

# AP Memory Technology Corporation

## 2024 Annual Shareholders Meeting Minutes

(This English translation is provided for reference only and might not precisely reflect the original language's true meaning and full text.)

Time: 9:00 AM (Monday), May 27<sup>th</sup>, 2024

Place: No. 88, Zhuangjing 1st Rd., Zhubei City, Hsinchu County 302, Taiwan R.O.C.  
(National Taiwan University Zhubei Campus)

Type of Meeting: Hybrid shareholders' meeting (Physical shareholders' meeting with option to attend through e-Meeting Platform)

Number of shares represented: 99,806,980 (including 33,760,069 shares using electronic voting/ 289 shares attending through e-Meeting Platform), or 61.53% of the total 162,194,616 shares issued.

Directors present: Chen, Wen-Liang ; Hung, Chih-Hsun ; Liu, Chin-Hung ; Yeh, Jui-Pin ;  
Wang, Hsuan ; Liu, Frank

Attendees: Lin, Yu-Hsin (CFO) ; Chien, Ming-Yen (CPA) ; and Chou, Shih-Chieh (Attorney)

Chairman: Chen, Wen-Liang, the Chairman of the Board of Directors

Minute Taker: Hong, Shu-Ling

1. Chairman's Address: (Omitted)

2. Report Items

Item 1: To report the business of 2023 (Attachment 1)

Question 1 (Shareholder No.23780 raised the question through the e-Meeting Platform)

Why does the stock price keep falling?

Response from the CFO as designated by the Chairman:

APM focuses on the company's operation and does not intervene in the stock markets.

Question 2 (Shareholder No.14249 raised the question through the e-Meeting Platform)

What are the Company's mid-term and long-term business plans for the next 3~5 years?

Response from the Chairman:

We focus on two main axes. The first is the growth of the current business, which mainly refers to the expansion of the IoT business, and the goal is to have growth under the premise of stable profitability. The second is the realization of new business, which includes AI, IPD, and some other businesses that have not yet been publicly disclosed. In the next three to five years, we can look forward to a more diversified revenue structure and better operational stability in addition to profitable growth.

Item 2: The 2023 Audit Committee's Review Report (Attachment 3)

Item 3: To Report 2023 employees' profit sharing bonus and directors' compensation

- A. In accordance with the Company's Articles of Incorporation, the Company is required to provide employees' compensation at a rate of not less than 1% of the current year's pre-tax benefits before deducting the distribution of employees' profit sharing bonus and directors' compensation. Taking into consideration of the Company's capital structure, shareholders' equity, and the provisions of the Articles of Incorporation, the Company proposes to distribute employees' profit sharing bonus amounting to NT\$36,056,640 out of the fiscal year 2023 earnings, and the entire amount is to be paid out in cash. The appropriation ratio is 2.17% of the aforementioned pre-tax benefit, which is in compliance with the Articles of Incorporation.
- B. As stipulated in the preceding paragraph, the appropriation of directors' compensation should not be higher than 3% of the current year's pre-tax income before deducting the distribution of employees' profit sharing bonus and directors' compensation. Taking into consideration of the Company's capital structure, shareholders' equity and the Articles of Incorporation, it is proposed to allocate NT\$4,800,000 from the fiscal year 2023 earnings, and the entire amount will be paid in cash, at a ratio of 0.29% of the aforementioned pre-tax benefit, which is in compliance with the Articles of Incorporation.
- C. There is no difference between the above allocation and the estimated amount of expenses recognized.

Question (Shareholder No.55161 raised the question through the e-Meeting Platform)

The Company's employees have joined the company profit sharing plan, but the Company still issues employee stock options every year, what is the Company's plan for this?

Response from the Chairman:

The Company issues employee stock options regularly every year. This compensation tool has been used by fewer companies since the expensing of stock options. However, we believe that employee stock options is still the most effective incentive mechanism for companies in the rapid growth stage. Meanwhile, we consider two factors when planning the number of employee stock options to be issued: the first, the impact on expenses, which is part of the Company's employee compensation budget; and the second is equity dilution, we plan to annual control around 0.3%.

Item 4: To report 2023 earnings distribution

- A. In accordance with Article 21-1 of the Company's Articles of Incorporation, the Board of Directors is hereby authorized to resolve that all or a portion of the dividends and bonuses to be distributed shall be in the form of cash payments and shall be reported to the Shareholders' Meeting.

- B. Cash dividends to common shareholders: Totaling NT\$1,135,107,162. Each common shareholder will be entitled to receive a cash dividend of NT\$7.0 per share that was based on the total number of 162,158,166 shares outstanding as of February 29, 2024. The cash dividends are distributed in proportion to the amount of the dividends up to the nearest dollar, with the amount below the nearest dollar being rounded down, and the total amount of aberrant zeros not yet distributed to the nearest dollar will be treated as other income to the Company.
- C. The Board Chairman is delegated to decide any matters in terms of the change of record date and payout ratio.

## 2. Proposed Resolutions

Item 1: To accept the 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanatory Notes:

- A. The 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, Mr. Chien, Ming-Yen and Ms. Chuang, Pi-Yu of Deloitte & Touche.
- B. The 2023 Business Report, the aforementioned Independent Auditors' Report and the Financial Statements and Audit Committee's Review Report are attached hereto as Attachments 1, 2, and 3.

Resolution: RESOLVED, that the above proposal be and hereby was acknowledged as proposed. Shares represented at the time of voting: 99,806,980.

|                 | Result   | %      |
|-----------------|--|--------|
| Votes in favor: | 97,479,991 (with electronic votes: 31,463,357 through e-meeting platform votes: 274) | 97.66% |
| Votes against:  | 51,904 (with electronic votes: 51,904 through e-meeting platform votes: 0)           | 0.06%  |
| Invalid Votes:  | 2,275,085 (with electronic votes: 2,244,808 through e-meeting platform votes: 15)    | 2.28%  |

Item 2: To accept the proposal for distribution of 2023 earnings.

(Proposed by the Board of Directors)

Explanatory Notes:

| Description   | Amount(NTD)     | Remarks |
|---|-----------------|---------|
| Unappropriated retained earnings of previous years                | 2,075,322,654   |         |
| Add:Net Income of 2023  | 1,444,969,937   |         |
| Reversal of Special reserve                                       | 106,582         |         |
| Less:Legal reserve  | ( 144,496,994 ) |         |
| Debits in retained earnings from the retirement of treasury stock | ( 5,673,087 )   |         |

| Description                          | Amount(NTD)          | Remarks             |
|--------------------------------------|----------------------|---------------------|
| Earnings available for distribution  | 3,370,229,092        |                     |
| Distribution items:                  |                      |                     |
| Cash Dividend to common shareholders | ( 1,135,107,162 )    | NT\$7.0 / per share |
| Unappropriated retained earnings     | <u>2,235,121,930</u> |                     |

Question (Shareholder No. 59072 raised the question through e-Meeting Platform)

The Company will pay \$7 cash dividend as last year, what is the Company's dividend policy?

Has the Company considered to increase the dividend with CPI?

Response from the CFO as designated by the Chairman:

Please refer to Article 21-1 of the Company's Articles of Incorporation for dividend policy. Specifically, as the Company is still in the growth period, we have two main considerations in deciding the amount of dividend to be paid: (1) 50% of the current year's net income; and (2) dividends are not reduced from the previous year to the extent possible. Besides, we also will base on the future capital requirements and long-term financial planning to decide the actual amount of dividend to be paid out. For example, the EPS for 2022 was \$12.09, the first consideration was 50%, the second consideration was \$6 was paid for 2021, and under these considerations, we decided to pay \$7. And then for 2023, EPS was \$8.93, and \$7 represents 78%, which is more than 50%, but considering \$7 was paid for 2022, we kept it at \$7 after weighing the capital situation. As for whether to adjust the dividend according to the CPI, we believe that the growth of dividend should still come from the growth of the company's profit.

Resolution: RESOLVED, that the above proposal be and hereby was acknowledged as proposed. Shares represented at the time of voting: 99,806,980.

|                            | Result  | %      |
|----------------------------|---|--------|
| Votes in favor: 97,478,965 | (with electronic votes: 31,462,331 through e-meeting platform votes: 274) | 97.66% |
| Votes against: 56,925      | (with electronic votes: 56,925 through e-meeting platform votes: 0)       | 0.06%  |
| Invalid Votes: 2,271,090   | (with electronic votes: 2,240,813 through e-meeting platform votes: 15)   | 2.28%  |

3. Discussion Items

Item 1: To revise the "Procedures for the Election of the Directors".

