	\$ 38,209	\$ 28,163
Post-employment benefits	<u>135</u>	<u>151</u>	<u>270</u>	<u>340</u>
	\$ <u>18,986</u>	\$ <u>12,196</u>	\$ <u>38,479</u>	\$ <u>28,503</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of APEC in accordance with the individual performance and the market trends.

## 26. PLEDGED ASSETS

The following assets are provided to be the collaterals for bank borrowings and customs declaration:

	June 30, 2025	December 31, 2024	June 30, 2024
Pledged deposit certificate	\$ 2,000	\$ 2,000	\$ 2,000



(Financial assets at amortized cost-Non-current)			
Land	61,590	61,590	61,590
Buildings	<u>133,714</u>	<u>135,637</u>	<u>137,560</u>
	<u>\$ 197,304</u>	<u>\$ 199,227</u>	<u>\$ 201,150</u>

## 27. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

### June 30, 2025

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 46,528	29.300 (USD:NTD)	\$ 1,363,270
RMB	12,535	4.091 (RMB:NTD)	51,281
USD	18	7.162 (USD:RMB)	<u>527</u>
			<u>\$ 1,415,078</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	13,066	29.300 (USD:NTD)	\$ 382,834
USD	628	7.162 (USD:RMB)	<u>18,400</u>
			<u>\$ 401,234</u>

### December 31, 2024

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 41,384	32.785(USD:NTD)	\$ 1,356,774
RMB	13,103	4.478(RMB:NTD)	58,675
USD	18	7.321(USD:RMB)	<u>590</u>
			<u>\$ 1,416,039</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	10,020	32.785(USD:NTD)	<u>\$ 328,506</u>

### June 30, 2024

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 42,837	32.450 (USD:NTD)	\$ 1,390,061

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
RMB	14,208	4.445 (RMB:NTD)	63,155
USD	18	7.300 (USD:RMB)	584
			<u>\$ 1,453,800</u>

Foreign currency liabilities

Monetary items

USD	9,705	32.450 (USD:NTD)	\$ 314,927
USD	628	7.300 (USD:RMB)	20,379
			<u>\$ 335,306</u>

Net foreign exchange gains (losses) by each significant foreign currency were as follows:

<b>For the Three Months Ended June 30</b>				
	<b>2025</b>		<b>2024</b>	
<b>Foreign Currency</b>	<b>Exchange rate</b>	<b>Net exchange profits or losses</b>	<b>Exchange rate</b>	<b>Net exchange profits or losses</b>
USD	30.823 (USD:NTD)	( \$ 116,253 )	32.355 (USD:NTD)	\$ 17,505
RMB	4.260 (RMB:NTD)	( 6,059 )	4.458 (RMB:NTD)	520
		<u>( \$ 122,312 )</u>		<u>\$ 18,025</u>

  

<b>For the Six Months Ended June 30</b>				
	<b>2025</b>		<b>2024</b>	
<b>Foreign Currency</b>	<b>Exchange rate</b>	<b>Net exchange profits or losses</b>	<b>Exchange rate</b>	<b>Net exchange profits or losses</b>
USD	31.859 (USD:NTD)	( \$ 99,490 )	31.901 (USD:NTD)	\$ 77,963
RMB	4.386 (RMB:NTD)	( 4,851 )	4.412 (RMB:NTD)	1,731
		<u>( \$ 104,341 )</u>		<u>\$ 79,694</u>

## 28. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing extended to other parties: None.
- 2) Endorsements/guarantees provided to other parties: None.
- 3) Marketable securities held: Table 1 (attached) (excluding investments in subsidiaries and associates).
- 4) Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: None.
- 5) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- 6) Others: Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 2 (attached).

b. Information on investees: Table 3 (attached).

c. Information on investment in Mainland China:

- 1) The names of investees in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment:

Table 4 (attached).

- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Table 2 (attached).
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

## **29. SEGMENT INFORMATION**

The information provided to primary operation decision makers for distribution of resources and evaluation of segment performance focuses on each type of the products or labor delivered or provided. The Group mainly deals with the design, testing, and trading, among others, of electronic elements, such as integrated circuits and semi-conductors. The primary operation decision makers of the Group look at the Group as a single department as a whole; information about profits or losses, assets, and liabilities is consistent with that shown in the consolidated financial statement. Please refer to the consolidated balance sheet or the consolidated comprehensive income statement for details.

**TABLE 1****ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****FOR THE SIX MONTHS ENDED JUNE 30, 2025****(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2025				Note
				Shares/Units Note (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
APEC	<u>Stock</u> Advanced Microelectronic Products, Inc.	-	Financial assets at fair value through other comprehensive income –Non-Current	1,427	\$ 10,149	1	\$ 10,149	
	AXElite Co., Ltd.	-	Financial assets at fair value through other comprehensive income –Non-Current	398	10,121	5	10,121	
	Fubon Financials' Class A Preferred Shares	-	Financial assets at fair value through other comprehensive income –Non-Current	496	31,992	-	31,992	
	Fubon Financials' Class B Preferred Shares	-	Financial assets at fair value through other comprehensive income –Non-Current	496	31,049	-	31,049	
	<u>Mutual funds</u> Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss – Non-Current	7,179	118,146	-	118,146	
	<u>Bonds</u> UBS Group	-	Financial assets at amortized cost–Non-Current	-	28,261	-	29,103	
	Mizuho Financial Group Inc.	-	Financial assets at amortized cost–Non-Current	-	29,171	-	29,923	
	HSBC Holdings PLC	-	Financial assets at amortized cost–Non-Current	-	28,480	-	29,223	
	Standard Chartered PLC	-	Financial assets at amortized cost–Non-Current	-	28,671	-	29,437	
	UBS Group	-	Financial assets at amortized cost–Non-Current	-	29,185	-	29,751	
	UBS Group AG	-	Financial assets at amortized cost–Non-Current	-	29,114	-	30,446	

