

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Six Months Ended
June 30, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Introduction

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$10,335,122 thousand and NT\$12,214,957 thousand, constituting 20.8% and 22.6% of the consolidated total assets; and the total liabilities amounting to NT\$6,053,717 thousand and NT\$7,028,616 thousand, constituting 18.9% and 18.7% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the total comprehensive income amounting to NT\$6,104 thousand, NT\$31,023 thousand, NT\$55,791 thousand and NT\$249,323 thousand, constituting 1.6%, 5.3%, 5.4% and 14.3% of the consolidated comprehensive income for the three and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in note 6(h), the investments accounted for using equity method of the Group in its investee companies of NT\$0 thousand and NT\$14,406 thousand as of June 30, 2023 and 2022, and its related share of loss of associates accounted for using equity method of NT\$0 thousand, NT\$9,420 thousand, NT\$0 thousand and NT\$28,083 thousand for the three and six months ended June 30, 2023 and 2022, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three and six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Tymphony Worldwide Enterprises Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Tymphony Worldwide Enterprises Ltd., is based solely on the review report of another auditor. The financial statements of Tymphony Worldwide Enterprises Ltd. reflect the total assets amounting to NT\$17,210,858 thousand and NT\$18,437,549 thousand, constituting 34.7% and 34.1% of the related consolidated total assets as of June 30, 2023 and 2022, respectively; as well as the operating revenue amounting to NT\$6,483,542 thousand, NT\$7,825,274 thousand, NT\$12,346,942 thousand and NT\$13,897,075 thousand, constituting 40.4%, 38.6%, 40.2% and 36.4% of the related consolidated operating revenue for the three and six months ended June 30, 2023 and 2022, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are SHYH-GANG HORNG and HUNG-WEN FU.

KPMG

Taipei, Taiwan (Republic of China)
August 3, 2023

Notes to Readers

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

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

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 10,922,723	22	6,284,887	13	5,086,639	9	2100	Short-term borrowings (notes 6(n) and 8)	\$ 2,973,909	6	489,370	1	6,144,518	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	362,492	1	396,984	1	779,857	2	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	896,507	2	1,016,661	2	1,094,471	2
1137	Current financial assets at amortized cost (note 6(d))	-	-	130,023	-	3,847,156	7	2170	Notes and accounts payable	13,238,467	27	14,038,527	30	15,869,103	29
1170	Notes and accounts receivable, net (notes 6(e) and (w))	15,010,711	30	14,338,084	30	15,339,857	28	2201	Salaries payable	1,065,291	2	1,678,657	4	1,057,561	2
1180	Accounts receivable from related parties, net (notes 6(e), (w) and 7)	195,145	-	54,587	-	57,753	-	2219	Other payables	5,871,527	12	4,442,911	9	4,863,041	9
1200	Other receivables (notes 6(e) and (f))	504,422	1	1,944,391	4	1,145,548	2	2280	Current lease liabilities (note 6(p))	231,015	-	193,405	-	211,427	-
1310	Inventories (note 6(g))	8,106,949	16	9,353,504	20	12,984,364	24	2320	Long-term borrowings, current portion (notes 6(o) and 8)	-	-	-	-	407,246	1
1470	Other current assets (note 8)	696,673	2	757,957	2	1,019,817	2	2365	Current refund liabilities	2,019,711	4	1,912,359	4	1,982,859	4
		35,799,115	72	33,260,417	70	40,260,991	74	2399	Other current liabilities (note 6(w))	1,952,306	4	1,563,872	3	915,637	2
										28,248,733	57	25,335,762	53	32,545,863	60
Non-current assets:								Non-Current liabilities:							
1511	Non-current financial assets at fair value through profit or loss, designated as upon initial recognition (note 6(b))	11,520	-	2,662	-	-	-	2540	Long-term borrowings (notes 6(o) and 8)	464,000	1	464,000	1	1,554,949	3
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	354,142	1	350,788	1	351,888	1	2580	Non-current lease liabilities (note 6(p))	1,751,161	3	1,704,857	4	1,942,543	3
1550	Investments accounted for using equity method (note 6(h))	-	-	-	-	14,406	-	2630	Long-term deferred revenue (note 6(j))	715,729	1	803,862	2	877,550	2
1600	Property, plant and equipment (notes 6(j) and 8)	8,060,696	16	8,246,823	17	7,846,019	15	2670	Other non-current liabilities	772,007	2	661,995	1	684,190	1
1755	Right-of-use assets (note 6(k))	2,189,749	4	2,134,317	5	2,390,876	4		Total liabilities	31,951,630	64	28,970,476	61	37,605,095	69
1760	Investment property (note 6(l))	32,669	-	32,900	-	33,132	-	Equity attributable to owners of parent:							
1780	Intangible assets (note 6(m))	2,072,812	4	2,130,259	4	2,206,704	4	3110	Ordinary shares (note 6(t))	4,594,343	9	4,582,893	10	4,552,353	9
1840	Deferred tax assets	763,780	2	747,289	2	679,650	1	3200	Capital surplus (notes 6(i) and (t))	2,175,899	5	2,129,908	4	1,939,774	4
1990	Other non-current assets (note 8)	320,763	1	358,606	1	327,282	1	3310	Legal reserve (note 6(t))	2,274,414	5	1,999,217	4	1,999,217	4
		13,806,131	28	14,003,644	30	13,849,957	26	3320	Special reserve (note 6(t))	754,918	2	1,217,130	3	1,217,130	2
								3350	Unappropriated retained earnings (note 6(t))	7,082,445	14	7,433,108	16	5,944,121	11
								3400	Other equity interest	(1,258,805)	(3)	(1,015,162)	(2)	(971,611)	(2)
										15,623,214	32	16,347,094	35	14,680,984	28
								36XX	Non-controlling interests (note 6(i))	2,030,402	4	1,946,491	4	1,824,869	3
									Total equity	17,653,616	36	18,293,585	39	16,505,853	31
Total assets		\$ 49,605,246	100	47,264,061	100	54,110,948	100	Total liabilities and equity	\$ 49,605,246	100	47,264,061	100	54,110,948	100	