(Proposed by the Board of Directors)

Explanatory Notes:

- A. For the regulation compliance and in line with operational requirements , it is proposed to amend the Company's " Procedures for the Election of the Directors".
- B. The comparison table illustrating the original and amended text is attached hereto as Attachment 4.

Resolution: RESOLVED, that the above proposal be and hereby was acknowledged as proposed. Shares represented at the time of voting: 99,806,980.

|                 | Result   | %      |
|-----------------|--|--------|
| Votes in favor: | 97,180,037 (with electronic votes: 31,163,403 through e-meeting platform votes: 274) | 97.36% |
| Votes against:  | 61,574 (with electronic votes: 61,574 through e-meeting platform votes: 0)           | 0.07%  |
| Invalid Votes:  | 2,565,369 (with electronic votes: 2,535,092 through e-meeting platform votes: 15)    | 2.57%  |

Item 2: Lifting the prohibition on the Directors and their representatives from participating in the competitive business.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. In accordance with Article 209 of the Company Act, a director or its representatives, who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- B. Please refer to Attachment 5 for details on directors and their representatives holding concurrent positions in other companies.

Resolution: RESOLVED, that the above proposal be and hereby was acknowledged as proposed. Shares represented at the time of voting: 99,806,980.

|                 | Result   | %      |
|-----------------|--|--------|
| Votes in favor: | 95,639,626 (with electronic votes: 29,622,992 through e-meeting platform votes: 274) | 95.82% |
| Votes against:  | 1,597,154 (with electronic votes: 1,597,154 through e-meeting platform votes: 0)     | 1.60%  |
| Invalid Votes:  | 2,570,200 (with electronic votes: 2,539,923 through e-meeting platform votes: 15)    | 2.58%  |

2. Extemporary Motions: None
3. Adjournment

# **Attachment**

## Attachment 1. Business Report

AP Memory had an exciting year in 2023. The semiconductor industry gradually recovered from the major inventory correction in the 2021-2022 cycle, while the emergence of generative AI created industry-wide excitement. AP Memory's IoT business reflected the gradual recovery. The long-term potential of generative AI is yet to be reflected in AI business. However, our financial performance remained strong, despite of the foreign exchange volatility throughout the year.

On consolidated basis, AP Memory earned NT\$1,445 million (NT\$8.93 per share) in net income in 2023. Compared to 2022 net income of NT\$1,942 million (NT\$12.09 per share), the company's net income and earnings per share decreased by 26%. Revenue decreased from NT\$5.1 billion to NT\$4.2 billion, by 17%, in the same period. Gross margin rate remained relatively stable, at 42% for the full year. Starting from the second half of 2022, we took proactive steps to control our inventory level. The 2023 year-end inventory is valued at NT\$0.9 billion, a 44% decrease from the end of 2022. Our balance sheet further strengthened from the end of 2022. Cash and cash equivalents represent 71% of our total assets. Net shareholder equity slightly increased by 3% from the end of 2022 to NT\$11.3 billion, after a dividend payout of NT\$7 per share in 2023.

|                                | Unit : In Thousands of New Taiwan Dollars |           |                     |                 |
|--------------------------------|---|-----------|---------------------|-----------------|
|                                | 2023 (A)                                  | 2022(B)   | $\Delta$ AMT(C=A-B) | $\Delta$ %(C/B) |
| Operating revenue              | 4,226,907                                 | 5,094,775 | (867,868)           | (17%)           |
| Gross profit margin (%)        | 42%                                       | 44%       | (2 ppts)            |                 |
| Operating expense              | 902,225                                   | 720,874   | 181,351             | 25%             |
| Operating expense ratio (%)    | 22%                                       | 15%       | 7 ppts              |                 |
| Net operating income           | 852,781                                   | 1,500,520 | (647,739)           | (43%)           |
| Non-operating income           | 766,200                                   | 948,763   | (182,563)           | (19%)           |
| Profit before tax              | 1,618,981                                 | 2,449,283 | (830,302)           | (34%)           |
| Net profit (loss) for the year | 1,444,970                                 | 1,941,696 | (496,726)           | (26%)           |
| Net profit margin (%)          | 34%                                       | 38%       | (4 ppts)            |                 |
| EPS(NT\$)                      | 8.93                                      | 12.09     | (3.16)              | (26%)           |

|                                      | Unit : In Thousands of New Taiwan Dollars |               |                     |                 |
|--------------------------------------|---|---------------|---------------------|-----------------|
|                                      | 2023.12.31(D)                             | 2022.12.31(E) | $\Delta$ AMT(F=D-E) | $\Delta$ %(F/E) |
| Cash and cash equivalents            | 8,864,216                                 | 8,182,432     | 681,784             | 8%              |
| Inventories                          | 851,330                                   | 1,528,392     | (677,062)           | (44%)           |
| Financial assets at FVTPL            | 1,139,267                                 | 256,007       | 883,260             | 345%            |
| Other current and non-current assets | 1,658,778                                 | 1,724,480     | (65,702)            | (4%)            |
| Total assets                         | 12,513,591                                | 11,691,311    | 822,280             | 7%              |
| Total liabilities                    | 1,191,797                                 | 740,744       | 451,053             | 61%             |
| Capital stock                        | 811,759                                   | 808,634       | 3,125               | 0%              |
| Other stockholders' equity           | 10,510,035                                | 10,141,933    | 368,102             | 4%              |
| Total equity                         | 11,321,794                                | 10,950,567    | 371,227             | 3%              |

### Macro Environment Changes

In the beginning of 2023, the semiconductor industry was in the middle of the most severe correction cycle in recent years. This correction was partially brought about by supply shortages experienced during COVID-19 which triggered panic buying. The subsequent normalization of the

supply chain caused a severe rebalancing of supply and demand. This rebalancing has gradually resolved itself in the second half of 2023. The US-China trade war has turned into an increasingly clear segregation of supply chains between China and the rest of the world. The effect of this segregation will ripple through the industry for years to come.

In IoT BU, consistent with industry-wide trends, demand recovered gradually throughout the year; in AI BU, revenue remained low due to the short-term impact of Ethereum consensus mechanism change from Proof-of-Work to Proof-of-Stake. But we remain more optimistic than ever about the longer-term business potential brought about by generative AI.

In the following, explanations will be provided for the two business units:

### **IoT BU: Growing Market and Growing Competition**

Our IoT Business Unit, which supplies cost-effective IoTRAM™ products to IoT market worldwide, finished the year with a 7% decrease in revenue, from NT\$4,281 million in 2022 to NT\$3,969 million in 2023. The decrease is a combined effect of inventory correction and market growth.

Our IoTRAM™ is a family of non-JEDEC standard products, optimized for optimal cost and performance for target applications. Our customers must design in our memory interface in order to use our products. Conversely, customers cannot easily replace our products with competitors' products without significant effort. Due to the customized nature of our products, our product pricing is not significantly correlated with commodity memory. In the current ongoing industry downturn, our gross margin rate has remained relatively stable.

We continue to see increased adoption of our IoTRAM™ product line, especially in China. The growing market has also attracted the attention of other memory suppliers. We expect increased competition in the market in the coming years. However, we are confident that we will continue to lead the market.

### **AI BU: Short-Term Challenges, Long-Term Potential**

AI BU had a revenue of about NT\$258 million, a 68% decrease from \$813 million in 2022. This decrease is mainly from the effect of Ethereum consensus mechanism change, which reduced VHM™ wafer sales to almost zero.

However, the key accomplishment in 2023 is our progress in proof-of-concept (POC) projects for AI and other HPC applications. These projects are demonstrating the true potential of VHM™. The positive results from these POC projects are critical in securing our future design-ins in customer products.



The Large-Language-Model (LLM) generative AI technology emerged at the end of 2022 has blossomed to a major transformative technology. LLM inherently requires large amounts of memory, at very as-high-as-possible bandwidth, and as-low-as-possible power. We are confident VHM™ will secure its pivotal role in the revolution of memory architecture that is required by the adoption of LLM.

### **New Opportunities**

AP Memory not only focuses on the development of the existing IoT BU and AI BU, but also continues to explore development opportunities for core technologies in other application fields. We hope to facilitate our technological capabilities and work with partners for mutually beneficial development in the future.

