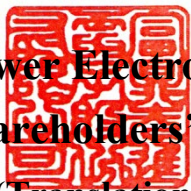




Advanced Power Electronics Co., Ltd.
2024 Annual Shareholders' Meeting Minutes
(Translation)



Type of Meeting: Physical Meeting

Time: 9:00 a.m., Wednesday, May 29, 2024

Place: Conference Room of Tai Yuen Hi-Tech Industrial Park III.
(Park III at No. 3, Tai Yuan First Road, Zhubei City, Hsinchu County)

Attendants: All shareholders and their proxy holders, representing 71,369,917 shares (among them, 40,380,177 shares voted via electronic transmission), or 60.13% of the total 118,681,193 outstanding shares.

Directors Present: Future Technology Consulting, Inc. Representative: Fu-Chi Teng, the Vice Chairman of the Board of Directors, XSEMI Corporation Representative: Chia-Shuai Chang, the Director and President, Pao-Shi Sheng (the Convener of Audit Committee) and Nai-Jen Yeh (the Convener of Compensation Committee)

Attendees: Chien-Liang Liu and Wen-Chin Lin CPA, Deloitte & Touche and N.H. Hsu Attorney at Law, TSAI, LEE & CHEN

Chairperson: Fu-Chi Teng, the Vice Chairman of the Board of Directors

Minute Recorder: Mei-Hsien Wu



Chairman announced commencement.

Chairman's Address (omitted)

1. Report Items

- (1). The 2023 Business Report. (see Attachment I)
- (2). The 2023 Audit Committee Report. (see Attachment II)
- (3). The distribution of the 2023 employees' and directors' compensation.

Explanatory Notes:

- 1). Article 22 of the Company's Articles of Incorporation promulgate that if the Company has profits in a fiscal year, it shall distribute no less than 8% of the profits as employees' compensation and not more than 3% of the profits as directors' compensation.
- 2). The 2023 employees' and directors' compensations are NT\$54,818,519 and NT\$6,852,315, respectively, which was approved by the Board and the total amounts were distributed in cash.

2. Proposed Resolutions

- (1). To approve the 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- 1). The Company's 2023 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Chien-Liang Liu and Wen-Chin Lin, of Deloitte & Touche, which was approved by the meeting of the Board of Directors on February 29, 2024.
- 2). 2023 Business Report, and Independent Auditors' Report, the aforementioned Financial Statements are attached hereto as Attachments I, III and IV.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 71,369,917 shares were represented at the time of voting.

Voting Results	% of the total representation at the time of voting
Votes in favor: 70,915,254 votes	99.36%
Votes against: 81,495 votes	0.11%
Votes abstained: 373,168 votes	0.52%
Votes invalid: 0 votes	0.00%

- (2). To approve the proposal for the distribution of the 2023 retained earnings (Proposed by the Board of Directors)

Explanatory Notes:

- 1). The Company's 2023 Earnings Distribution Table was approved by the meeting of the Board of Directors on February 29, 2024.
- 2). The Company's 2023 net income was NT\$330,426,129. (Please see Attachment V for the 2023 Earnings Distribution Table)
- 3). It is proposed that cash dividends from retained earnings paid to shareholders of NT\$294,762,233. Common stockholders will receive cash dividends of NT\$ 2.50 per share. The dividend will be paid in cash with calculation rounded down to the nearest one NTD (any amount below one NTD will be discarded). The remaining fraction will be incorporated into other income of the Company.
- 4). It is proposed that the board of directors be authorized to set a record date for distribution after shareholders' meeting. Should the Company's capital position change before record date of ex-cash dividend, requiring adjustments in the cash distribution ratio, it is proposed that the board of directors be

authorized to manage the change in the cash distribution ratio and to proceed on the relevant matters.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 71,369,917 shares were represented at the time of voting

Voting Results	% of the total representation at the time of voting
Votes in favor: 70,909,142 votes	99.35%
Votes against: 91,609 votes	0.12%
Votes abstained: 369,166 votes	0.51%
Votes invalid: 0 votes	0.00%

3. Discussion Item

Amendments to the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes:

- 1). Due to amendment of the Company Act and related regulations, the Comparison Table for the Articles of Incorporation Before and After Revision. Please refer to Attachment VI.
- 2). Please proceed to discuss.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 71,369,917 shares were represented at the time of voting

Voting Results	% of the total representation at the time of voting
Votes in favor: 70,929,832 votes	99.38%
Votes against: 73,936 votes	0.10%
Votes abstained: 366,149 votes	0.51%
Votes invalid: 0 votes	0.00%

4. Special motions: None.

5. Adjournment: Meeting ended at 9:13 am

There were no inquiries and suggestions raised by shareholders.

(The minutes of this Shareholders' Meeting only contain the main points of the meeting; the content, procedures and shareholders' speeches of the meeting are still subject to the video and audio recordings of the meeting)

Advanced Power Electronics Co., Ltd.