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Consolidated Statement of Comprehensive Income
For the three and six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended				For the six months ended				
	June 30		June 30		June 30		June 30		
	2023	2022	2023	2022	2023	2022	2023	2022	
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(w) and 7)	\$ 16,065,380	100	20,283,246	100	30,742,427	100	38,177,702	100
5000	Operating costs (notes 6(g), (p), (r), (x) and 12)	13,503,025	84	17,536,028	86	25,988,962	85	33,178,673	87
	Gross profit from operation	<u>2,562,355</u>	<u>16</u>	<u>2,747,218</u>	<u>14</u>	<u>4,753,465</u>	<u>15</u>	<u>4,999,029</u>	<u>13</u>
	Operating expenses (notes 6(e), (p), (r), (u), (x) and 12):								
6100	Selling expenses	412,789	2	437,966	2	835,299	3	846,773	2
6200	Administrative expenses	584,217	4	557,110	3	1,094,421	3	1,076,288	3
6300	Research and development expenses	774,011	5	813,877	4	1,497,472	5	1,531,890	4
6450	Expected credit loss (reversal)	(9,557)	-	17,769	-	(46,343)	-	10,698	-
	Total operating expenses	<u>1,761,460</u>	<u>11</u>	<u>1,826,722</u>	<u>9</u>	<u>3,380,849</u>	<u>11</u>	<u>3,465,649</u>	<u>9</u>
	Net operating income	<u>800,895</u>	<u>5</u>	<u>920,496</u>	<u>5</u>	<u>1,372,616</u>	<u>4</u>	<u>1,533,380</u>	<u>4</u>
	Non-operating income and expenses:								
7100	Interest income	100,551	1	23,558	-	132,840	-	43,744	-
7010	Other income (note 6(y))	8,861	-	11,494	-	11,900	-	23,409	-
7020	Other gains and losses (notes 6(h), (z) and 12)	87,380	-	82,404	-	227,527	1	204,610	-
7060	Shares of loss of associates accounted for using equity method (note 6(h))	-	-	(9,420)	-	-	-	(28,083)	-
7050	Finance costs (note 6(p))	(41,537)	-	(69,722)	-	(76,448)	-	(130,906)	-
	Total non-operating income and expenses	<u>155,255</u>	<u>1</u>	<u>38,314</u>	<u>-</u>	<u>295,819</u>	<u>1</u>	<u>112,774</u>	<u>-</u>
	Profit before tax	<u>956,150</u>	<u>6</u>	<u>958,810</u>	<u>5</u>	<u>1,668,435</u>	<u>5</u>	<u>1,646,154</u>	<u>4</u>
7950	Less: Income tax expenses (note 6(s))	186,916	1	201,280	1	325,905	1	345,704	1
	Profit	<u>769,234</u>	<u>5</u>	<u>757,530</u>	<u>4</u>	<u>1,342,530</u>	<u>4</u>	<u>1,300,450</u>	<u>3</u>
8300	Other comprehensive income (loss):								
8310	Items that may not be reclassified subsequently to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,649)	-	16,966	-	(22,652)	-	29,340	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(1,649)</u>	<u>-</u>	<u>16,966</u>	<u>-</u>	<u>(22,652)</u>	<u>-</u>	<u>29,340</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign operation's financial statements	(383,083)	(3)	(192,926)	(1)	(285,791)	(1)	410,655	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(383,083)</u>	<u>(3)</u>	<u>(192,926)</u>	<u>(1)</u>	<u>(285,791)</u>	<u>(1)</u>	<u>410,655</u>	<u>1</u>
8300	Other comprehensive income after tax	<u>(384,732)</u>	<u>(3)</u>	<u>(175,960)</u>	<u>(1)</u>	<u>(308,443)</u>	<u>(1)</u>	<u>439,995</u>	<u>1</u>
	Comprehensive income	<u>\$ 384,502</u>	<u>2</u>	<u>581,570</u>	<u>3</u>	<u>1,034,087</u>	<u>3</u>	<u>1,740,445</u>	<u>4</u>
	Profit attributable to:								
8610	Owners of parent	\$ 699,234	5	711,066	4	1,254,116	4	1,263,334	3
8620	Non-controlling interests (note 6(i))	70,000	-	46,464	-	88,414	-	37,116	-
	Comprehensive income attributable to:	<u>\$ 769,234</u>	<u>5</u>	<u>757,530</u>	<u>4</u>	<u>1,342,530</u>	<u>4</u>	<u>1,300,450</u>	<u>3</u>
8710	Owners of parent	\$ 335,052	2	546,371	3	956,685	3	1,658,319	4
8720	Non-controlling interests (note 6(i))	49,450	-	35,199	-	77,402	-	82,126	-
	Earnings per share (note 6(v))	<u>\$ 384,502</u>	<u>2</u>	<u>581,570</u>	<u>3</u>	<u>1,034,087</u>	<u>3</u>	<u>1,740,445</u>	<u>4</u>
9710	Basic earnings per share (NT dollars)	<u>\$ 1.55</u>		<u>1.58</u>		<u>2.78</u>		<u>2.81</u>	
9810	Diluted earnings per share (NT dollars)	<u>\$ 1.54</u>		<u>1.57</u>		<u>2.75</u>		<u>2.79</u>	

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest					
	Ordinary shares	Capital surplus	Retained earnings			Exchange differences on translation of financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2022	\$ 4,552,633	1,758,780	1,769,946	1,046,360	6,492,401	(1,265,160)	48,029	(227,477)	14,175,512	2,267,000	16,442,512
Profit	-	-	-	-	1,263,334	-	-	-	1,263,334	37,116	1,300,450
Other comprehensive income	-	-	-	-	-	365,645	29,340	-	394,985	45,010	439,995
Comprehensive income	-	-	-	-	1,263,334	365,645	29,340	-	1,658,319	82,126	1,740,445
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	229,271	-	(229,271)	-	-	-	-	-	-
Special reserve	-	-	-	170,770	(170,770)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,411,230)	-	-	-	(1,411,230)	-	(1,411,230)
Changes in shares of investment accounted for using equity method	-	191,449	-	-	-	-	-	-	191,449	(524,257)	(332,808)
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	66,934	66,934	-	66,934
Cancellation of restricted stock	(2,280)	(19,235)	-	-	-	-	-	21,515	-	-	-
Issuance of restricted stock	2,000	8,780	-	-	-	-	-	(10,780)	-	-	-
Effect of the liquidation of equity instruments at fair value through other comprehensive income	-	-	-	-	(343)	-	343	-	-	-	-
Balance at June 30, 2022	\$ 4,552,353	1,939,774	1,999,217	1,217,130	5,944,121	(899,515)	77,712	(149,808)	14,680,984	1,824,869	16,505,853
Balance at January 1, 2023	\$ 4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	1,946,491	18,293,585
Profit	-	-	-	-	1,254,116	-	-	-	1,254,116	88,414	1,342,530
Other comprehensive income	-	-	-	-	-	(274,779)	(22,652)	-	(297,431)	(11,012)	(308,443)
Comprehensive income	-	-	-	-	1,254,116	(274,779)	(22,652)	-	956,685	77,402	1,034,087
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	275,197	-	(275,197)	-	-	-	-	-	-
Special reserve	-	-	-	(462,212)	462,212	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,791,794)	-	-	-	(1,791,794)	-	(1,791,794)
Changes in shares of investment accounted for using equity method	-	(6,509)	-	-	-	-	-	-	(6,509)	6,509	-
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	117,738	117,738	-	117,738
Cancellation of restricted stock	-	(3,032)	-	-	-	-	-	3,032	-	-	-
Issuance of restricted stock	11,450	55,532	-	-	-	-	-	(66,982)	-	-	-
Balance at June 30, 2023	\$ 4,594,343	2,175,899	2,274,414	754,918	7,082,445	(1,087,302)	34,953	(206,456)	15,623,214	2,030,402	17,653,616