We are currently promoting IPD (Integrated Passive Devices ), the capacitors developed with silicon material (Si-Cap). With the characteristics of silicon, the product can be integrated in 2.5D packaging seamlessly, and the main chip can attain improved power and signal integrity to enhance overall performance. Moreover, to meet the voltage regulation demands under low voltage and high power for High-Performance Computing (HPC), AP Memory is further venturing into the field of power management. We aim to develop an integrated power delivery architecture with high power efficiency and power density.

Therefore, we acquired 9.4% shares of M3 Technology Inc. (6799 TW) for 500 million NTD. Through this investment, we extend our 3D stacking advanced packaging experience and technology into the field of power management applications. The collaboration with M3 Technology in developing HPC power management solutions is a long-term plan. We expect to have mutual benefits on the technological integration, fostering a strong partnership for the innovative development of customized, high-performance, and high-quality optimal solutions.

### **GDR Fund Update**

The \$190M GDR offering that we completed in January 2022 resulted in a 7.9% share dilution. This is a decision we took after careful consideration of our future capital needs and cost of such capital. We believe this capital provides the necessary ammunition for our battle for dominance in the market.

The deployment of this capital has been slower than we originally anticipated, primarily due to geopolitical and market condition changes. We continue to evaluate opportunities for major investments in support of our long-term goals.

## **Cautious Outlook for 2024 and Long-term Optimism**

While 2023 saw a gradual market recovery, 2024 is expected to see the effect of economic slowdown, world-wide inflation, and the persistent segregation of China vs non-China supply chains.

Our large US dollar holdings expose us to large swings of foreign exchange gains and losses. However, we believe the large interest differential between US dollar and NTD is a natural hedge against foreign exchange loss. While we do not intend to engage in financial derivatives to hedge foreign exchange losses, we believe our financial risks in our US dollar holdings are limited. On the other hand, our USD holdings will be an anchor of stability in times of uncertainty.

Despite the short-term moderation in growth, we are more optimistic than ever in our long-term growth prospects. In 2024, we strive to solidify our leadership, and continue to innovate and deliver financial results for our shareholders.

We deeply appreciate the support and encouragement of our shareholders, as well as that of our customers, suppliers, employees, and other ecosystem partners.

### AP Memory Technology Corporation

Chairman / Chief Executive Officer      Chen, Wen-Liang

President      Hung, Chih-Hsun

Senior Vice President      Liu, Chin-Hung

Chief Financial Officer      Lin, Yu-Hsin

Accounting Senior Manager      Hung, Mao-Chuan

## Attachment 2. Independent Auditors' Report and the Financial Statements

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
AP Memory Technology Corporation

#### **Opinion**

We have audited the accompanying financial statements of AP Memory Technology Corporation, which comprise the Parent Company Only Statement of Financial Position as of December 31, 2023 and December 31, 2022, the Parent Company Only Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Notes to Parent Company Only Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS) so as to give a true and fair view of the financial position of AP Memory Technology Corporation as of December 2023 and 2022 and of the financial performance, changes in equity and cash flows of AP Memory Technology Corporation from January 1 to December 31, 2023 and 2022.

#### **Basis for Opinion**

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of AP Memory Technology Corporation in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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**

The key audit matter is which that, in our professional judgment, is most significant to our review of the Parent Company Only Financial Statements of AP Memory Technology Corporation for 2023. Such matter has been considered in the process of examining the parent company only financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Parent Company Only Financial Statements of AP Memory Technology Corporation for 2023:

### Authenticity of Sales Revenue from Specific Customers

In the fiscal year 2023, AP Memory Technology Corporation reported sales revenue amounting to NT\$4,114,977 thousand. The sales revenue from certain customers has shown significant growth compared to the fiscal year 2022, constituting a substantial portion of the total sales revenue. Therefore, the authenticity of the related sales revenue has been identified as one of the key audit matters.

During the audit, our accountants performed the following audit procedures in response to this key audit matter:

1. Understand and evaluate the internal control system related to revenue recognition, and test the design and execution of such controls.
2. Sample confirmation requests were sent for the entire year's sales revenue from the specific customers, and alternative procedures were conducted for those from whom confirmation was not timely received. This includes verifying transaction evidence and subsequent collections.
3. Perform audit sampling on the sales revenue details of the specific customers, review related transaction documents, including customer orders, shipping documents, and receipts, to confirm the authenticity of the revenue recognized.
4. Audit the occurrences of sales returns and allowances after the reporting period and subsequent collections to confirm the reasonableness of the sales revenue recognized.

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

Management's responsibility is to prepare the parent company only financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of AP Memory Technology Corporation.

### **Auditors' Responsibilities for the Audit of the Parent 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 GAAS 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 in the basis of these parent company only financial statements.

As part of an audit in accordance with GAAS, 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of AP Memory Technology Corporation.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 related to events or conditions that may cast significant doubt on the ability of AP Memory Technology Corporation to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause AP Memory Technology Corporation 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 relevant notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the financial information of AP Memory Technology Corporation to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on AP Memory Technology Corporation.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of AP Memory Technology Corporation for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 1, 2024

Notice to Readers

The accompanying 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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying 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 auditors' report and financial statements shall prevail.

AP Memory Technology Corporation  
Parent Company Only Balance Sheets

For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

| Assets  | Dec. 31, 2023        |            | Dec. 31, 2022        |            |
|---|----------------------|------------|----------------------|------------|
|   | Amount               | %          | Amount               | %          |
| <b>Current assets</b>   |                      |            |                      |            |
| Cash and cash equivalents (Notes 4 and 6)                                 | \$ 8,627,464         | 69         | \$ 8,003,529         | 69         |
| Financial assets measured at amortized cost - current (Notes 4, 8 and 28) | 2,819                | -          | 2,782                | -          |
| Accounts receivable (Notes 4, 9 and 20)                                   | 463,349              | 4          | 500,338              | 4          |
| Accounts receivable - related parties (Notes 4, 9, 20 and 27)             | 199,356              | 2          | 120,782              | 1          |
| Current income tax assets   | -                    | -          | 80                   | -          |
| Other receivables (Notes 4 and 9)   | 47,800               | -          | 31,879               | -          |
| Inventories (Notes 4 and 10)  | 851,095              | 7          | 1,528,127            | 13         |
| Other current assets (Note 15)  | 51,493               | -          | 47,832               | 1          |
| Total current assets  | <u>10,243,376</u>    | <u>82</u>  | <u>10,235,349</u>    | <u>88</u>  |
| <b>Non-current assets</b>   |                      |            |                      |            |
| Financial assets measured at FVTPL - non-current (Notes 4, 5, 7 and 26)   | 1,139,267            | 9          | 256,007              | 2          |
| Investments accounted for using the equity method (Notes 4 and 11)        | 269,707              | 2          | 340,929              | 3          |
| Property, plant and equipment (Notes 4 and 12)                            | 75,078               | 1          | 79,251               | 1          |
| Right-of-use assets (Notes 4 and 13)                                      | 48,758               | -          | 71,799               | 1          |
| Other intangible assets (Notes 4 and 14)                                  | 62,559               | 1          | 4,106                | -          |
| Deferred income tax assets (Notes 4 and 22)                               | 58,489               | -          | 31,163               | -          |
| Refundable deposits (Note 29)   | 458,981              | 4          | 464,027              | 4          |
| Other non-current assets (Note 15)  | 126,225              | 1          | 173,802              | 1          |
| Total non-current assets  | <u>2,239,064</u>     | <u>18</u>  | <u>1,421,084</u>     | <u>12</u>  |
| <b>Total assets</b>   | <u>\$ 12,482,440</u> | <u>100</u> | <u>\$ 11,656,433</u> | <u>100</u> |
| <b>Liabilities and Equity</b>   |                      |            |                      |            |
| <b>Current liabilities</b>  |                      |            |                      |            |
| Short-term loans (Note 16)  | \$ 300,000           | 2          | \$ -                 | -          |
| Contract liabilities (Notes 4 and 20)                                     | 58,381               | 1          | 22,981               | -          |
| Accounts payable  | 255,186              | 2          | 149,961              | 1          |
| Other payables (Note 17)  | 149,334              | 1          | 104,047              | 1          |
| Other payables - related parties (Note 27)                                | 24,073               | -          | 15,830               | -          |
| Income tax payable  | 238,365              | 2          | 295,101              | 3          |
| Lease liabilities - current (Note 4 and 13)                               | 22,497               | -          | 50,771               | -          |
| Other current liabilities (Note 17)                                       | 9,292                | -          | 2,389                | -          |
| Total current liabilities   | <u>1,057,128</u>     | <u>8</u>   | <u>641,080</u>       | <u>5</u>   |
| <b>Non-current liabilities</b>  |                      |            |                      |            |
| Deferred income tax payable (Note 4 and 22)                               | 77,578               | 1          | 45,132               | 1          |
| Lease liabilities - non-current (Notes 4 and 13)                          | 9,940                | -          | 5,654                | -          |
| Deposits received   | 16,000               | -          | 14,000               | -          |
| Total non-current liabilities   | <u>103,518</u>       | <u>1</u>   | <u>64,786</u>        | <u>1</u>   |
| Total liabilities   | <u>1,160,646</u>     | <u>9</u>   | <u>705,866</u>       | <u>6</u>   |
| <b>Equity (Notes 4, 19 and 24)</b>  |                      |            |                      |            |
| <b>Share capital</b>  |                      |            |                      |            |
| Share capital of common stock   | 810,020              | 7          | 807,786              | 7          |
| Share capital collected in advance  | 1,739                | -          | 848                  | -          |
| Total share capital   | <u>811,759</u>       | <u>7</u>   | <u>808,634</u>       | <u>7</u>   |
| Capital surplus   | 6,234,430            | 50         | 6,178,947            | 53         |
| <b>Retained earnings</b>  |                      |            |                      |            |
| Legal reserve   | 760,879              | 6          | 566,709              | 5          |
| Special reserve   | 450                  | -          | -                    | -          |
| Undistributed earnings  | 3,514,619            | 28         | 3,396,727            | 29         |
| Total retained earnings   | <u>4,275,948</u>     | <u>34</u>  | <u>3,963,436</u>     | <u>34</u>  |
| Other equity  | (343)                | -          | (450)                | -          |
| Total equity  | <u>11,321,794</u>    | <u>91</u>  | <u>10,950,567</u>    | <u>94</u>  |
| <b>Total liabilities and equity</b>                                       | <u>\$ 12,482,440</u> | <u>100</u> | <u>\$ 11,656,433</u> | <u>100</u> |