Business Report

Dear Shareholders:

Thank you for taking the time to participate in the 2024 Shareholders Meeting. The consolidated revenues for 2023 was NT\$2.851 billion, which is a decrease of 27.10% compared to 2022; the net profit was NT\$330 million, and earnings per share of NT\$2.83. The 2023 business plan implementation outcome and this year's business plan are described as follows:

I. 2023 Business Outcome

(1) Business plan implementation outcome

In 2023, the global Semiconductor Industry encountered a myriad of intricate challenges. Primarily, underperformance in end-market applications, compounded by prolonged inventory adjustment periods, ensued. Concurrently, the escalating tensions in the US-China tech conflict further exacerbated the overarching uncertainty prevailing in the global operational landscape, imparting multifaceted impacts and trials to both internal and external business operations.

Collectively, owing to a marked reversal in market demand, the consolidated operating revenue, gross profit, and post-tax net earnings for the Company and its subsidiaries for the 2023 were NT\$2,851 million, NT\$745 million, NT\$330 million, and earnings per share after tax were NT\$2.83, respectively, which is representing significant decreases compared to 2022.

(2) Budget implementation

The Company and its subsidiaries did not formulate external financial forecasts for 2023.

(3) Financial income, expenditure and profitability analysis

In Thousands of New Taiwan Dollars

Item		2023
Financial income and expenditure	Operating revenues	2,851,162
	Gross profit from operations	745,015
	Net profit	329,666
	Net profit attributable to owners of the parent	330,426
Profitability	Return on assets (%)	5.46
	Return on equity (%)	6.11
	Pre-tax income as a % of paid-in capital	33.45
	Net income margin (%)	11.56
	Earnings per share (NT\$)	2.83

(4) Research and Development

The Company's Medium and Low voltage Power MOSFETs provide full range solutions such as PCs, laptops, graphics cards, and power supply secondary-side synchronous rectifiers. As for High voltage Power MOSFETs, the production line for the 3rd-generation 600V/650V high voltage processing technology platform has been completed and the product has entered the mass production stage. Additionally, development of the high-voltage process technology platform for 12-inch 600V/650V wafers has also been completed, enabling an expansion in production capacity to meet the remarkable market demand. Furthermore, the Company has successfully launched a collaboration with a major power supply original design manufacturer. With respect to Insulated Gate Bipolar Transistor (IGBT) products, the 1200V 15/30A IGBT reliability verification has been completed, and thus the products can be applied in the market of machine tools and air conditioner inverters. In terms of SiC MOSFETs, the development of 600V-1200V products has been completed, and the products have passed reliability verification. The development of this series of products will be continued, to align with the market demand for power supplies, renewable energy, electric vehicles, and charging stations.

II. Summary of the 2024 Business Plan

(1) Management guideline

The Company and its subsidiaries provide a full range of high, low, and medium voltage Power MOSFETs. Due to the underperformance of the end-market applications, the Company has been proactively managing the procurement and liquidation of inventory to meet customer demands. The Company and its subsidiaries will continue to develop new products to optimize the product portfolio, thereby expanding the operational scale and creating corporate profits.

(2) Sales volume basis and expectation

The main business scope of the Company and its subsidiaries is research, development, production, testing and sales of Power MOSFETs. Power MOSFETs are widely used in almost all electrical and electronic systems, such as automotive, consumer electronics, industrial automation and other related fields, including personal computers, switching power supplies, fan/motor drives, battery management systems, etc. The Company and its subsidiaries are expecting the annual sales volume in 2024 to reach 8.9 billion pieces.

(3) Key production and marketing policies

Due to the slack in consumer electronics end-market demand, global semiconductor is faced with serious excess inventory problems. In response, the Company and its subsidiaries have collaborated with manufacturers to maintain production capacity and effectively reduce costs through destocking so that supply-demand stabilization can be achieved, the quality of services provided by the Company and its subsidiaries can be guaranteed, and the Company's overall market share can be maintained and continuously enhanced. Through cooperation with our major shareholder, Xsemi Corporation, as well as leveraging resources from the Foxconn Group and Yageo Group, the Company's R&D energy has been greatly boosted. Moreover, diversified collaboration in product design, process upgrades, and sales channel improvement has been initiated, setting the foundation to establish a complete upstream-downstream semiconductor industry chain that will help the Company and its subsidiaries accelerate its

entry into the electric vehicle application market, further improve the domestic content rate for electric vehicle key power products, and add new momentum for the Company's growth.

(4) The impacts of future Company development strategies, external competitive environment, legal environment and overall business environment

In the face of the rapid industry reversal and demand adjustments in 2023, the Company's operational pressure has significantly increased. However, both the Company and its subsidiaries fully leverage Taiwan's well-established Semiconductor Industry ecosystem to effectively manage inventory in response to market changes.