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,668,435	1,646,154
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	857,339	822,159
Amortization expense	104,852	115,870
Expected credit loss (reversal)	(46,343)	10,698
Interest expense	76,448	129,453
Net losses on financial assets and liabilities at fair value through profit or loss	534,328	314,614
Interest income	(132,840)	(43,744)
Compensation cost of share-based payment	117,738	82,414
Impairment losses of associates accounted for using equity method	-	157,740
Shares of loss of associates accounted for using equity method	-	28,083
Gain on disposal of property, plant and equipment	(7,165)	(5,800)
Loss (gain) on disposal of right-of-use assets	(1)	6,409
Loss on disposal of intangible assets	289	-
Total adjustments to reconcile profit	<u>1,504,645</u>	<u>1,617,896</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	396,985	156,082
Notes and accounts receivable	872,520	(1,889,515)
Accounts receivable from related parties	(140,559)	72,527
Other receivables	(58,145)	67,261
Inventories	1,246,555	180,237
Other current assets	61,285	87,471
Other operating assets	22,317	(9,640)
Changes in operating assets	<u>2,400,958</u>	<u>(1,335,577)</u>
Financial liabilities at fair value through profit or loss	(1,016,661)	(602,898)
Notes and accounts payable	(800,060)	(1,824,158)
Salaries payable	(613,366)	(424,396)
Other payables	(462,519)	121,503
Refund liabilities	107,352	283,342
Other current liabilities	375,681	215,399
Other operating liabilities	18,744	(21,063)
Changes in operating liabilities	<u>(2,390,829)</u>	<u>(2,252,271)</u>
Total changes in operating assets and liabilities	<u>10,129</u>	<u>(3,587,848)</u>
Total adjustments	<u>1,514,774</u>	<u>(1,969,952)</u>
Cash inflow (outflow) generated from operations	3,183,209	(323,798)
Interest received	132,840	43,744
Interest paid	(76,408)	(129,414)
Income taxes paid	(244,717)	(618,696)
Net cash flows from (used in) operating activities	<u>2,994,924</u>	<u>(1,028,164)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(27,419)	(83,332)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	60
Decrease (increase) in financial assets measured at amortized cost	130,023	(2,181,412)
Acquisition of financial assets designated at fair value through profit or loss	(9,172)	-
Acquisition of property, plant and equipment	(694,485)	(880,366)
Proceeds from disposal of property, plant and equipment	29,167	17,456
Decrease in refundable deposits	828	11,030
Acquisition of unamortized expense	(8,394)	(19,919)
Proceeds from disposal of unamortized expense	-	1
Net cash flows used in investing activities	<u>(579,452)</u>	<u>(3,136,482)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,484,539	4,113,689
Increase in long-term borrowings	-	501,240
Increase in guarantee deposits received	9,811	731
Payment of lease liabilities	(112,698)	(121,364)
Repurchase shares of employee stocks ownership plan	-	(348,287)
Net cash flows from financing activities	<u>2,381,652</u>	<u>4,146,009</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(159,288)</u>	<u>266,035</u>
Net increase in cash and cash equivalents	4,637,836	247,398
Cash and cash equivalents at beginning of period	6,284,887	4,839,241
Cash and cash equivalents at end of period	<u>\$ 10,922,723</u>	<u>5,086,639</u>

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

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

(1) Company history

PRIMAX ELECTRONICS LTD. (the “Company”), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company’s registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

The consolidated financial statements of the Company as at and for the six months ended June 30, 2023, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

The Company’s common shares were registered with the Financial Supervisory Commission, ROC (“FSC”) on June 22, 2012, and listed on the Taiwan Stock Exchange (“TWSE”) on October 5, 2012.

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

The consolidated financial statements were authorized for issuance by the board of directors on August 3, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’ s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	100.00 %	

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax AE (Cayman) Holdings Ltd. (Primax AE)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Sale of computer peripherals and mobile device components	100.00 %	100.00 %	100.00 %	(note 1)
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Holding company and customer service	100.00 %	100.00 %	100.00 %	
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	
Primax HK	Primax Electronics (Kun Shan) Corp., Ltd. (PKS1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale and purchase of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Destiny BVI.	Destiny Electronic Corp. (Destiny Beijing)	R&D of computer peripherals and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Primax Singapore	Primax Electronics (Thailand) Co., Ltd. (Primax Thailand)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	99.99 %	99.99 %	99.99 %	(note 1)
Diamond	Tymphany Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	100.00 %	
TWEL	Tymphany Acoustic Technology (Huizhou) Co., Ltd (Tymphany Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	77.01 %	77.01 %	77.01 %	
TWEL	Tymphany Acoustic Technology (Singapore) Pte. Ltd. (TYM Singapore)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	- %	- %	(note 2)
Tymphany Huizhou	Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphany Huizhou	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
TYM Acoustic HK	Tymphany Acoustic Technology Europe, s.r.o (TYM Acoustic Europe)	Manufacturing, installation, and maintenance of various speaker accessories and their components	100.00 %	100.00 %	100.00 %	(note 1)
TYM Acoustic HK	TYP Enterprise, inc. (TYP)	Market development of and customer service for speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany HK Ltd. (TYM HK)	Holding company; sale of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Limited (TYM Acoustic)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sale of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 1)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
Tymphany Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, R&D, design, and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

Note 1: The Company is a non-significant subsidiary, and its financial statement have not been reviewed.

Note 2: As of June 30, 2023, there is no capital injection from the Company.

(c) Employee benefits

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

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements is as follow:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 37% of the outstanding voting shares of ALT International Co., Ltd. (AIC), but the chairman of AIC controls 45% of voting shares, and the Group did not obtain any director seats of AIC. Therefore, the Group does not have power of control over relevant activities of AIC, but remains significant influence.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 3,068	4,889	4,697
Demand accounts and checking deposits	5,494,634	5,098,742	3,660,018
Time deposits	5,425,021	1,181,256	1,421,924
	<u>\$ 10,922,723</u>	<u>6,284,887</u>	<u>5,086,639</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(i) Details of financial instruments were as follows:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Mandatorily measured at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 362,492	291,210	779,857
Foreign exchange swap contracts	-	105,774	-
Non-derivative financial assets			
Equities unlisted in foreign markets — Storm Venture Fund VII, L.P.	3,736	2,662	-
Equities unlisted in foreign markets — Thin Line Capital Fund II, L.P.	7,784	-	-
	<u>\$ 374,012</u>	<u>399,646</u>	<u>779,857</u>
Current	\$ 362,492	396,984	779,857
Non-current	11,520	2,662	-
	<u>\$ 374,012</u>	<u>399,646</u>	<u>779,857</u>
	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Financial liabilities held-for-trading:			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (200,171)	(622,886)	(307,137)
Foreign exchange swap contracts	(696,336)	(393,775)	(787,334)
	<u>\$ (896,507)</u>	<u>(1,016,661)</u>	<u>(1,094,471)</u>

(ii) Storm Venture Fund VII, L.P. executed capital increase, where the Group had participated and invested the amounts of \$1,522 for the six months ended June 30, 2023.

(iii) The Group invested the amount of \$7,650 in an unlisted company, Thin Line Capital Fund II, L.P. in June 2023.

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The Group held the following derivative instruments as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities, without the application of edge accounting, as of June 30, 2023, December 31 and June 30, 2022:

June 30, 2023			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD / sell TWD	USD 683,000	July 11, 2023~ December 22, 2023	29.2300~30.9680
Forward exchange contracts — buy TWD / sell USD	USD 6,500	July 5, 2023	30.6860
Forward exchange contracts — buy CNY/ sell USD	USD 225,000	July 3, 2023~ August 4, 2023	6.7104~7.2142
Forward exchange contracts — buy USD/ sell THB	USD 24,500	July 10, 2023~ July 31, 2023	34.8500~35.2200
Forward exchange contracts — buy HKD/ sell EUR	EUR 5,000	July 28, 2023	8.4730
Foreign exchange swap contracts — swap in TWD/ swap out USD	USD 585,000	July 11, 2023~ December 20, 2023	29.3880~30.9140
December 31, 2022			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts— buy USD/ sell TWD	USD 680,000	January 10, 2023~ July 26, 2023	28.7880~32.1450
Forward exchange contracts— buy CNY/ sell USD	USD 199,000	January 4, 2023~ July 3, 2023	6.7117~7.2580
Forward exchange contracts— buy USD/ sell THB	USD 32,000	January 9, 2023~ February 24, 2023	34.390~35.000
Forward exchange contracts— buy HKD/ sell EUR	EUR 7,500	February 13, 2023	8.320
Foreign exchange swap contracts — swap in TWD/ swap out USD	USD 585,000	January 10, 2023~ July 26, 2023	29.0950~31.9350