AP Memory Technology Corporation  
Parent Company Only Statements of Comprehensive Income  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars, except earnings (losses) per share)

|   | 2023              |              | 2022             |           |
|---|-------------------|--------------|------------------|-----------|
|   | Amount            | %            | Amount           | %         |
| Revenue (Notes 4, 20 and 27)  | \$ 4,114,977      | 100          | \$ 4,971,181     | 100       |
| Cost of revenue (Notes 10 and 21)   | <u>2,469,596</u>  | <u>60</u>    | <u>2,863,822</u> | <u>58</u> |
| Gross profit  | <u>1,645,381</u>  | <u>40</u>    | <u>2,107,359</u> | <u>42</u> |
| Operating expenses (Notes 4, 9, 21 and 27)  |                   |              |                  |           |
| Marketing   | 93,916            | 2            | 101,292          | 2         |
| General and administrative  | 146,814           | 4            | 116,928          | 2         |
| R&D expenses  | 482,507           | 12           | 392,505          | 8         |
| Expected credit losses (gain on reversal)   | <u>9,208</u>      | <u>-</u>     | <u>( 638 )</u>   | <u>-</u>  |
| Total operating expenses  | <u>732,445</u>    | <u>18</u>    | <u>610,087</u>   | <u>12</u> |
| Income from operations  | <u>912,936</u>    | <u>22</u>    | <u>1,497,272</u> | <u>30</u> |
| Non-operating income and expense  |                   |              |                  |           |
| Other income (Notes 4 and 21)   | 1,669             | -            | 1,769            | -         |
| Shares of the profit or loss of subsidiaries and associates recognized for using the equity method (Notes 4 and 11) | <u>( 62,998 )</u> | <u>( 1 )</u> | 19,243           | 1         |
| Interest income (Note 4)  | 365,494           | 9            | 104,889          | 2         |
| Gain from disposal of property, plant and equipment (Note 4)  | -                 | -            | 54               | -         |
| Gain from disposal of investments (Notes 4 and 19)  | -                 | -            | 13,443           | -         |

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|   | 2023                |           | 2022                |           |
|---|---------------------|-----------|---------------------|-----------|
|   | Amount              | %         | Amount              | %         |
| Gain on foreign exchange - net value (Notes 4, 21 and 30)         | \$ 13,717           | -         | \$ 700,965          | 14        |
| Gain on financial assets measured at FVTPL (Notes 4 and 26)       | 388,140             | 9         | 114,018             | 2         |
| Interest expenses (Note 4)  | ( 1,531 )           | -         | ( 1,341 )           | -         |
| Total non-operating income and expenses                           | <u>704,491</u>      | <u>17</u> | <u>953,040</u>      | <u>19</u> |
| Net income before tax   | 1,617,427           | 39        | 2,450,312           | 49        |
| Income tax expense (Notes 4 and 22)                               | ( 172,457 )         | ( 4 )     | ( 508,616 )         | ( 10 )    |
| Net income  | <u>1,444,970</u>    | <u>35</u> | <u>1,941,696</u>    | <u>39</u> |
| Other comprehensive income (Notes 4 and 19)                       |                     |           |                     |           |
| Items that may be reclassified subsequently to profit or loss:    |                     |           |                     |           |
| Exchange differences arising on translation of foreign operations | <u>107</u>          | -         | <u>4,265</u>        | -         |
| Other comprehensive income (net of income tax)                    | <u>107</u>          | -         | <u>4,265</u>        | -         |
| Total comprehensive income  | <u>\$ 1,445,077</u> | <u>35</u> | <u>\$ 1,945,961</u> | <u>39</u> |
| Earnings per share (Note 23)                                      |                     |           |                     |           |
| Basic earnings per share  | <u>\$ 8.93</u>      |           | <u>\$ 12.09</u>     |           |
| Diluted earnings per share  | <u>\$ 8.85</u>      |           | <u>\$ 11.96</u>     |           |

AP Memory Technology Corporation  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