We anticipate that the industry headwinds will persist in 2023, and in light of the challenges posed by climate change, it is imperative for us to fully internalize our core culture and to develop execution strategies as a team in various contexts. This approach will enable us to address both the opportunities and risks brought about by climate change, while balancing short-term performance and creating long-term sustainable value and resilience for the Company.

Lastly, We would like to thank all our shareholders for your long-term support and encouragement. On behalf of Advanced Power Electronics Co., Ltd., We would like to extend our heartfelt gratitude to all our shareholders and wish you all health and success!

Chairman

Tie-Min Chen,



Manager

Chia-Shuai Chang



Chief Accounting Officer

Mei-Ying Tan



Audit Committee's Review Report

The Board of Directors of Advanced Power Electronics Co., Ltd. (APEC) has prepared the APEC's 2023 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Chien-Liang Liu and Wen-Chin Lin from Deloitte & Touche were retained to audit APEC's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of APEC in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Advanced Power Electronics Co., Ltd.

Chairman of the Audit Committee



February 29, 2024

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as those included in the consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Advanced Power Electronics Co., Ltd.

Chairman
Tie-Min Chen

February 29, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These

matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Validity of Revenue

The Group's primary source of revenue is generated from design and sales of power semiconductors (Power MOSFETs). Due to the revenue recognition has inherently higher fraud risks and the management may be under pressure to achieve financial goals. Therefore, we identified the validity of the revenue derived from these distributors with material amount has been identified as a key audit matter.

The main audit procedures that we performed to assess the validity of the revenue are as follows:

1. We understood the designed and tested operating effectiveness of internal control and confirmed the validity of revenue recognition.
2. We sampled the transaction documents related to revenue, including sales order, shipping, customs documents, and verified cash collections which have related to revenue derived from the above-mentioned customers and verified the reasonableness of revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Advanced Power Electronics Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing the

Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 29, 2024

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 Taiwan, the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 auditors' report and consolidated financial statements shall prevail.

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED BALANCE SHEET
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 771,099	13	\$ 684,839	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	200,905	3	-	-
Financial assets at amortized cost (Notes 4 and 9)	1,788,555	30	2,596,010	42
Notes receivable (Note 10)	4,904	-	9,616	-
Accounts receivable (Notes 4, 10 and 25)	817,773	14	705,533	11
Other receivables (Notes 4, 10 and 25)	42,645	1	43,341	1
Current tax assets (Note 4)	1,794	-	4	-
Inventories (Notes 4 and 11)	752,881	13	872,626	14
Other current assets	2,096	-	53,003	1
Total current assets	<u>4,382,652</u>	<u>74</u>	<u>4,964,972</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 7)	160,593	3	24,108	-
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	151,375	2	140,469	2
Financial assets measured at amortized cost (Notes 4 and 9)	183,549	3	2,000	-
Property, plant and equipment (Notes 4 and 12)	461,687	8	458,255	8
Right-of-use assets (Notes 4 and 13)	8,319	-	7,196	-
Other intangible assets, net (Note 4)	3,083	-	2,878	-
Deferred tax assets (Notes 4 and 20)	40,622	1	33,199	1
Other non-current assets (Note 14)	505,593	9	539,536	9
Total non-current assets	<u>1,514,821</u>	<u>26</u>	<u>1,207,641</u>	<u>20</u>
TOTAL	<u>\$ 5,897,473</u>	<u>100</u>	<u>\$ 6,172,613</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 290	-	\$ 3,853	-
Accounts payable (Note 25)	352,677	6	300,597	5
Other payables (Note 16)	132,494	2	245,981	4
Current tax liabilities (Note 4)	70,122	1	122,947	2
Lease liabilities (Notes 4 and 13)	4,561	-	3,244	-
Other current liabilities	22,359	1	10,278	-
Total current liabilities	<u>582,503</u>	<u>10</u>	<u>686,900</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	303	-	3,391	-
Lease liabilities (Notes 4 and 13)	3,746	-	3,954	-
Total non-current liabilities	<u>4,049</u>	<u>-</u>	<u>7,345</u>	<u>-</u>
Total liabilities	<u>586,552</u>	<u>10</u>	<u>694,245</u>	<u>11</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 18)				
Common stock	1,178,905	20	1,173,405	19
Capital surplus	3,001,320	51	2,977,555	48
Retained earnings				
Legal reserve	235,110	4	145,127	2
Special reserve	75,774	1	25,722	1
Unappropriated earnings	918,146	16	1,314,457	21
Total retained earnings	<u>1,229,030</u>	<u>21</u>	<u>1,485,306</u>	<u>24</u>
Other equity interests	(96,576)	(2)	(156,857)	(2)
Total equity attributable to owners of the parent	5,312,679	90	5,479,409	89
NON-CONTROLLING INTERESTS	(1,758)	-	(1,041)	-
Total equity	<u>5,310,921</u>	<u>90</u>	<u>5,478,368</u>	<u>89</u>
TOTAL	<u>\$ 5,897,473</u>	<u>100</u>	<u>\$ 6,172,613</u>	<u>100</u>