(To be continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2025				Note
				Shares/Units Note (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Future Technology Consulting (B.V.I.), Inc	<u>Stock</u> Seaward Electronics, Inc. (Cayman)	-	Financial assets at fair value through other comprehensive income –Non-Current	1,733	\$ 13,895	13	\$ 13,895	
Fuhong Investment Co., Ltd.	<u>Stock</u> Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss –Non-Current	261	60,919	-	60,919	
	Micro Silicon Electronics Corp.	-	Financial assets at fair value through other comprehensive income–Non-Current	915	35,411	1	35,411	
	<u>Mutual funds</u> Fubon Chi-Hsiang Money Market Fund		Financial assets at fair value through profit or loss – Non-Current	826	13,595	-	13,595	

Note1: Securities indicated herein refer to the stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of Financial Reporting Standard 9 "Financial Instruments."

Note 2: For related information on investing in subsidiaries, refer to Table 3 and 4.

**TABLE 2**

**ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2025**  
**(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

No.	Company Name	Counter Party	Nature of Relationship (Note 3)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 2)
0	APEC	OPC Microelectronics Co., Ltd.	(1)	Net revenue from sale of goods	\$ 9,645	Note 4	1
1	Shenzhen Fucheng Electronics Co., Ltd.	OPC Microelectronics Co., Ltd.	(3)	Receivables from related parties	2,788	Note 4	-
				Prepayments	18,388	By contract	-
				Professional service fees	12,722	By contract	1
				Professional service income	4,429	Note 4	-

Note 1: This table only shows one-way transaction information. The above transactions have been written off when the consolidated financial statement was prepared.

Note 2: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note3: The transaction relationships with the counterparties are as follows.

- (1) The parent company to the consolidated subsidiary.
- (2) The consolidated subsidiary to the parent company.
- (3) Between the consolidated subsidiaries.

Note 4: Transaction terms are similar to those for ordinary customers.

Note 5: The disclosure standard of above transactions are amounts exceeding NT\$ 1,000 thousand.

TABLE 3

ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)  
FOR THE SIX MONTHS ENDED JUNE 30, 2025

(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 June 30, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				June 30, 2025	December 31, 2024	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
APEC	Future Technology Consulting (B.V.I.), Inc.	British Virgin Islands	General investment	\$ 75,937 USD 2,350	\$ 75,937 USD 2,350	2,350	100	\$ 15,186	( \$ 235 )	( \$ 235 )	
	Perfect Prime Limited	Samoa	General investment	14,540 USD 450	14,540 USD 450	450	100	2,565	233	233	
	Green Power Semiconductor Co., Ltd.	Taiwan	Trading	100,000	100,000	1,715	87.96	( 3,154)	4,684	4,120	
	Fuhong Investment Co., Ltd.	Taiwan	General investment	80,000	80,000	8,707	100	110,752	( 6,259 )	( 6,259 )	

TABLE 4

ADVANCED POWER ELECTRONICS CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2025

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 2025	Note
					Outflow	Inflow							
Shenzhen Fucheng Electronics Co., Ltd.	Electronic parts and components manufacturing, home appliance wholesale, home appliance retail sale, product outlook design, information software service, other designs (electronic element design, integrated circuit design, semi-conductor design), other commercial service (electronic element, integrated circuit, semi-conductor, among other electronics testing service), electronic material wholesale, electronic material retail sale	\$ 12,892 USD 440	(2)A	\$ 12,892 USD 440	\$ -	\$ -	\$ 12,892 USD 440	\$ 232 USD 7	100%	\$ 232 USD 7	\$ 2,478 USD 85	\$ -	
OPC Microelectronics Co., Ltd.	Integrated circuit, software design, development, and technical service; electronic products, instruments and meters, telecommunication equipment, computer and auxiliary equipment wholesale, commissioning and imports and exports business	63,766	(3)	63,766	-	-	63,766	5,131	100%	5,131	( 7,875 )	-	

Accumulated Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 2)
\$ 76,658	\$ 76,658	\$ 3,292,967

Note 1: The investment types are as follows:  
1). Direct investment in Mainland China.  
2). Indirect investment in Mainland China through a subsidiary in a third place.  
    A. Reinvestment through Perfect Prime Limited  
3). Reinvestment through Green Power Semiconductor Co., Ltd in Taiwan.

Note 2: 60% of the limit required by the “Review Principles for Investments or Technical Collaborations in Mainland China” of the Investment Board, Ministry of Economic Affairs.

Note 3: The foreign currency assets and profits or losses listed herein are expressed, respectively, in New Taiwan Dollar at an end-of-term and mean exchange rates of US\$ 1=NT\$29.300 and US\$ 1=NT\$31.859 as of June 30, 2025.