|  | Share Capital (Notes 4, 19 and 24) |  |                     | Capital Surplus<br>(Notes 4, 19 and 24) | Retained Earnings (Notes 4 and 19) |                 |                           |               | Other Equity<br>(Note 4 and 19)  | Treasury stock<br>(Notes 4 and 19) | Total Equity  |
|--|------------------------------------|--|---------------------|---|------------------------------------|-----------------|---------------------------|---------------|--|------------------------------------|---------------|
|  | Capital Stock -<br>Common Stock    | Share Capital<br>Collected in<br>Advance | Total Share Capital |   | Legal Reserve                      | Special Reserve | Undistributed<br>Earnings | Total         | Exchange<br>differences arising<br>on translation of<br>foreign operations |                                    |               |
|  | \$                                 | \$                                       | \$                  |   | \$                                 | \$              | \$                        | \$            | \$   |                                    |               |
| Balance, Jan. 1, 2022  | \$ 744,136                         | \$ 2,861                                 | \$ 746,997          | \$ 1,054,788                            | \$ 364,163                         | \$ -            | \$ 2,631,525              | \$ 2,995,688  | \$ 8,728   | (\$ 11,246)                        | \$ 4,794,955  |
| Appropriation and distribution of earnings,<br>2021                              |                                    |  |                     |   |                                    |                 |                           |               |  |                                    |               |
| Recognition of legal reserve   | -                                  | -  | -                   | -                                       | 202,546                            | -               | ( 202,546 )               | -             | -  | -                                  | -             |
| Cash dividends for the company's<br>shareholders                                 | -                                  | -  | -                   | -                                       | -                                  | -               | ( 968,275 )               | ( 968,275 )   | -  | -                                  | ( 968,275 )   |
| Cost for recognizing stock options as<br>compensation                            | -                                  | -  | -                   | 26,099                                  | -                                  | -               | -                         | -             | -  | -                                  | 26,099        |
| Disposal of investments accounted for using<br>the equity method                 | -                                  | -  | -                   | -                                       | -                                  | -               | -                         | -             | ( 13,443 )   | -                                  | ( 13,443 )    |
| Capital increase by cash   | 64,000                             | -  | 64,000              | 5,087,283                               | -                                  | -               | -                         | -             | -  | -                                  | 5,151,283     |
| Write-down of treasury stock   | ( 2,580 )                          | -  | ( 2,580 )           | ( 2,993 )                               | -                                  | -               | ( 5,673 )                 | ( 5,673 )     | -  | 11,246                             | -             |
| Net income, 2022   | -                                  | -  | -                   | -                                       | -                                  | -               | 1,941,696                 | 1,941,696     | -  | -                                  | 1,941,696     |
| Other comprehensive income, net of<br>income tax, 2022                           | -                                  | -  | -                   | -                                       | -                                  | -               | -                         | -             | 4,265  | -                                  | 4,265         |
| Total comprehensive income, 2022   | -                                  | -  | -                   | -                                       | -                                  | -               | 1,941,696                 | 1,941,696     | 4,265  | -                                  | 1,945,961     |
| Common shares issued under the employee<br>stock option plan                     | 2,230                              | ( 2,013 )                                | 217                 | 13,770                                  | -                                  | -               | -                         | -             | -  | -                                  | 13,987        |
| Balance, Dec. 31, 2022   | 807,786                            | 848                                      | 808,634             | 6,178,947                               | 566,709                            | -               | 3,396,727                 | 3,963,436     | ( 450 )  | -                                  | 10,950,567    |
| Appropriation and distribution of earnings,<br>2022                              |                                    |  |                     |   |                                    |                 |                           |               |  |                                    |               |
| Recognition of legal reserve   | -                                  | -  | -                   | -                                       | 194,170                            | -               | ( 194,170 )               | -             | -  | -                                  | -             |
| Recognition as special reserve   | -                                  | -  | -                   | -                                       | -                                  | 450             | ( 450 )                   | -             | -  | -                                  | -             |
| Cash dividends for the company's<br>shareholders                                 | -                                  | -  | -                   | -                                       | -                                  | -               | ( 1,132,458 )             | ( 1,132,458 ) | -  | -                                  | ( 1,132,458 ) |
| Changes in the associates and ventures<br>recognized for using the equity method | -                                  | -  | -                   | 688                                     | -                                  | -               | -                         | -             | -  | -                                  | 688           |
| Cost for recognizing stock options as<br>compensation                            | -                                  | -  | -                   | 31,554                                  | -                                  | -               | -                         | -             | -  | -                                  | 31,554        |
| Net income, 2023   | -                                  | -  | -                   | -                                       | -                                  | -               | 1,444,970                 | 1,444,970     | -  | -                                  | 1,444,970     |
| Other comprehensive income, net of<br>income tax, 2023                           | -                                  | -  | -                   | -                                       | -                                  | -               | -                         | -             | 107  | -                                  | 107           |
| Total comprehensive income, 2023   | -                                  | -  | -                   | -                                       | -                                  | -               | 1,444,970                 | 1,444,970     | 107  | -                                  | 1,445,077     |
| Common shares issued under the employee<br>stock option plan                     | 2,234                              | 891                                      | 3,125               | 23,241                                  | -                                  | -               | -                         | -             | -  | -                                  | 26,366        |
| Balance, Dec. 31, 2023   | \$ 810,020                         | \$ 1,739                                 | \$ 811,759          | \$ 6,234,430                            | \$ 760,879                         | \$ 450          | \$ 3,514,619              | \$ 4,275,948  | (\$ 343)   | \$ -                               | \$ 11,321,794 |

AP Memory Technology Corporation  
Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

|   | 2023         | 2022             |
|---|--------------|------------------|
| Cash flow from operating activities   |              |                  |
| Net income before tax   | \$ 1,617,427 | \$ 2,450,312     |
| Adjustments   |              |                  |
| Depreciation expense  | 58,527       | 53,997           |
| Amortization expense  | 4,513        | 2,791            |
| Expected credit losses (gain on reversal)   | 9,208        | ( 638 )          |
| Gain on valuation of financial assets<br>measured at FVTPL  | ( 388,628 )  | ( 114,018 )      |
| Interest expenses   | 1,531        | 1,341            |
| Interest income   | ( 365,494 )  | ( 104,889 )      |
| Dividend income   | ( 51 )       | ( 322 )          |
| Cost of share-based payment awards  | 29,413       | 20,179           |
| Share of gain or loss from subsidiaries<br>and associates recognized for using<br>the equity method | 62,998       | ( 19,243 )       |
| Loss (gain) on disposal or retirement of<br>property, plant and equipment                           | -            | 494              |
| Gain from disposal of investments   | -            | ( 13,443 )       |
| Losses on market price decline and<br>obsolete and slow-moving inventories                          | 61,623       | 25,604           |
| Unrealized gain on foreign exchange   | 12,807       | ( 2,451 )        |
| Net changes in operating assets and liabilities   |              |                  |
| Accounts receivable   | ( 71,228 )   | 235,356          |
| Other receivables   | 453          | 19,293           |
| Inventories   | 615,409      | 142,671          |
| Other current assets  | ( 16,884 )   | ( 8,741 )        |
| Refundable deposits   | 5,046        | 582              |
| Contract liabilities  | 35,400       | ( 149,589 )      |
| Accounts payable  | 111,845      | ( 452,124 )      |
| Other payables  | 53,993       | ( 48,098 )       |
| Other current liabilities   | <u>6,903</u> | <u>( 1,003 )</u> |
| Cash generated from operations  | 1,844,811    | 2,038,061        |
| Interest received   | 349,116      | 93,227           |
| Dividends received  | 51           | 322              |

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|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Interest paid   | ( \$ 1,294 )        | ( \$ 1,341 )        |
| Income tax paid   | ( <u>223,990</u> )  | ( <u>580,544</u> )  |
| Net cash generated by operating activities  | <u>1,968,694</u>    | <u>1,549,725</u>    |
| Cash flows from investing activities  |                     |                     |
| Acquisition of financial assets at fair value through profit or loss              | ( 494,632 )         | -                   |
| Acquisition of long-term equity investments accounted for using the equity method | -                   | ( 70,911 )          |
| Cash inflow from the disposal of subsidiaries                                     | -                   | 76,239              |
| Purchase of property, plant and equipment   | ( 9,799 )           | ( 24,302 )          |
| Acquisition of intangible assets  | ( 2,166 )           | ( 799 )             |
| Dividends received from associates and subsidiaries                               | <u>11,160</u>       | <u>11,160</u>       |
| Net cash used in investing activities   | ( <u>495,437</u> )  | ( <u>8,613</u> )    |
| Cash flows from financing activities  |                     |                     |
| Increase in short-term loans  | 300,000             | -                   |
| Increase in deposits received   | 2,000               | -                   |
| Repayment of lease principal  | ( 45,246 )          | ( 38,410 )          |
| Issuance of cash dividends  | ( 1,132,442 )       | ( 968,275 )         |
| Capital increase by cash  | -                   | 5,151,283           |
| Stock options exercised by employees  | <u>26,366</u>       | <u>13,987</u>       |
| Net cash used in financing activities   | ( <u>849,322</u> )  | <u>4,158,585</u>    |
| Effect of exchange rate changes on cash and cash equivalents                      | 623,935             | 5,699,697           |
| Net increase in cash and cash equivalents   | <u>8,003,529</u>    | <u>2,303,832</u>    |
| Cash and cash equivalents, beginning of year                                      | <u>\$ 8,627,464</u> | <u>\$ 8,003,529</u> |

## Declaration of Consolidation of Financial Statements of Affiliates

We hereby declare that the companies 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 the companies required to be included in the consolidated financial statements of a parent and its subsidiaries under International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of a parent and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Company: AP Memory Technology Corporation

Person in charge: Chen, Wen-liang

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
AP Memory Technology Corporation

### Opinion

We have audited the accompanying financial statements of AP Memory Technology Corporation and its subsidiaries, which comprise the Consolidated Statement of Financial Position as of December 31, 2023 and December 31, 2022, the Consolidated Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Notes to Consolidated Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of AP Memory Technology Corporation and its subsidiaries as of December 2023 and 2022 and of the financial performance, changes in equity and cash flows of AP Memory Technology Corporation and its subsidiaries from January 1 to December 31, 2023 and 2022.

### Basis for Opinion

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of AP Memory Technology Corporation and its subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, 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

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for 2023. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for 2023:

#### Authenticity of Sales Revenue from Specific Customers

In the fiscal year 2023, AP Memory Technology Corporation and its subsidiaries reported sales revenue amounting to NT\$4,226,907 thousand. The sales revenue from certain customers has shown significant growth compared to the fiscal year 2022, constituting a substantial portion of the total sales revenue. Therefore, the authenticity of the related sales revenue has been identified as one of the key audit matters.