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2022			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD / sell TWD	USD 735,000	July 11, 2022~ March 10, 2023	27.064~29.439
Forward exchange contracts — buy TWD / sell USD	USD 45,000	July 5, 2022~ July 18, 2022	29.474~29.515
Forward exchange contracts — buy CNY/ sell USD	USD 138,000	July 6, 2022~ September 28, 2022	6.6070~6.7790
Forward exchange contracts — buy USD/ sell CNY	USD 57,000	July 11, 2022~ September 19, 2022	6.5795~6.7550
Forward exchange contracts — buy USD/ sell THB	USD 52,000	July 11, 2022~ August 29, 2022	34.190~35.450
Forward exchange contracts — buy THB/ sell USD	USD 6,500	July 6, 2022~ August 19, 2022	34.060~35.385
Forward exchange contracts — buy HKD/ sell EUR	EUR 5,700	July 11, 2022	8.3785~8.4135
Forward exchange contracts — buy EUR/ sell CNY	EUR 500	July 11, 2022	7.1485
Forward exchange contracts — buy HKD/ sell USD	USD 6,000	July 11, 2022	7.8413
Forward exchange contracts — buy USD/ sell CZK	USD 7,000	July 11, 2022	23.135
Forward exchange swap contracts — swap in TWD/ swap out USD	USD 585,000	July 11, 2022~ March 10, 2023	27.523~29.524

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets at FVOCI

	June 30, 2023	December 31, 2022	June 30, 2022
Equity investments at FVOCI			
Stocks unlisted in domestic markets— Changing Information Technology Inc.	11,394	7,535	9,901
Stocks unlisted in domestic markets— Syntronix Corp.	250	250	350
Equities unlisted in foreign markets—Grove Ventures L.P.	160,532	183,766	183,855
Equities unlisted in foreign markets—Grove Ventures II, L.P.	95,015	85,267	74,553
Stocks unlisted in foreign markets—WK Global Investment III Ltd.	-	-	12,507
Equities unlisted in foreign markets— Grove Ventures III, L.P.	26,247	11,853	8,323
Stocks unlisted in foreign markets— Shenzhen Mees Hi-Tech Co., Ltd.	60,704	62,117	62,399
Total	\$ 354,142	350,788	351,888

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) Grove Venture, L.P. executed capital increases, where the Group had participated and invested the amounts of \$1,377 and \$2,085 in the six months ended June 30, 2023 and 2022, respectively.
- (iii) Grove Ventures II, L.P. executed capital increases, where the Group had participated and invested the amounts of \$10,773 and \$9,972 in the six months ended June 30, 2023 and 2022, respectively.
- (iv) WK Technology Fund IV Ltd. refunded the amount of \$60 to the Group due to its liquidation in May 2022.
- (v) The Group invested the amount of \$7,756 in an unlisted company, Grove Ventures III, L.P. in January 2022. Grove Ventures III, L.P. executed capital increase, where the Group had participated and invested the amount of \$15,269 in the six months ended June 30, 2023.
- (vi) The Group invested \$63,519 in an unlisted company, Shenzhen Mees Hi-Tech Co., Ltd. in January 2022.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (vii) The Group's investments in Grove Ventures, L.P., Grove Ventures II, L.P., and Grove Ventures III, L.P. are investments with duration. The Group's investments in the above limited partnership was designated as a financial asset at fair value through other comprehensive income at the time of the initial recognition.

Although, in accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated at fair value through other comprehensive income, the accounting treatment need not be applied retroactively to investments in limited partnership companies prior to June 30, 2023, according to the Q&A of the FSC. Therefore, the Group continues to measure its investment in these limited partnership companies at fair value through other comprehensive income.

- (viii) The Group did not provide any of the aforementioned financial assets as collateral.

- (d) Financial assets at amortized cost

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits	\$ -	<u>130,023</u>	<u>3,847,156</u>
Annual interest rates	-	<u>0.88%~0.98%</u>	<u>0.93%~1.20%</u>
Maturity date	-	<u>2023.01.16~2023.02.20</u>	<u>2022.07.18~2022.09.03</u>

- (i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

- (ii) The Group did not provide any of the aforementioned financial assets as collateral.

- (e) Notes and accounts receivable (including related parties)

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ -	-	924
Accounts receivable	15,068,692	14,442,722	15,381,111
Accounts receivable – related parties	195,145	54,587	57,753
Less: allowance for doubtful accounts	<u>(57,981)</u>	<u>(104,638)</u>	<u>(42,178)</u>
Total	<u>\$ 15,205,856</u>	<u>14,392,671</u>	<u>15,397,610</u>

- (i) The Group did not provide any of the aforementioned notes and accounts receivable (including related parties) as collateral.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows:

	June 30, 2023		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 14,489,957	0%~0.02%	52
0 to 30 days past due	626,220	0%~3%	15,857
31 to 60 days past due	46,149	0%~5%	2,308
61 to 90 days past due	5,025	0%~10%	318
91 to 180 days past due	6,071	0%~25%	811
181 to 360 days past due	90,132	0%~80%	38,352
More than 361 days past due	283	0%~100%	283
	\$ 15,263,837		57,981
	December 31, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,459,350	0%~0.02%	2,244
0 to 30 days past due	1,460,646	0%~3%	27,161
31 to 60 days past due	320,558	0%~5%	15,060
61 to 90 days past due	28,285	0%~10%	2,829
91 to 180 days past due	228,022	0%~25%	56,985
181 to 360 days past due	444	0%~80%	355
More than 361 days past due	4	0%~100%	4
	\$ 14,497,309		104,638

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 14,348,911	0%~0.05%	7,010
0 to 30 days past due	897,536	0%~3.32%	29,832
31 to 60 days past due	178,497	0%~5%	4,063
61 to 90 days past due	12,169	0%~10%	535
91 to 180 days past due	784	0%~25%	76
181 to 360 days past due	1,084	0%~80%	555
More than 361 days past due	807	0%~100%	107
	\$ 15,439,788		42,178

- (iii) The movement in the allowance for notes and accounts receivable (including related parties) was as follows:

	For the six months ended June 30	
	2023	2022
Balance on January 1, 2023 and 2022	\$ 104,638	29,635
Impairment losses recognized (reversed)	(46,343)	10,698
Effect of exchange rate changes	(314)	1,845
Balance on June 30, 2023 and 2022	\$ 57,981	42,178

- (iv) The Group entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Group does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Group receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Group shall pay handling charges based on a fixed rate. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of June 30, 2023, December 31 and June 30, 2022, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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June 30, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ -	-	-	-	0	US\$ 18,000
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>		
December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 686,846	387,560	299,286	387,560	4.34%~4.86%	US\$ 56,940
DBS Bank	2,199,261	891,005	1,088,331	1,110,930	4.79%~5.32%	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 2,886,107</u>	<u>1,278,565</u>	<u>1,387,617</u>	<u>1,498,490</u>		
June 30, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 2,116,593	15,231	1,985,985	130,608	1.230%~2.210%	US\$ 56,940
EnTie Bank	58,956	-	-	58,956	-	-
DBS Bank	1,905,288	2,854	1,711,905	193,383	1.970%~2.563%	-
Bank of Taiwan	-	-	-	-	0	NT\$ 135,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 4,080,837</u>	<u>18,085</u>	<u>3,697,890</u>	<u>382,947</u>		

(v) Please refer to note 8 for further information on accounts receivable provided as collateral.

(vi) Please refer to note 9 for guarantee notes provided by the Group to sell its accounts receivable.