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

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$ 2,851,162	100	\$ 3,911,138	100
OPERATING COSTS (Notes 11, 19 and 25)	<u>2,106,147</u>	<u>74</u>	<u>2,512,961</u>	<u>64</u>
GROSS PROFIT FROM OPERATIONS	<u>745,015</u>	<u>26</u>	<u>1,398,177</u>	<u>36</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	95,410	3	101,704	3
General and administrative expenses	185,422	7	224,751	6
Research and development expenses	155,287	5	171,911	4
Expected credit reversal benefit	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>-</u>
Total operating expenses	<u>436,119</u>	<u>15</u>	<u>498,285</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>308,896</u>	<u>11</u>	<u>899,892</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,259	2	24,550	1
Other income (Note 25)	7,513	-	5,707	-
Other gains and losses, net (Note 19)	14,821	1	169,361	4
Finance costs (Note 19)	<u>(99)</u>	<u>-</u>	<u>(2,129)</u>	<u>-</u>
Total non-operating income and expenses	<u>85,494</u>	<u>3</u>	<u>197,489</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	394,390	14	1,097,381	28
INCOME TAX EXPENSE (Notes 4 and 20)	<u>64,724</u>	<u>2</u>	<u>200,284</u>	<u>5</u>
NET PROFIT	<u>329,666</u>	<u>12</u>	<u>897,097</u>	<u>23</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	11,904	-	(\$ 52,733)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>347</u>	<u>-</u>	<u>2,702</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>12,251</u>	<u>-</u>	<u>(50,031)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 341,917</u>	<u>12</u>	<u>\$ 847,066</u>	<u>22</u>

(Continued)

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 330,426	12	\$ 899,827	23
Non-controlling interests	(<u>760</u>)	<u>-</u>	(<u>2,730</u>)	<u>-</u>
	<u>\$ 329,666</u>	<u>12</u>	<u>\$ 897,097</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 342,634	12	\$ 849,775	22
Non-controlling interests	(<u>717</u>)	<u>-</u>	(<u>2,709</u>)	<u>-</u>
	<u>\$ 341,917</u>	<u>12</u>	<u>\$ 847,066</u>	<u>22</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 2.83</u>		<u>\$ 8.83</u>	
Diluted earnings per share	<u>\$ 2.77</u>		<u>\$ 8.58</u>	

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

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent						Other Equity Interests			Non-controlling Interests	Total Equity		
	Common Stock	Capital Surplus	Retained Earnings			Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Total				
			Legal Reserve	Special Reserve	Unappropriated Earnings							Total	
BALANCE, JANUARY 1, 2022	\$ 813,405	\$ 344,555	\$ 79,848	\$ 51,961	\$ 941,713	\$ 1,073,522	(\$ 7,154)	(\$ 18,568)	\$ -	(\$ 25,722)	\$ 2,205,760	\$ 1,668	\$ 2,207,428
Distribution of 2021 earnings													
Legal reserve	-	-	65,279	-	(65,279)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(26,239)	26,239	-	-	-	-	-	-	-	-
Cash dividends -NT\$ 6.0 per share	-	-	-	-	(488,043)	(488,043)	-	-	-	(488,043)	-	-	(488,043)
Profit (Loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	-	-	-	-	899,827	(2,730)	897,097
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,681	(52,733)	-	(50,052)	(50,052)	21	(50,031)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	2,681	(52,733)	-	(50,052)	849,775	(2,709)	847,066
Capital increase by cash	350,000	2,536,800	-	-	-	-	-	-	-	-	2,886,800	-	2,886,800
Issue of common shares under restricted employee shares	10,000	82,300	-	-	-	-	-	-	(92,300)	(92,300)	-	-	-
Compensation cost of employee share options	-	13,900	-	-	-	-	-	-	-	-	13,900	-	13,900
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	11,217	11,217	11,217	-	11,217
BALANCE, DECEMBER 31, 2022	1,173,405	2,977,555	145,127	25,722	1,314,457	1,485,306	(4,473)	(71,301)	(81,083)	(156,857)	5,479,409	(1,041)	5,478,368
Distribution of 2022 earnings													
Legal reserve	-	-	89,983	-	(89,983)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	50,052	(50,052)	-	-	-	-	-	-	-	-
Cash dividends -NT\$ 5.0 per share	-	-	-	-	(586,702)	(586,702)	-	-	-	-	(586,702)	-	(586,702)
Profit (Loss) for the year ended December 31, 2023	-	-	-	-	330,426	330,426	-	-	-	-	330,426	(760)	329,666
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	304	11,904	-	12,208	12,208	43	12,251
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	330,426	330,426	304	11,904	-	12,208	342,634	(717)	341,917
Employee share options issued by the Company	5,500	16,280	-	-	-	-	-	-	-	-	21,780	-	21,780
Compensation cost of employee share options	-	7,485	-	-	-	-	-	-	-	-	7,485	-	7,485
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	48,073	48,073	48,073	-	48,073
BALANCE, DECEMBER 31, 2023	<u>\$ 1,178,905</u>	<u>\$ 3,001,320</u>	<u>\$ 235,110</u>	<u>\$ 75,774</u>	<u>\$ 918,146</u>	<u>\$ 1,229,030</u>	<u>(\$ 4,169)</u>	<u>(\$ 59,397)</u>	<u>(\$ 33,010)</u>	<u>(\$ 96,576)</u>	<u>\$ 5,312,679</u>	<u>(\$ 1,758)</u>	<u>\$ 5,310,921</u>