During the audit, our accountants performed the following audit procedures in response to this key audit matter:

1. Understand and evaluate the internal control system related to revenue recognition, and test the design and execution of such controls.
2. Sample confirmation requests were sent for the entire year's sales revenue from the specific customers, and alternative procedures were conducted for those from whom confirmation was not timely received. This includes verifying transaction evidence and subsequent collections.
3. Perform audit sampling on the sales revenue details of the specific customers, review related transaction documents, including customer orders, shipping documents, and receipts, to confirm the authenticity of the revenue recognized.
4. Audit the occurrences of sales returns and allowances after the reporting period and subsequent collections to confirm the reasonableness of the sales revenue recognized.

### **Others**

AP Memory Technology Corporation has prepared parent company only financial statements for the years 2023 and 2022, and the accountant has issued unqualified audit reports for reference.

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

Management's responsibility is to prepare the consolidated financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the International Financial Reporting Standards, International Accounting Standards, Interpretation, and Interpretation Announcement recognized and announced the effectiveness by Financial Supervisory Commission as well as maintain necessary internal control related to the preparation of the consolidated financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

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

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of AP Memory Technology Corporation and its subsidiaries.

### **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 GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of AP Memory Technology Corporation and its subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 related to events or conditions that may cast significant doubt on the ability of AP Memory Technology Corporation and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause AP Memory Technology Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the consolidated financial information of AP Memory Technology Corporation and its subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on AP Memory Technology Corporation and its subsidiaries.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of AP Memory Technology Corporation and its subsidiaries for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 1, 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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China. 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 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 auditors' report and consolidated financial statements shall prevail.

AP Memory Technology Corporation and Subsidiaries  
Consolidated Balance Sheets  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

| Assets  | Dec. 31, 2023               |                   | Dec. 31, 2022               |                   |
|---|-----------------------------|-------------------|-----------------------------|-------------------|
|   | Amount                      | %                 | Amount                      | %                 |
| <b>Current assets</b>   |                             |                   |                             |                   |
| Cash and cash equivalents (Notes 4 and 6)                                 | \$ 8,864,216                | 71                | \$ 8,182,432                | 70                |
| Financial assets measured at amortized cost - current (Notes 4, 8 and 29) | 2,819                       | -                 | 2,782                       | -                 |
| Accounts receivable (Notes 4, 9 and 21)                                   | 567,535                     | 5                 | 638,597                     | 5                 |
| Other receivables (Notes 4 and 9)   | 47,800                      | -                 | 31,879                      | -                 |
| Current income tax assets (Note 4)  | 1,144                       | -                 | 80                          | -                 |
| Inventories (Notes 4 and 10)  | 851,330                     | 7                 | 1,528,392                   | 13                |
| Other current assets (Note 16)  | <u>55,803</u>               | -                 | <u>62,456</u>               | 1                 |
| Total current assets  | <u>10,390,647</u>           | <u>83</u>         | <u>10,446,618</u>           | <u>89</u>         |
| <b>Non-current assets</b>   |                             |                   |                             |                   |
| Financial assets measured at FVTPL - non-current (Notes 4, 5, 7 and 27)   | 1,139,267                   | 9                 | 256,007                     | 2                 |
| Financial assets measured at amortized cost - non-current (Notes 4 and 8) | 6,622                       | -                 | 6,522                       | -                 |
| Investments accounted for using the equity method (Notes 4 and 12)        | 106,011                     | 1                 | 114,991                     | 1                 |
| Property, plant and equipment (Notes 4 and 13)                            | 76,438                      | 1                 | 80,634                      | 1                 |
| Right-of-use assets (Notes 4 and 14)                                      | 53,091                      | -                 | 80,018                      | 1                 |
| Other intangible assets (Notes 4 and 15)                                  | 76,363                      | 1                 | 21,711                      | -                 |
| Deferred income tax assets (Notes 4 and 23)                               | 58,489                      | -                 | 31,163                      | -                 |
| Refundable deposits (Note 30)   | 459,525                     | 4                 | 464,452                     | 4                 |
| Other non-current assets (Note 16)  | <u>147,138</u>              | 1                 | <u>189,195</u>              | 2                 |
| Total non-current assets  | <u>2,122,944</u>            | <u>17</u>         | <u>1,244,693</u>            | <u>11</u>         |
| <b>Total assets</b>   | <b><u>\$ 12,513,591</u></b> | <b><u>100</u></b> | <b><u>\$ 11,691,311</u></b> | <b><u>100</u></b> |
| <b>Liabilities and Equity</b>   |                             |                   |                             |                   |
| <b>Current liabilities</b>  |                             |                   |                             |                   |
| Short-term loans (Note 17)  | \$ 300,000                  | 2                 | \$ -                        | -                 |
| Contract liabilities (Notes 4 and 21)                                     | 68,828                      | 1                 | 23,043                      | -                 |
| Accounts payable  | 255,186                     | 2                 | 149,961                     | 1                 |
| Other payables (Note 18)  | 189,766                     | 2                 | 146,564                     | 1                 |
| Income tax payable (Note 4)   | 238,365                     | 2                 | 295,101                     | 3                 |
| Lease liabilities - current (Note 4 and 14)                               | 25,917                      | -                 | 54,559                      | 1                 |
| Other current liabilities (Note 18)                                       | <u>10,217</u>               | -                 | <u>3,262</u>                | -                 |
| Total current liabilities   | <u>1,088,279</u>            | <u>9</u>          | <u>672,490</u>              | <u>6</u>          |
| <b>Non-current liabilities</b>  |                             |                   |                             |                   |
| Deferred income tax liabilities (Note 4 and 23)                           | 77,578                      | 1                 | 45,132                      | -                 |
| Lease liabilities - non-current (Notes 4 and 14)                          | 9,940                       | -                 | 9,122                       | -                 |
| Deposits received   | <u>16,000</u>               | -                 | <u>14,000</u>               | -                 |
| Total non-current liabilities   | <u>103,518</u>              | <u>1</u>          | <u>68,254</u>               | <u>-</u>          |
| <b>Total liabilities</b>  | <b><u>1,191,797</u></b>     | <b><u>10</u></b>  | <b><u>740,744</u></b>       | <b><u>6</u></b>   |
| <b>Equity (Notes 4, 20 and 25)</b>  |                             |                   |                             |                   |
| <b>Share capital</b>  |                             |                   |                             |                   |
| Share capital of common stock   | 810,020                     | 6                 | 807,786                     | 7                 |
| Share capital collected in advance  | <u>1,739</u>                | -                 | <u>848</u>                  | -                 |
| Total share capital   | <u>811,759</u>              | <u>6</u>          | <u>808,634</u>              | <u>7</u>          |
| Capital surplus   | <u>6,234,430</u>            | <u>50</u>         | <u>6,178,947</u>            | <u>53</u>         |
| <b>Retained earnings</b>  |                             |                   |                             |                   |
| Legal reserve   | 760,879                     | 6                 | 566,709                     | 5                 |
| Special reserve   | 450                         | -                 | -                           | -                 |
| Undistributed earnings  | <u>3,514,619</u>            | <u>28</u>         | <u>3,396,727</u>            | <u>29</u>         |
| Total retained earnings   | <u>4,275,948</u>            | <u>34</u>         | <u>3,963,436</u>            | <u>34</u>         |
| Other equity  | <u>(343)</u>                | -                 | <u>(450)</u>                | -                 |
| <b>Total equity</b>   | <b><u>11,321,794</u></b>    | <b><u>90</u></b>  | <b><u>10,950,567</u></b>    | <b><u>94</u></b>  |
| <b>Total liabilities and equity</b>                                       | <b><u>\$ 12,513,591</u></b> | <b><u>100</u></b> | <b><u>\$ 11,691,311</u></b> | <b><u>100</u></b> |