(f) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables - factoring of accounts receivable	\$ -	1,498,490	382,947
Other receivables - tax refund receivable	414,018	381,800	682,189
Other receivables - others	106,568	80,641	80,412
Less: allowance for doubtful accounts	(16,164)	(16,540)	-
	<u>\$ 504,422</u>	<u>1,944,391</u>	<u>1,145,548</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for other receivables was as follows:

	For the six months ended June 30	
	2023	2022
Balance on January 1, 2023 and 2022	\$ 16,540	-
Effect of exchange rate changes	(376)	-
Balance on June 30, 2023 and 2022	<u>\$ 16,164</u>	<u>-</u>

(g) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 3,056,501	3,724,911	5,836,672
Semi-finished goods and work in process	1,868,330	1,956,621	2,521,574
Finished goods and merchandise	<u>3,182,118</u>	<u>3,671,972</u>	<u>4,626,118</u>
	<u>\$ 8,106,949</u>	<u>9,353,504</u>	<u>12,984,364</u>

The Group did not provide any of the aforementioned inventories as collateral. Except for cost of inventories sold, the Group recognized the following items as cost of goods sold:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Losses on inventory valuation and disposal of inventories	\$ (23,953)	(80,824)	(15,142)	(86,766)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(13,929)	(16,351)	(20,495)	(31,158)
Gains (losses) on physical inventories	<u>546</u>	<u>(1,524)</u>	<u>179</u>	<u>(4,017)</u>
	<u>\$ (37,336)</u>	<u>(98,699)</u>	<u>(35,458)</u>	<u>(121,941)</u>

(h) Investments accounted for using equity method

The Group's investments accounted for using the equity method are individually insignificant. The related information included in the consolidated financial statements was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of individually insignificant associates' equity	\$ -	-	<u>14,406</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Attributable to the Group:				
Loss	\$ -	(9,420)	-	(28,083)
Other comprehensive income	-	1,660	-	28,662
Comprehensive income	<u>\$ -</u>	<u>(7,760)</u>	<u>-</u>	<u>579</u>

- (i) The Group did not provide any investment accounted for using equity method as collateral.
- (ii) The investments accounted for using equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.
- (iii) The revenue of AIC did not turn out as expected due to intensive industrial competition, resulting in the impairment of the intangible assets and carrying amounts related to this equity investment after the Group's evaluation. The Group evaluated the recoverable amounts of its investments accounted for using equity method, which is based on its value-in-use, for impairment testing at each reporting date. Value-in-use is based on five years of the estimated future cash flow of the Group, discounted to their present value using the yearly discount rate, which reflects the risks specific to cash generating units by 21.70% and recognized impairment loss of \$157,740 under other gains and losses in the six months ended June 30, 2022.
- (i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of subsidiaries	Main operation place Business/Registered Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2023	December 31, 2022	June 30, 2022
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	22.99 %	22.99 %	22.99 %

The following information on the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Tymphony Huizhou and its subsidiaries's collective financial information:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Current assets	\$ 13,096,768	12,433,413	14,367,814
Non-current assets	6,103,989	6,358,816	6,208,184
Current liabilities	(9,693,142)	(9,618,839)	(11,384,297)
Non-current liabilities	(675,940)	(706,703)	(1,254,036)
Net assets	<u>\$ 8,831,675</u>	<u>8,466,687</u>	<u>7,937,665</u>
Non-controlling interests	<u>\$ 2,030,402</u>	<u>1,946,491</u>	<u>1,824,869</u>

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 6,490,706</u>	<u>7,832,194</u>	<u>12,362,487</u>	<u>13,910,493</u>
Profit	\$ 304,475	173,881	384,572	141,160
Other comprehensive income (loss)	(89,380)	(25,178)	(47,895)	172,210
Comprehensive income	<u>\$ 215,095</u>	<u>148,703</u>	<u>336,677</u>	<u>313,370</u>
Profit attributable to non-controlling interests	<u>\$ 70,000</u>	<u>46,464</u>	<u>88,414</u>	<u>37,116</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 49,450</u>	<u>35,199</u>	<u>77,402</u>	<u>82,126</u>

	<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities	\$ 1,053,421	129,965
Cash flows from (used in) investing activities	78,108	(746,925)
Cash flows from financing activities	594,951	814,200
Effect of exchange rate changes	(84,731)	85,334
Net increase in cash and cash equivalents	<u>\$ 1,641,749</u>	<u>282,574</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

- (ii) Tymphony Huizhou repurchased shares from the employee stocks ownership plans in cash and cancelled such shares for a capital reduction in May 2022, resulting in a decrease in the proportion of ownership held by non-controlling interests from 28.57% to 22.99%. Please note 6(t) and (u) for details.

The impact of the change in the Group's ownership interest in Tymphony Huizhou on equity attributable to owners of parent was as follows:

Decrease in carrying amount of non-controlling interests	\$ 534,606
Consideration paid to non-controlling interests	(348,287)
Capital surplus – Long-term equity investments	<u>\$ 186,319</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(j) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the six months ended June 30, 2023 and 2022, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 1,077,437	6,714,735	7,407,901	1,176,279	459,164	16,835,516
Additions	-	31,168	77,011	20,873	583,330	712,382
Disposals	-	(29,405)	(128,635)	(18,799)	-	(176,839)
Reclassifications	-	103,346	159,455	15,872	(311,421)	(32,748)
Effect of changes in exchange rate	(2,384)	(131,972)	(142,204)	(23,275)	(6,954)	(306,789)
Balance on June 30, 2023	<u>\$ 1,075,053</u>	<u>6,687,872</u>	<u>7,373,528</u>	<u>1,170,950</u>	<u>724,119</u>	<u>17,031,522</u>
Balance on January 1, 2022	\$ 1,065,753	3,979,270	6,666,371	1,181,926	2,372,934	15,266,254
Additions	-	10,929	105,072	40,855	663,772	820,628
Disposals	-	(46,788)	(314,321)	(11,897)	(1,929)	(374,935)
Reclassifications	-	1,209,799	295,625	11,560	(1,528,889)	(11,905)
Effect of changes in exchange rate	3,536	65,135	122,415	22,172	48,887	262,145
Balance on June 30, 2022	<u>\$ 1,069,289</u>	<u>5,218,345</u>	<u>6,875,162</u>	<u>1,244,616</u>	<u>1,554,775</u>	<u>15,962,187</u>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	2,345,364	5,496,266	747,063	-	8,588,693
Depreciation	-	150,020	490,135	84,401	-	724,556
Disposals	-	(28,312)	(107,825)	(17,597)	-	(153,734)
Reclassifications	-	66	(7,858)	(66)	-	(7,858)
Effect of changes in exchange rate	-	(50,034)	(114,214)	(16,583)	-	(180,831)
Balance on June 30, 2023	<u>\$ -</u>	<u>2,417,104</u>	<u>5,756,504</u>	<u>797,218</u>	<u>-</u>	<u>8,970,826</u>
Balance on January 1, 2022	\$ -	2,191,333	4,780,194	689,904	-	7,661,431
Depreciation	-	87,300	502,118	87,191	-	676,609
Disposals	-	(46,779)	(300,298)	(11,401)	-	(358,478)
Reclassifications	-	-	(2,527)	-	-	(2,527)
Effect of changes in exchange rate	-	38,037	87,922	13,174	-	139,133
Balance on June 30, 2022	<u>\$ -</u>	<u>2,269,891</u>	<u>5,067,409</u>	<u>778,868</u>	<u>-</u>	<u>8,116,168</u>
Carrying amounts:						
Balance on January 1, 2023	<u>\$ 1,077,437</u>	<u>4,369,371</u>	<u>1,911,635</u>	<u>429,216</u>	<u>459,164</u>	<u>8,246,823</u>
Balance on June 30, 2023	<u>\$ 1,075,053</u>	<u>4,270,768</u>	<u>1,617,024</u>	<u>373,732</u>	<u>724,119</u>	<u>8,060,696</u>
Balance on January 1, 2022	<u>\$ 1,065,753</u>	<u>1,787,937</u>	<u>1,886,177</u>	<u>492,022</u>	<u>2,372,934</u>	<u>7,604,823</u>
Balance on June 30, 2022	<u>\$ 1,069,289</u>	<u>2,948,454</u>	<u>1,807,753</u>	<u>465,748</u>	<u>1,554,775</u>	<u>7,846,019</u>

- (i) The unamortized deferred revenue of equipment subsidy amounted to \$638,065, \$723,418 and \$795,766 were classified as long-term deferred revenue, as of June 30, 2023, December 31 and June 30, 2022, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(ii) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.