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

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 394,390	\$ 1,097,381
Adjustments for:		
Depreciation expense	32,412	22,508
Amortization expense	4,786	3,712
Expected credit reversal benefit	-	(81)
Net (gain) or loss on financial instruments at fair value through profit or loss	(9,190)	3,392
Finance costs	99	2,129
Interest income	(63,259)	(24,550)
Dividend income	(5,963)	(2,305)
Compensation costs of employee share options	55,558	25,117
Loss on decline in (gain from reversal of) market value and obsolete and slow- moving inventories	23,278	4,079
Unrealized (gain) or loss on foreign currency exchange	1,072	(154,097)
Losses from lease modification	110	-
Changes in operating assets and liabilities:		
Notes receivable	4,712	20,936
Accounts receivable	(113,925)	366,263
Other receivables	2,735	14,659
Inventories	96,481	(277,525)
Prepayments	85,632	7,524
Other current assets	78	143
Notes payable	(3,563)	(33,475)
Accounts payable	52,663	(328,553)
Other payables	(114,906)	38,990
Other current liabilities	<u>12,081</u>	<u>2,042</u>
Net cash inflows generated from operating activities	455,281	788,289
Interest received	62,508	12,870
Interest paid	(99)	(2,759)
Income taxes paid	<u>(129,850)</u>	<u>(189,382)</u>
Net cash generated from operating activities	<u>387,840</u>	<u>609,018</u>

(Continued)

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 102,033)
Proceeds from acquisition of financial assets at amortized cost	(1,971,591)	(2,554,605)
Proceeds from disposal of financial assets at amortized cost	(328,200)	-
Acquisition of property, plant and equipment	(30,593)	(40,278)
Increase in refundable deposits	(1,832)	(345,858)
Payments for intangible assets	(4,043)	(4,552)
Increase in prepayments for equipment	(316)	(722)
Other dividend received	<u>5,963</u>	<u>2,305</u>
Net cash generated from/ (used in) investing activities	<u>265,644</u>	(<u>2,662,686</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(270,000)
Decrease in long-term loans	-	(144,181)
Repayment of the principal portion of lease liabilities	(4,116)	(2,450)
Cash dividends paid	(586,670)	(488,043)
Capital increase by cash	-	2,886,800
Proceeds from exercise of employee share options	<u>21,780</u>	<u>-</u>
Net cash generated from / (used in) financing activities	(<u>569,006</u>)	<u>1,982,126</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>1,782</u>	<u>62,602</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,260	(8,940)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>684,839</u>	<u>693,779</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 771,099</u>	<u>\$ 684,839</u>
The accompanying notes are an integral part of the consolidated financial statements.		(Concluded)

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Advanced Power Electronics Co., Ltd. (the "Company") , which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only

financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Validity of Revenue

The Company's primary source of revenue is generated from design and sales of power semiconductors (Power MOSFETs). Due to the revenue recognition has inherently higher fraud risks and the management may be under pressure to achieve financial goals. Therefore, we identified the validity of the revenue derived from these distributors with material amount has been identified as a key audit matter.

The main audit procedures that we performed to assess the validity of the revenue are as follows:

1. We understood the designed and tested operating effectiveness of internal control and confirmed the validity of revenue recognition.
2. We sampled the transaction documents related to revenue, including sales order, shipping, customs documents, and verified cash collections which have related to revenue derived from the above-mentioned customers and verified the reasonableness of revenue recognition.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 29, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 auditors' report and parent company only financial statements shall prevail.