AP Memory Technology Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars, except earnings (losses) per share)

|  | 2023             |           | 2022             |           |
|--|------------------|-----------|------------------|-----------|
|  | Amount           | %         | Amount           | %         |
| Revenue (Notes 4, 21 and 28)   | \$ 4,226,907     | 100       | \$ 5,094,775     | 100       |
| Cost of revenue (Notes 10 and 22)  | <u>2,471,901</u> | <u>58</u> | <u>2,873,381</u> | <u>56</u> |
| Gross profit   | <u>1,755,006</u> | <u>42</u> | <u>2,221,394</u> | <u>44</u> |
| Operating expenses (Notes 4, 9 and 22)   |                  |           |                  |           |
| Marketing  | 124,811          | 3         | 126,823          | 3         |
| General and administrative   | 164,854          | 4         | 132,623          | 3         |
| R&D expenses   | 583,627          | 14        | 462,066          | 9         |
| Expected credit losses (gain on reversal)  | <u>28,933</u>    | <u>1</u>  | ( <u>638</u> )   | <u>-</u>  |
| Total operating expenses   | <u>902,225</u>   | <u>22</u> | <u>720,874</u>   | <u>15</u> |
| Income from operations   | <u>852,781</u>   | <u>20</u> | <u>1,500,520</u> | <u>29</u> |
| Non-operating income and expense   |                  |           |                  |           |
| Other income   | 3,987            | -         | 9,008            | -         |
| Shares of the profit or loss of associates recognized for using the equity method (Notes 4 and 12) | ( 543 )          | -         | 5,964            | -         |
| Interest income (Note 4)   | 367,260          | 9         | 106,839          | 2         |
| Gain from disposal of property, plant and equipment (Note 4)                                       | -                | -         | 54               | -         |
| Gain from disposal of investments (Note 4)   | -                | -         | 13,443           | 1         |
| Gain on lease modifications (Note 4)   | -                | -         | 25               | -         |
| Gain on financial assets measured at FVTPL (Notes 4 and 27)  | 388,140          | 9         | 114,018          | 2         |
| Interest expenses (Note 4)   | ( 1,744 )        | -         | ( 1,570 )        | -         |
| Gain on foreign exchange - net value (Notes 4, 22 and 31)  | <u>9,100</u>     | <u>-</u>  | <u>700,982</u>   | <u>14</u> |
| Total non-operating income and expenses  | <u>766,200</u>   | <u>18</u> | <u>948,763</u>   | <u>19</u> |

(Continued on the next page)

(Continued from the previous page)

|   | 2023                |           | 2022                |           |
|---|---------------------|-----------|---------------------|-----------|
|   | Amount              | %         | Amount              | %         |
| Net income before tax   | \$ 1,618,981        | 38        | \$ 2,449,283        | 48        |
| Income tax expense (Notes 4 and 23)                               | ( 174,011 )         | ( 4 )     | ( 507,587 )         | ( 10 )    |
| Net income  | <u>1,444,970</u>    | <u>34</u> | <u>1,941,696</u>    | <u>38</u> |
| Other comprehensive income (Notes 4 and 20)                       |                     |           |                     |           |
| Items that may be reclassified subsequently to profit or loss:    |                     |           |                     |           |
| Exchange differences arising on translation of foreign operations | <u>107</u>          | <u>-</u>  | <u>4,265</u>        | <u>-</u>  |
| Other comprehensive income (net of income tax)                    | <u>107</u>          | <u>-</u>  | <u>4,265</u>        | <u>-</u>  |
| Total comprehensive income  | <u>\$ 1,445,077</u> | <u>34</u> | <u>\$ 1,945,961</u> | <u>38</u> |
| Earnings per share (Note 24)                                      |                     |           |                     |           |
| Basic earnings per share  | <u>\$ 8.93</u>      |           | <u>\$ 12.09</u>     |           |
| Diluted earnings per share  | <u>\$ 8.85</u>      |           | <u>\$ 11.96</u>     |           |

AP Memory Technology Corporation and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

|  | Share Capital (Notes 4, 20 and 25) |  |                     | Capital Surplus<br>(Notes 4, 20 and<br>25) | Retained Earnings (Notes 4 and 20) |                 |                           | Other Equity<br>(Note 4 and 20) |  | Total Equity  |                                    |
|--|------------------------------------|--|---------------------|--|------------------------------------|-----------------|---------------------------|---------------------------------|--|---------------|------------------------------------|
|  | Capital Stock -<br>Common Stock    | Share Capital<br>Collected in<br>Advance | Total Share Capital |  | Legal Reserve                      | Special Reserve | Undistributed<br>Earnings | Total                           | Exchange<br>differences arising<br>on translation of<br>foreign operations |               | Treasury stock<br>(Notes 4 and 20) |
|  |                                    |  |                     |  |                                    |                 |                           |                                 |  |               |                                    |
| Balance, Jan. 1, 2022  | \$ 744,136                         | \$ 2,861                                 | \$ 746,997          | \$ 1,054,788                               | \$ 364,163                         | \$ -            | \$ 2,631,525              | \$ 2,995,688                    | \$ 8,728   | ( \$ 11,246 ) | \$ 4,794,955                       |
| Appropriation and distribution of earnings,<br>2021                              |                                    |  |                     |  |                                    |                 |                           |                                 |  |               |                                    |
| Recognition of legal reserve   | -                                  | -  | -                   | -  | 202,546                            | -               | ( 202,546 )               | -                               | -  | -             | -                                  |
| Cash dividends for the company's<br>shareholders                                 | -                                  | -  | -                   | -  | -                                  | -               | ( 968,275 )               | ( 968,275 )                     | -  | -             | ( 968,275 )                        |
| Cost for recognizing stock options as<br>compensation                            | -                                  | -  | -                   | 26,099                                     | -                                  | -               | -                         | -                               | -  | -             | 26,099                             |
| Disposal of investments accounted for using<br>the equity method                 | -                                  | -  | -                   | -  | -                                  | -               | -                         | -                               | ( 13,443 )   | -             | ( 13,443 )                         |
| Capital increase by cash   | 64,000                             | -  | 64,000              | 5,087,283                                  | -                                  | -               | -                         | -                               | -  | -             | 5,151,283                          |
| Write-down of treasury stock   | ( 2,580 )                          | -  | ( 2,580 )           | ( 2,993 )                                  | -                                  | -               | ( 5,673 )                 | ( 5,673 )                       | -  | 11,246        | -                                  |
| Net income, 2022   | -                                  | -  | -                   | -  | -                                  | -               | 1,941,696                 | 1,941,696                       | -  | -             | 1,941,696                          |
| Other comprehensive income, net of income<br>tax, 2022                           | -                                  | -  | -                   | -  | -                                  | -               | -                         | -                               | 4,265  | -             | 4,265                              |
| Total comprehensive income, 2022   | -                                  | -  | -                   | -  | -                                  | -               | 1,941,696                 | 1,941,696                       | 4,265  | -             | 1,945,961                          |
| Common shares issued under the employee<br>stock option plan                     | 2,230                              | ( 2,013 )                                | 217                 | 13,770                                     | -                                  | -               | -                         | -                               | -  | -             | 13,987                             |
| Balance, Dec. 31, 2022   | 807,786                            | 848                                      | 808,634             | 6,178,947                                  | 566,709                            | -               | 3,396,727                 | 3,963,436                       | ( 450 )  | -             | 10,950,567                         |
| Appropriation and distribution of earnings,<br>2022                              |                                    |  |                     |  |                                    |                 |                           |                                 |  |               |                                    |
| Recognition of legal reserve   | -                                  | -  | -                   | -  | 194,170                            | -               | ( 194,170 )               | -                               | -  | -             | -                                  |
| Recognition as special reserve   | -                                  | -  | -                   | -  | -                                  | 450             | ( 450 )                   | -                               | -  | -             | -                                  |
| Cash dividends for the company's<br>shareholders                                 | -                                  | -  | -                   | -  | -                                  | -               | ( 1,132,458 )             | ( 1,132,458 )                   | -  | -             | ( 1,132,458 )                      |
| Changes in the associates and ventures<br>recognized for using the equity method | -                                  | -  | -                   | 688  | -                                  | -               | -                         | -                               | -  | -             | 688                                |
| Cost for recognizing stock options as<br>compensation                            | -                                  | -  | -                   | 31,554                                     | -                                  | -               | -                         | -                               | -  | -             | 31,554                             |
| Net income, 2023   | -                                  | -  | -                   | -  | -                                  | -               | 1,444,970                 | 1,444,970                       | -  | -             | 1,444,970                          |
| Other comprehensive income, net of income<br>tax, 2023                           | -                                  | -  | -                   | -  | -                                  | -               | -                         | -                               | 107  | -             | 107                                |
| Total comprehensive income, 2023   | -                                  | -  | -                   | -  | -                                  | -               | 1,444,970                 | 1,444,970                       | 107  | -             | 1,445,077                          |
| Common shares issued under the employee<br>stock option plan                     | 2,234                              | 891                                      | 3,125               | 23,241                                     | -                                  | -               | -                         | -                               | -  | -             | 26,366                             |
| Balance, Dec. 31, 2023   | \$ 810,020                         | \$ 1,739                                 | \$ 811,759          | \$ 6,234,430                               | \$ 760,879                         | \$ 450          | \$ 3,514,619              | \$ 4,275,948                    | ( \$ 343 )   | \$ -          | \$ 11,321,794                      |