(k) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2023	\$ 371,616	2,523,498	40,756	2,106	2,937,976
Additions	-	145,699	5,046	-	150,745
Disposals	-	(37,979)	(368)	-	(38,347)
Lease modification	-	34,776	-	-	34,776
Effect of changes in exchange rates	(8,453)	15,670	787	-	8,004
Balance on June 30, 2023	<u>\$ 363,163</u>	<u>2,681,664</u>	<u>46,221</u>	<u>2,106</u>	<u>3,093,154</u>
Balance on January 1, 2022	\$ 401,900	2,689,447	20,124	2,106	3,113,577
Additions	-	155,220	16,017	-	171,237
Disposals	(17,305)	(96,433)	(1,803)	-	(115,541)
Lease modification	(18,911)	-	-	-	(18,911)
Effect of changes in exchange rates	7,618	22,375	(23)	-	29,970
Balance on June 30, 2022	<u>\$ 373,302</u>	<u>2,770,609</u>	<u>34,315</u>	<u>2,106</u>	<u>3,180,332</u>
Depreciation:					
Balance on January 1, 2023	\$ 34,845	745,246	21,462	2,106	803,659
Depreciation	4,246	122,923	5,383	-	132,552
Disposals	-	(37,979)	(153)	-	(38,132)
Effect of changes in exchange rates	(881)	5,893	314	-	5,326
Balance on June 30, 2023	<u>\$ 38,210</u>	<u>836,083</u>	<u>27,006</u>	<u>2,106</u>	<u>903,405</u>
Balance on January 1, 2022	\$ 39,013	678,513	13,747	1,934	733,207
Depreciation	5,031	135,250	4,909	129	145,319
Disposals	(12,747)	(84,200)	(899)	-	(97,846)
Lease modification	(1,423)	-	-	-	(1,423)
Effect of changes in exchange rates	855	9,294	50	-	10,199
Balance on June 30, 2022	<u>\$ 30,729</u>	<u>738,857</u>	<u>17,807</u>	<u>2,063</u>	<u>789,456</u>
Carrying amounts:					
Balance on January 1, 2023	<u>\$ 336,771</u>	<u>1,778,252</u>	<u>19,294</u>	<u>-</u>	<u>2,134,317</u>
Balance on June 30, 2023	<u>\$ 324,953</u>	<u>1,845,581</u>	<u>19,215</u>	<u>-</u>	<u>2,189,749</u>
Balance on January 1, 2022	<u>\$ 362,887</u>	<u>2,010,934</u>	<u>6,377</u>	<u>172</u>	<u>2,380,370</u>
Balance on June 30, 2022	<u>\$ 342,573</u>	<u>2,031,752</u>	<u>16,508</u>	<u>43</u>	<u>2,390,876</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2023	\$ <u>16,249</u>	<u>16,651</u>	<u>32,900</u>
Balance on June 30, 2023	\$ <u>16,249</u>	<u>16,420</u>	<u>32,669</u>
Balance on January 1, 2022	\$ <u>16,249</u>	<u>17,114</u>	<u>33,363</u>
Balance on June 30, 2022	\$ <u>16,249</u>	<u>16,883</u>	<u>33,132</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2023 and 2022. Please refer to 6(l) of the consolidated financial statements for the year ended December 31, 2022 for other related information.
- (ii) The fair value of the investment property was not significantly different from those disclosed in note 6(l) of the consolidated financial statements for the year ended December 31, 2022.
- (iii) The Group did not provide any of the aforementioned investment property as collateral.

(m) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
Carrying amounts:					
Balance on January 1, 2023	\$ <u>2,008,135</u>	<u>73,620</u>	<u>42,943</u>	<u>5,561</u>	<u>2,130,259</u>
Balance on June 30, 2023	\$ <u>2,009,500</u>	<u>37,680</u>	<u>21,979</u>	<u>3,653</u>	<u>2,072,812</u>
Balance on January 1, 2022	\$ <u>2,020,049</u>	<u>145,500</u>	<u>84,873</u>	<u>6,167</u>	<u>2,256,589</u>
Balance on June 30, 2022	\$ <u>2,031,368</u>	<u>109,559</u>	<u>63,909</u>	<u>1,868</u>	<u>2,206,704</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2023 and 2022. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2022 for other related information.
- (ii) The Group did not provide any of the aforementioned intangible assets as collateral.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(n) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank loans	\$ 2,351,204	489,370	6,144,518
Secured bank loans	622,705	-	-
	<u>\$ 2,973,909</u>	<u>489,370</u>	<u>6,144,518</u>
Unused credit lines	<u>\$ 27,037,293</u>	<u>27,873,579</u>	<u>21,662,664</u>
Annual interest rates	<u>1.64%~5.74%</u>	<u>1.95%~4.98%</u>	<u>0.52%~7.70%</u>

Please refer to note 8 for further information on assets provided as collateral.

(o) Long-term borrowings

June 30, 2023				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.15%~1.65%	2026	\$ 464,000
Less: current portion				-
				<u>\$ 464,000</u>
Unused credit lines				<u>\$ 1,958,705</u>
December 31, 2022				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.03%~1.40%	2026	\$ 464,000
Less: current portion				-
				<u>\$ 464,000</u>
Unused credit lines				<u>\$ 1,950,166</u>
June 30, 2022				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	2.30%~3.47%	2023	\$ 903,672
Secured bank loans	TWD	0.78%~1.11%	2026	464,000
	USD	0.95%	2024	594,523
Less: current portion				(407,246)
				<u>\$ 1,554,949</u>
Unused credit lines				<u>\$ 3,010,415</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Please refer to note 8 for further information on assets provided as collateral.
- (ii) Please refer to note 9 for the details of the outstanding guarantee notes.
- (p) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follow:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>231,015</u>	<u>193,405</u>	<u>211,427</u>
Non-current	\$ <u>1,751,161</u>	<u>1,704,857</u>	<u>1,942,543</u>

For the maturity analysis, please refer to note 6(aa).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>15,019</u>	<u>17,923</u>	<u>29,576</u>	<u>35,571</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>24,947</u>	<u>27,875</u>	<u>49,740</u>	<u>51,061</u>

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

	For the six months ended June 30	
	2023	2022
Rental paid in operating activities	\$ (49,740)	(51,061)
Interest on lease liabilities paid in operating activities	(29,576)	(35,571)
Payment made on lease liabilities in financing activities	(112,698)	(121,364)
Total cash outflow for leases	\$ <u>(192,014)</u>	<u>(207,996)</u>

- (i) Real estate leases

The Group leases lands and buildings for its office, staff dormitory, factory facilities and warehouses. The leases typically run for a period of one to fifty years. Some leases require additional rental payments depending on the changes in fair value of the lease assets.

- (ii) Other leases

The Group leases vehicles and some of other equipment with lease terms of one to five years.

The Group also leases machineries and some of other equipment with lease terms of one to five years. These leases are short-term or leases of low-value items. The Group decided to apply recognition exemptions, and had elected not to recognize its right-of-use assets and lease liabilities for these leases.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(q) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2023 and 2022. Please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(r) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

(ii) Defined contribution plans

The Company contribute the pension cost on the defined contribution plans to the labor pension account at the Bureau of Labor Insurance. Subsidiaries other than the Company set up their defined contribution plans in accordance with the regulations of their respective countries.

(iii) The Group recognized its pension costs and recorded them as operating costs and operating expenses.