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEET (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 760,773	13	\$ 665,501	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	200,905	3	-	-
Financial assets at amortized cost (Notes 4 and 9)	1,784,155	30	2,582,415	42
Notes receivable (Note 10)	4,904	-	9,616	-
Accounts receivable (Notes 4 and 10)	815,415	14	705,453	11
Accounts receivable due from related parties (Note 25)	6,363	-	2,306	-
Other receivables (Notes 4, 10 and 25)	42,626	1	43,155	1
Inventories (Notes 4 and 11)	752,881	13	872,373	14
Other current assets (Note 25)	21,562	-	70,626	1
Total current assets	<u>4,389,584</u>	<u>74</u>	<u>4,951,445</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 7)	115,609	2	-	-
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	87,307	1	93,139	2
Financial assets at amortized cost (Notes 4 and 9)	183,549	3	2,000	-
Investments accounted for using equity method (Notes 4 and 12)	113,001	2	91,033	1
Property, plant and equipment (Notes 4 and 13)	461,654	8	458,155	7
Right-of-use assets (Notes 4 and 14)	8,319	-	7,196	-
Other intangible assets, net (Note 4)	3,083	-	2,878	-
Deferred tax assets (Notes 4 and 20)	40,622	1	33,199	1
Other non-current assets (Note 15)	505,193	9	539,129	9
Total non-current assets	<u>1,518,337</u>	<u>26</u>	<u>1,226,729</u>	<u>20</u>
TOTAL	<u>\$ 5,907,921</u>	<u>100</u>	<u>\$ 6,178,174</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 290	-	\$ 3,853	-
Accounts payable (Note 25)	352,608	6	300,526	5
Other payables (Notes 16 and 25)	129,755	2	244,065	4
Current tax liabilities (Note 4)	70,122	1	122,947	2
Lease liabilities (Notes 4 and 14)	4,561	-	3,244	-
Other current liabilities	20,973	1	9,141	-
Total current liabilities	<u>578,309</u>	<u>10</u>	<u>683,776</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	303	-	3,391	-
Lease liabilities (Notes 4 and 14)	3,746	-	3,954	-
Guarantee deposits	38	-	38	-
Credit balance of investments accounted for using equity method (Notes 4 and 12)	12,846	-	7,606	-
Total non-current liabilities	<u>16,933</u>	<u>-</u>	<u>14,989</u>	<u>-</u>
Total liabilities	<u>595,242</u>	<u>10</u>	<u>698,765</u>	<u>11</u>
EQUITY (Notes 4 and 18)				
Common stock	1,178,905	20	1,173,405	19
Capital surplus	3,001,320	51	2,977,555	48
Retained earnings				
Legal reserve	235,110	4	145,127	2
Special reserve	75,774	1	25,722	1
Unappropriated earnings	918,146	16	1,314,457	21
Total retained earnings	<u>1,229,030</u>	<u>21</u>	<u>1,485,306</u>	<u>24</u>
Other equity interests	(96,576)	(2)	(156,857)	(2)
Total equity	<u>5,312,679</u>	<u>90</u>	<u>5,479,409</u>	<u>89</u>
TOTAL	<u>\$ 5,907,921</u>	<u>100</u>	<u>\$ 6,178,174</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$ 2,849,634	100	\$ 3,908,079	100
OPERATING COSTS (Notes 11,19 and 25)	<u>2,105,837</u>	<u>74</u>	<u>2,512,610</u>	<u>65</u>
GROSS PROFIT FROM OPERATIONS	<u>743,797</u>	<u>26</u>	<u>1,395,469</u>	<u>35</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	88,650	3	86,500	2
General and administrative expenses	179,746	6	217,838	6
Research and development expenses	<u>155,262</u>	<u>6</u>	<u>170,346</u>	<u>4</u>
Total operating expenses	<u>423,658</u>	<u>15</u>	<u>474,684</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>320,139</u>	<u>11</u>	<u>920,785</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,106	2	24,303	1
Other income (Note 25)	4,800	-	4,990	-
Other gains and losses, net (Note 19)	7,521	1	174,390	5
Finance costs (Notes 4 and 19)	(99)	-	(2,069)	-
Share of profit of subsidiaries and associates accounted for using equity method	<u>(317)</u>	<u>-</u>	<u>(22,288)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>75,011</u>	<u>3</u>	<u>179,326</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	395,150	14	1,100,111	28
INCOME TAX EXPENSE (Notes 4 and 20)	<u>64,724</u>	<u>2</u>	<u>200,284</u>	<u>5</u>
NET PROFIT	<u>330,426</u>	<u>12</u>	<u>899,827</u>	<u>23</u>

(Continued)

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
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	(\$ 4,837)	-	(\$ 38,960)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	16,741	-	(13,773)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	72	-	2,675	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>232</u>	-	<u>6</u>	-
Other comprehensive income (loss) (after tax)	<u>12,208</u>	-	<u>(50,052)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 342,634</u>	<u>12</u>	<u>\$ 849,775</u>	<u>22</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 2.83</u>		<u>\$ 8.83</u>	
Diluted earnings per share	<u>\$ 2.77</u>		<u>\$ 8.58</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Advanced Power Electronics Co., Ltd. and its subsidiaries