AP Memory Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

|  | 2023               | 2022               |
|--|--------------------|--------------------|
| Cash flow from operating activities  |                    |                    |
| Net income before tax  | \$ 1,618,981       | \$ 2,449,283       |
| Adjustments  |                    |                    |
| Depreciation expense   | 63,097             | 58,876             |
| Amortization expense   | 18,341             | 15,799             |
| Expected credit losses (gain on reversal)  | 28,933             | ( 638 )            |
| Gain on financial assets measured at<br>FVTPL                                      | ( 388,628 )        | ( 114,018 )        |
| Interest expenses  | 1,744              | 1,570              |
| Interest income  | ( 367,260 )        | ( 106,839 )        |
| Dividend income  | ( 51 )             | ( 322 )            |
| Cost of share-based payment awards   | 31,554             | 26,099             |
| Share of gain or loss from associates<br>recognized for using the equity<br>method | 543                | ( 5,964 )          |
| Loss (gain) on disposal or retirement of<br>property, plant and equipment          | -                  | ( 54 )             |
| Gain on lease modifications  | -                  | ( 25 )             |
| Gain from disposal of investments  | -                  | ( 13,443 )         |
| Losses on market price decline and<br>obsolete and slow-moving inventories         | 61,551             | 25,675             |
| Unrealized gain on foreign exchange  | 9,332              | ( 4,839 )          |
| Net changes in operating assets and liabilities                                    |                    |                    |
| Accounts receivable  | 25,935             | 223,233            |
| Other receivables  | 350                | 17,654             |
| Inventories  | 615,511            | 142,554            |
| Other current assets   | ( 12,090 )         | ( 4,666 )          |
| Refundable deposits  | 4,927              | 519                |
| Contract liabilities   | 45,785             | ( 150,559 )        |
| Accounts payable   | 111,845            | ( 452,124 )        |
| Other payables   | 43,208             | ( 45,483 )         |
| Other current liabilities  | <u>6,955</u>       | <u>( 996 )</u>     |
| Cash generated from operations   | 1,920,563          | 2,061,292          |
| Interest received  | 350,882            | 95,178             |
| Dividends received   | 51                 | 322                |
| Interest paid  | ( 1,507 )          | ( 1,570 )          |
| Income tax paid  | <u>( 226,688 )</u> | <u>( 580,588 )</u> |
| Net cash generated by operating<br>activities                                      | <u>2,043,301</u>   | <u>1,574,634</u>   |

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|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Cash flows from investing activities  |                     |                     |
| Acquisition of financial assets at fair value through profit or loss              | ( \$ 494,632 )      | \$ -                |
| Acquisition of long-term equity investments accounted for using the equity method | -                   | ( 33,771 )          |
| Purchase of property, plant and equipment   | ( 10,527 )          | ( 26,030 )          |
| Disposal of property, plant and equipment   | -                   | 548                 |
| Acquisition of intangible assets  | ( 12,149 )          | ( 19,194 )          |
| Dividends received from associates  | <u>11,160</u>       | <u>11,160</u>       |
| Net cash used in investing activities   | ( <u>506,148</u> )  | ( <u>67,287</u> )   |
| Cash flows from financing activities  |                     |                     |
| Increase in short-term loans  | 300,000             | -                   |
| Increase in deposits received   | 2,000               | -                   |
| Repayment of lease principal  | ( 49,051 )          | ( 42,307 )          |
| Issuance of cash dividends  | ( 1,132,442 )       | ( 968,275 )         |
| Capital increase by cash  | -                   | 5,151,283           |
| Stock options exercised by employees  | <u>26,366</u>       | <u>13,987</u>       |
| Net cash used in financing activities   | ( <u>853,127</u> )  | <u>4,154,688</u>    |
| Effect of exchange rate changes on cash and cash equivalents                      | ( <u>2,242</u> )    | <u>2,950</u>        |
| Net increase in cash and cash equivalents   | 681,784             | 5,664,985           |
| Cash and cash equivalents, beginning of year                                      | <u>8,182,432</u>    | <u>2,517,447</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 8,864,216</u> | <u>\$ 8,182,432</u> |

### **Attachment 3. Audit Committee's Review Report**

## **Audit Committee's Review Report**

The Board of Directors has prepared the AP Memory Technology Corporation's (APM) 2023 Business Report, Financial Statements and proposal for allocation of annual earnings. The CPA firm of Deloitte & Touche was retained to audit APM's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and the annual earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of APM. According to relevant requirements of the Securities and Exchange Act and Company Law, we hereby submit this report.

### **AP Memory Technology Corporation**

Chairman of Audit Committee : Yeh, Jui-Pin

March 1, 2024



**Attachment 4. Comparison Table Illustrating the Original and Amended Text of the "Procedures for the Election of the Directors"**

| Original Article  | Amended Article   |
|---|---|
| <p>6 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. <u>This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.</u></p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies. When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, <u>or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM,</u> a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> | <p>6 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.</p> <p>When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies. When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy.</p> <p>When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p> |
| <p>11 <u>If the elector is a shareholder, the elector shall state the name of the candidate and the shareholder's account number in the elector column; if the elector is not a shareholder, he/she shall state the name of the candidate and the identity document</u></p>   | <p><u>(This clause is deleted and the subsequent clause numbers are to be adjusted in sequence)</u></p>   |

| Original Article  | Amended Article   |
|---|---|
| <p><u>number. However, if the government or a corporate shareholder is the candidate, the name of the government or corporate shall be listed in the Elected Name column of the ballot, and the name of the government or corporate and the name of its representative may also be listed; if there are several representatives, the names of the representatives shall be added separately.</u></p>  |   |
| <p>12 A ballot is invalid under any of the following circumstances:</p> <p>12.1 The ballot was not prepared by a person with the right to convene.</p> <p>12.2 A blank ballot is placed in the ballot box.</p> <p>12.3 The writing is unclear and indecipherable or has been altered.</p> <p>12.4 <u>The name of the candidate is a shareholder, the account name or shareholder number of the elected person does not match the register of shareholders.; The name and identification number of the candidate do not correspond to the identity of the shareholder, the name and identification number of the candidate shall be checked.</u></p> <p>12.5 Other words or marks are entered in addition to the number of voting rights allotted.</p> <p><u>12.6 The name of the candidate is the same as that of other shareholders without the shareholder's account number or identification number for identification purposes.</u></p> | <p><u>11</u> A ballot is invalid under any of the following circumstances:</p> <p>11.1 The ballot was not prepared by a person with the right to convene.</p> <p>11.2 A blank ballot is placed in the ballot box.</p> <p>11.3 The writing is unclear and indecipherable or has been altered.</p> <p>11.4 The candidate whose name is entered in the ballot does not conform to the director candidate list.</p> <p>11.5 Other words or marks are entered in addition to the number of voting rights allotted.</p> |
| <p><u>13~15</u> (Omitted).</p>  | <p><u>12~14</u> (Omitted).</p>  |

**Attachment 5. Details on Directors and Their Representatives Concurrently Hold Positions in Other Companies**

| Title                | Name  | Positions concurrently held in other companies at present   |
|----------------------|---|---|
| Director             | Chen, Wen-Liang   | <ul style="list-style-type: none"> <li>■ Chairman of the Board, M3 Technology Inc.</li> </ul>   |
| Director             | Lishun Investment Co., Ltd.<br>Representative:<br>Hsieh, Ming-Lin | <ul style="list-style-type: none"> <li>■ President, Powerchip Investment Holding Corporation</li> <li>■ Director, Powerchip Investment Holding Corporation</li> <li>■ Director, Innostar Service, Inc.</li> <li>■ Director, Skyvision Aviation Corp.</li> <li>■ Director, Hiyes International Co., Ltd.</li> <li>■ Director, Nexchip Semiconductor Corporation</li> <li>■ Director, Powercoin Technology Corporation</li> </ul> |
| Independent Director | Wang, Hsuan   | <ul style="list-style-type: none"> <li>■ Independent Director, Kian Shen Corporation</li> </ul>   |