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Defined benefit plans	\$ 189	167	378	333
Defined contribution plans	98,769	114,384	204,236	221,939
Total	<u>\$ 98,958</u>	<u>114,551</u>	<u>204,614</u>	<u>222,272</u>

(s) Income taxes

(i) Income tax expense for the period is best estimated by multiplying the profit before tax of the reporting period by the effective annual tax rate as forecasted by the management.

(ii) The details of the Group's income tax expenses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Income tax expense	<u>\$ 186,916</u>	<u>201,280</u>	<u>325,905</u>	<u>345,704</u>

(iii) There were no income tax recognized in equity or other comprehensive income.

(iv) The Company's income tax returns have been examined by the tax authority through the years to 2020.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the six months ended June 30, 2023 were authorized for issue, there was no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted and its effective tax rate is less than 15%, the Group may be potentially subject to the top-up tax and pay complementary tax. On June 30, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

- (t) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2022.

- (i) Ordinary shares

As of June 30, 2023, December 31 and June 30, 2022, the nominal ordinary shares both amounted to \$5,500,000. Par value of each share is \$10 (dollars), which means in total there were 550,000 thousand authorized common shares, of which 459,434, 458,289 and 455,235 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

	Ordinary shares	
	(in thousands of shares)	
	For the six months ended June 30	
	2023	2022
Balance on January 1	458,289	455,263
Issuance of restricted stock	1,145	200
Cancellation of restricted stock	-	(228)
Balance on June 30	<u><u>459,434</u></u>	<u><u>455,235</u></u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Additional paid-in capital	\$ 958,145	945,508	856,697
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	391,321	351,458	242,424
Long-term investments	<u>567,032</u>	<u>573,541</u>	<u>581,252</u>
	<u>\$ 2,175,899</u>	<u>2,129,908</u>	<u>1,939,774</u>

Tymphony Huizhou, a subsidiary of the Company, repurchased shares from the employee stock ownership plan in cash and cancelled such shares for a capital reduction in May 2022, resulting in an increase of the shareholding of the Company from 71.43% to 77.01%. The Company recognized the change in its ownership interest in the subsidiary as capital surplus/long-term equity investments. Please refer to notes 6(i) and (u) for details.

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earning left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws, the balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals according to the resolution adopted at the shareholders' meeting.

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to shareholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

On May 25, 2023 and May 26, 2022, the shareholders' meeting resolved to distribute the 2022 and 2021 earnings, respectively. The distributions for 2022 and 2021 were NT\$3.9(dollars) and NT\$3.1(dollars) per share, which amounted to \$1,791,794 and \$1,411,230, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Share-based payment

Except for the following disclosure, there were no significant changes on share-based payment for the six months ended June 30, 2023 and 2022. Please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2022 for further information.

After the shareholders' meeting on July 13, 2021, the Company decided to issue 4,000 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The Board of Directors' meeting resolved to issue 3,800 and 200 thousand shares on August 24, 2021 and January 21, 2022, respectively.

On February 14 and March 1, 2022, the Group resolved through the Board of directors and shareholders' meeting of Tymphony Huizhou to adjust the share incentive plan, where all the shares from the employee ownership plan were repurchased and cancelled in 2022.

After the shareholders' meeting on May 26, 2022, the Company decided to issue 4,500 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The Board of Directors' meeting resolved to issue 3,355 and 1,145 thousand shares on August 5, 2022 and January 17, 2023, respectively.

(i) Expenses attributable to share-based payment were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employee stock options	\$ -	11,235	-	15,480
Restricted stock	58,952	32,873	117,738	66,934
Total	<u>\$ 58,952</u>	<u>44,108</u>	<u>117,738</u>	<u>82,414</u>

(v) Earnings per share

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

(i) Basic earnings per share

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit attributable to owners of parent	\$ <u>699,234</u>	<u>711,066</u>	<u>1,254,116</u>	<u>1,263,334</u>
Weighted-average number of ordinary shares (thousand shares)	<u>451,422</u>	<u>449,008</u>	<u>451,371</u>	<u>448,965</u>
Basic earnings per share (NT dollars)	<u>\$ 1.55</u>	<u>1.58</u>	<u>2.78</u>	<u>2.81</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Profit attributable to owners of parent	\$ <u>699,234</u>	<u>711,066</u>	<u>1,254,116</u>	<u>1,263,334</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>455,481</u>	<u>452,385</u>	<u>455,913</u>	<u>452,797</u>
Diluted earnings per share (NT dollars)	\$ <u>1.54</u>	<u>1.57</u>	<u>2.75</u>	<u>2.79</u>

Weighted-average number of ordinary shares (diluted) (thousand shares)

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Weighted-average number of ordinary shares on June 30 (basic)	451,422	449,008	451,371	448,965
Estimated effect of employee stock bonuses	676	727	1,248	1,278
Effect of restricted stock	<u>3,383</u>	<u>2,650</u>	<u>3,294</u>	<u>2,554</u>
Weighted-average number of ordinary shares on June 30 (diluted)	<u>455,481</u>	<u>452,385</u>	<u>455,913</u>	<u>452,797</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 5,600,799	10,142,854	15,743,653
Service rendered	<u>20,403</u>	<u>301,324</u>	<u>321,727</u>
	<u>\$ 5,621,202</u>	<u>10,444,178</u>	<u>16,065,380</u>

	For the three months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 7,477,249	12,344,677	19,821,926
Service rendered	<u>38,633</u>	<u>422,687</u>	<u>461,320</u>
	<u>\$ 7,515,882</u>	<u>12,767,364</u>	<u>20,283,246</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
	Goods sold	\$ 10,815,387	19,286,957
Service rendered	70,611	569,472	640,083
	\$ 10,885,998	19,856,429	30,742,427

	For the six months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
	Goods sold	\$ 14,914,989	22,359,642
Service rendered	94,335	808,736	903,071
	\$ 15,009,324	23,168,378	38,177,702

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
	Mainland China	\$ 6,080,411	7,609,325	11,248,373
Europe	4,332,639	4,835,504	8,162,377	9,122,099
America	4,402,710	6,000,348	8,810,908	10,013,893
Other	1,249,620	1,838,069	2,520,769	3,514,182
	\$ 16,065,380	20,283,246	30,742,427	38,177,702

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable (including related parties)	\$ 15,263,837	14,497,309	15,439,788
Less: allowance for impairment	(57,981)	(104,638)	(42,178)
	\$ 15,205,856	14,392,671	15,397,610
Contract liabilities (classified as other current liabilities)	\$ 1,053,501	889,320	325,965

For details on notes and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the six months ended June 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$535,523 and \$193,089, respectively.

The contract liabilities primarily relate to the advance consideration received from contracts with goods sold, for which revenue is recognized when products are delivered to customers.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(x) Employee's and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 2 to 10 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

Details of remuneration to employees and directors for the three and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Employee remuneration	\$ 23,487	25,181	44,485	44,913
Directors' remuneration	11,744	12,591	22,243	22,457
	<u>\$ 35,231</u>	<u>37,772</u>	<u>66,728</u>	<u>67,370</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimate and recognized as profit or loss in the distribution year.