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus	Retained Earnings				Other Equity Interests				Total Equity
			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	
BALANCE, JANUARY 1, 2022	\$ 813,405	\$ 344,555	\$ 79,848	\$ 51,961	\$ 941,713	\$ 1,073,522	(\$ 7,154)	(\$ 18,568)	\$ -	(\$ 25,722)	\$ 2,205,760
Distribution of 2021 earnings											
Legal reserve	-	-	65,279	-	(65,279)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(26,239)	26,239	-	-	-	-	-	-
Cash dividends -NT\$ 6.0 per share	-	-	-	-	(488,043)	(488,043)	-	-	-	-	(488,043)
Profit for the year ended December 31, 2022	-	-	-	-	899,827	899,827	-	-	-	-	899,827
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,681	(52,733)	-	(50,052)	(50,052)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	2,681	(52,733)	-	(50,052)	849,775
Capital increase by cash	350,000	2,536,800	-	-	-	-	-	-	-	-	2,886,800
Issue of common shares under restricted employee shares	10,000	82,300	-	-	-	-	-	-	(92,300)	(92,300)	-
Compensation cost of employee share options	-	13,900	-	-	-	-	-	-	-	-	13,900
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	11,217	11,217	11,217
BALANCE, DECEMBER 31, 2022	1,173,405	2,977,555	145,127	25,722	1,314,457	1,485,306	(4,473)	(71,301)	(81,083)	(156,857)	5,479,409
Distribution of 2022 earnings											
Legal reserve	-	-	89,983	-	(89,983)	-	-	-	-	-	-
Special reserve	-	-	-	50,052	(50,052)	-	-	-	-	-	-
Cash dividends -NT\$ 5.0 per share	-	-	-	-	(586,702)	(586,702)	-	-	-	-	(586,702)
Profit for the year ended December 31, 2023	-	-	-	-	330,426	330,426	-	-	-	-	330,426
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	304	11,904	-	12,208	12,208
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	330,426	330,426	304	11,904	-	12,208	342,634
Employee share options issued by the Company	5,500	16,280	-	-	-	-	-	-	-	-	21,780
Compensation cost of employee share options	-	7,485	-	-	-	-	-	-	-	-	7,485
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	48,073	48,073	48,073
BALANCE, DECEMBER 31, 2023	<u>\$ 1,178,905</u>	<u>\$ 3,001,320</u>	<u>\$ 235,110</u>	<u>\$ 75,774</u>	<u>\$ 918,146</u>	<u>\$ 1,229,030</u>	<u>(\$ 4,169)</u>	<u>(\$ 59,397)</u>	<u>(\$ 33,010)</u>	<u>(\$ 96,576)</u>	<u>\$ 5,312,679</u>

The accompanying notes are an integral part of the parent company only financial statements.

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 395,150	\$ 1,100,111
Adjustments for:		
Depreciation expense	32,345	22,441
Amortization expense	4,786	3,712
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,514)	-
Finance costs	99	2,069
Interest income	(63,106)	(24,303)
Dividend income	(3,038)	(1,483)
Compensation costs of employee share options	55,558	25,117
Share of loss of subsidiaries and associates accounted for using equity method	317	22,288
Loss on decline in market value and obsolete and slow-moving inventories	23,026	4,079
Unrealized (gain)/loss on foreign currency exchange	879	(152,946)
Lease modification loss	110	-
Changes in operating assets and liabilities:		
Notes receivable	4,712	20,936
Accounts receivable (related parties included)	(115,832)	376,923
Other receivables	2,826	14,658
Inventories	96,466	(277,825)
Prepayments	85,668	6,464
Other current assets	(17)	(13)
Notes payable	(3,563)	(33,475)
Accounts payable (related parties included)	52,669	(328,554)
Other payables (related parties included)	(115,700)	45,814
Other current liabilities	<u>11,832</u>	<u>1,618</u>
Net cash inflows generated from operating activities	463,673	827,631
Interest received	62,097	12,640
Interest paid	(99)	(2,249)
Income taxes paid	<u>(129,843)</u>	<u>(189,390)</u>
Net cash generated from operating activities	<u>395,828</u>	<u>648,632</u>

(Continued)

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 60,858)
Purchase of financial assets at amortized cost	(1,971,591)	(2,550,446)
Proceeds from sale of financial assets at amortized cost	2,587,067	383,057
Purchase of financial assets at fair value through profit or loss	(315,000)	-
Payments for property, plant and equipment	(30,593)	(39,007)
Increase in refundable deposits	(1,832)	(345,815)
Payments for intangible assets	(4,075)	(4,552)
Increase in prepayments for equipment	(316)	(722)
Other dividend received	3,038	1,483
Net cash generated from/ (used in) investing activities	<u>266,698</u>	<u>(2,616,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(270,000)
Decrease in long-term loans	-	(144,181)
Repayment of the principal portion of lease liabilities	(4,116)	(2,450)
Cash dividends paid	(586,670)	(488,043)
Capital increase by cash	-	2,886,800
Proceeds from exercise of employee share options	21,780	-
Cash outflow on acquisition of subsidiaries	-	(50,000)
Net cash generated from / (used in) financing activities	<u>(569,006)</u>	<u>1,932,126</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS		
	<u>1,752</u>	<u>60,058</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	95,272	23,956
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>665,501</u>	<u>641,545</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u>\$ 760,773</u>	<u>\$ 665,501</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Advanced Power Electronics Co., Ltd.

2023 Earnings Distribution Table



Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2022	587,719,331
Net income of 2023	330,426,129
Legal reserve appropriation (10%)	(33,042,613)
Reversal of special reserve	12,208,234
Retained earnings available for distribution	897,311,081
Appropriation:	
Cash dividends (NT\$ 2.5)	294,726,233
Balance of unappropriated retained earnings	602,584,848

Chairman :Tie-Min Chen

Manager:Chia-Shuai Chang

Chief Accounting Officer:Mei-Ying Tan

Advanced Power Electronics Co., Ltd.

Comparison Table for the Articles of Incorporation Before and After Revision

Article After Revision	Article Before Revision	Explanatory Notes
<p>Article 17 The Chairman shall be elected respectively from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors, and if necessary, one of them <u>may also elect</u> from among themselves in the same manner as the Vice Chairman of the Board of Directors. The Chairman shall have the right to execute in the name and on behalf of the Company. In his/her absence or unable to exercise his/her powers, any one of the Directors shall be acting for him/her according to Article 208 of the Company Act.</p>	<p>Article 17 The Chairman shall be elected respectively from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors, and if necessary, one of them shall be elected from among themselves in the same manner as the Vice Chairman of the Board of Directors. The Chairman shall have the right to execute in the name and on behalf of the Company. In his/her absence or unable to exercise his/her powers, any one of the Directors shall be acting for him/her according to Article 208 of the Company Act.</p>	<p>In accordance with amendments made to the Article 208 of the Company Act.</p>
<p>Article 22 In annual profit-making year, the Company should distribute no less than <u>5%</u> of profit as employees' compensation, and not more than 3% of profit should be distributed as Directors' compensation. The Company should by a resolution adopted by a majority vote at a meeting of the Board of Directors, have the profit distributable as employees' compensation in the preceding paragraph distributed in the form of share or in cash; and report at the regular shareholders' meeting. However, that if the Company has any accumulated losses, an amount to offset should be reserved in advance and the abovementioned compensations will be made from the remaining profits.</p>	<p>Article 22 In annual profit-making year, the Company should distribute no less than 8% of profit as employees' compensation, and not more than 3% of profit should be distributed as Directors' compensation. The Company should by a resolution adopted by a majority vote at a meeting of the Board of Directors, have the profit distributable as employees' compensation in the preceding paragraph distributed in the form of share or in cash; and report at the regular shareholders' meeting. However, that if the Company has any accumulated losses, an amount to offset should be reserved in advance and the abovementioned compensations will be made from the remaining profits.</p>	<p>Adjusted allocation rate.</p>

Article After Revision	Article Before Revision	Explanatory Notes
<p>Article 26 These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation. The first Amended on July 31, 1998; The second Amended on September 21, 1998; The third Amendment on June 30, 1999; The fourth Amendment on September 17,1999; The fifth Amendment on November 3, 1999; The sixth Amendment on June 8, 2000; The seventh Amendment on June 18, 2002; The eighth Amendment on June 10, 2003; The ninth Amendment on June 10, 2003; The tenth Amendment on June 16, 2005; The eleventh Amendment on June 6, 2006; The twelfth Amendment on June 6, 2008; The thirteenth Amendment on June 10, 2009; The fourteenth Amendment on June 17, 2010; The fifteenth Amendment on June 9, 2011 ; The sixteenth Amendment on June 15, 2012; The seventeenth Amendment on June 20, 2013; The eighteenth Amendment on January 17,2014; The nineteenth Amendment on May 14, 2014; The twentieth Amendment on May 19, 2016 ; The twenty-first Amendment on May 16, 2019; The twenty-second Amendment on May 18, 2023; <u>The twenty-three Amendment on May 29, 2024.</u></p>	<p>Article 26 These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation. The first Amended on July 31, 1998; The second Amended on September 21,1998; The third Amendment on June 30, 1999; The fourth Amendment on September 17,1999; The fifth Amendment on November 3, 1999; The sixth Amendment on June 8, 2000; The seventh Amendment on June 18, 2002; The eighth Amendment on June 10, 2003; The ninth Amendment on June 10, 2003; The tenth Amendment on June 16, 2005; The eleventh Amendment on June 6, 2006; The twelfth Amendment on June 6, 2008; The thirteenth Amendment on June 10, 2009; The fourteenth Amendment on June 17, 2010; The fifteenth Amendment on June 9, 2011; The sixteenth Amendment on June 15, 2012; The seventeenth Amendment on June 20, 2013; The eighteenth Amendment on January 17, 2014; The nineteenth Amendment on May 14, 2014 ; The twentieth Amendment on May 19, 2016; The twenty-first Amendment on May 16, 2019; The twenty-second Amendment on May 18, 2023.</p>	<p>Amended the revision date.</p>