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings for 2022 and 2021 were as follows:

	2022		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration–Cash	\$ 99,830	99,830	-
Director's remuneration	49,915	49,915	-
	2021		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration–Cash	\$ 85,798	85,799	1
Director's remuneration	42,899	42,899	-

The difference in 2021 was accounted for as changes in accounting estimates and recognized as profit or loss in 2022. Information on the remuneration to employees and directors, approved in the Board of Directors' meetings, can be accessed in the Market Observation Post System website.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(y) Other income

The details of other income were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Government grants	\$ 8,166	9,163	10,504	18,825
Rent income	523	2,098	1,045	4,162
Other	172	233	351	422
	<u>\$ 8,861</u>	<u>11,494</u>	<u>11,900</u>	<u>23,409</u>

(z) Other gains and losses

The details of other gains and losses were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income (losses) on financial assets/liabilities measured at FVTPL	\$ (38,873)	105,741	(534,328)	(314,614)
Foreign currency exchange gains, net	130,557	136,412	766,623	683,339
Net income on disposal of property, plant and equipment	5,794	6,999	7,165	5,800
Impairment losses of investments accounted for using equity method	-	(157,740)	-	(157,740)
Net gains (losses) on disposal of right-of-use assets	1	(6,923)	1	(6,409)
Other	<u>(10,099)</u>	<u>(2,085)</u>	<u>(11,934)</u>	<u>(5,766)</u>
	<u>\$ 87,380</u>	<u>82,404</u>	<u>227,527</u>	<u>204,610</u>

(aa) Financial instruments

Except for the following paragraph, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(aa) of the consolidated financial statements for the year ended December 31, 2022 for further information.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
June 30, 2023						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 2,973,909	2,988,503	2,988,503	-	-	-
Notes and accounts payable	13,238,467	13,238,467	13,238,467	-	-	-
Other payables	4,782,641	4,782,641	4,782,641	-	-	-
Salaries payable	1,065,291	1,065,291	1,065,291	-	-	-
Lease liabilities	1,982,176	2,284,111	286,774	259,897	670,055	1,067,385
Refund liabilities	2,019,711	2,019,711	2,019,711	-	-	-
Long-term borrowings	464,000	482,096	7,336	139,483	335,277	-
Guarantee deposits	21,937	21,937	-	-	-	21,937
Derivative financial liabilities:	896,507	-	-	-	-	-
Outflow	-	25,666,895	25,666,895	-	-	-
Inflow	-	(24,770,388)	(24,770,388)	-	-	-
	<u>\$ 27,444,639</u>	<u>27,779,264</u>	<u>25,285,230</u>	<u>399,380</u>	<u>1,005,332</u>	<u>1,089,322</u>
December 31, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 489,370	502,282	502,282	-	-	-
Notes and accounts payable	14,038,527	14,038,527	14,038,527	-	-	-
Other payables	3,365,325	3,365,325	3,365,325	-	-	-
Salaries payable	1,678,657	1,678,657	1,678,657	-	-	-
Lease liabilities	1,898,262	2,213,790	246,684	223,907	587,179	1,156,020
Refund liabilities	1,912,359	1,912,359	1,912,359	-	-	-
Long-term borrowings	464,000	482,562	6,256	22,923	453,383	-
Guarantee deposits	12,126	12,126	-	-	-	12,126
Derivative financial liabilities:	1,016,661	-	-	-	-	-
Outflow	-	16,739,065	16,739,065	-	-	-
Inflow	-	(15,722,404)	(15,722,404)	-	-	-
	<u>\$ 24,875,287</u>	<u>25,222,289</u>	<u>22,766,751</u>	<u>246,830</u>	<u>1,040,562</u>	<u>1,168,146</u>
June 30, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 6,144,518	6,171,191	6,171,191	-	-	-
Notes and accounts payable	15,869,103	15,869,103	15,869,103	-	-	-
Other payables	3,908,101	3,908,101	3,908,101	-	-	-
Salaries payable	1,057,561	1,057,561	1,057,561	-	-	-
Lease liabilities	2,153,970	2,629,436	275,905	237,679	620,580	1,495,272
Refund liabilities	1,982,859	1,982,859	1,982,859	-	-	-
Long-term borrowings	1,962,195	2,010,953	1,033,249	506,464	471,240	-
Guarantee deposits	12,984	12,984	-	-	-	12,984
Derivative financial liabilities:	1,094,471	-	-	-	-	-
Outflow	-	23,133,335	23,133,335	-	-	-
Inflow	-	(22,038,864)	(22,038,864)	-	-	-
	<u>\$ 34,185,762</u>	<u>34,736,659</u>	<u>31,392,440</u>	<u>744,143</u>	<u>1,091,820</u>	<u>1,508,256</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Exposure to foreign currency risk

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

	June 30, 2023			December 31, 2022			June 30, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets										
<u>Monetary items</u>										
USD:CNY	\$	588,453	7.2258	18,321,474	484,442	6.9646	14,876,249	577,927	6.7114	17,179,453
USD:HKD		306,677	7.8373	9,548,374	278,389	7.7967	8,548,784	261,815	7.8478	7,782,726
USD:TWD		358,799	31.1350	11,171,194	345,280	30.7080	10,602,846	393,754	29.7260	11,704,724
EUR:CZK		4,272	23.6186	144,992	5,063	24.2078	165,707	7,782	24.5419	241,577
USD:CZK		11,180	21.6690	348,089	16,806	22.7180	516,079	21,700	23.5010	645,054
USD:THB		28,769	35.6230	895,727	19,139	34.6530	587,708	9,144	35.2000	271,804
EUR:HKD		9,380	8.5433	318,357	11,806	8.3098	386,399	13,284	8.1955	412,375
CZK:HKD		61,059	0.3617	87,742	135,484	0.3433	183,174	160,951	0.3339	203,587
Financial liabilities										
<u>Monetary items</u>										
USD:CNY	\$	353,773	7.2258	11,014,723	291,417	6.9646	8,948,836	501,379	6.7114	14,903,988
USD:HKD		226,197	7.8373	7,042,658	214,250	7.7967	6,579,182	202,331	7.8478	6,014,503
USD:TWD		372,730	31.1350	11,604,937	421,099	30.7080	12,931,116	467,760	29.7260	13,904,628
EUR:CZK		3,455	23.6186	117,263	5,871	24.2078	192,152	7,289	24.5419	226,272
USD:THB		49,930	35.6230	1,554,558	63,027	34.6530	1,935,447	55,381	35.2000	1,646,261
EUR:HKD		2,380	8.5433	80,777	2,646	8.3098	86,601	5,984	8.1955	185,761
USD:CZK		3,588	21.6690	111,712	10,461	22.7180	321,236	14,926	23.5010	443,690

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, derivative financial instruments, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY, HKD, CZK and THB against the USD; the HKD against CZK; as well as HKD and CZK against the EUR, as of June 30, 2023 and 2022, would have increased or decreased the net profit before tax by \$465,466 and \$55,810, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three and six months ended June 30, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$130,557, \$136,412, \$766,623 and \$683,339, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(iii) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amounts of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have increased or decreased by \$2,573 and decreased or increased by \$5,433 for the six months ended June 30, 2023 and 2022, respectively. This is mainly due to borrowings and demand deposits with variable interest rates.

(iv) Other price risk

If the market price of the equity securities had changed on the reporting date, the influence on other comprehensive income is as follows (The analysis is performed on the same basis for both periods, and assumes all other variable remain constant):

	For the six months ended June 30		For the six months ended June 30	
	2023		2022	
Price of securities at the reporting date	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Increasing 10%	\$ 35,414	1,152	35,189	-
Decreasing 10%	\$ (35,414)	(1,152)	(35,189)	-

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value

1) Kinds of financial instruments and fair value

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

	June 30, 2023				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL	<u>\$ 374,012</u>	-	-	374,012	374,012
Financial assets at FVOCI – non-current	<u>\$ 354,142</u>	-	-	354,142	354,142
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 10,922,723				
Notes and accounts receivable (including related parties)	15,205,856				
Other receivables	504,422				
Refundable deposits	<u>129,646</u>				
Total	<u>\$ 26,762,647</u>				
Financial liabilities at FVTPL – current	<u>\$ 896,507</u>	-	-	896,507	896,507
Financial liabilities measured at amortized cost:					
Borrowings	\$ 3,437,909				
Notes and accounts payable	13,238,467				
Other payables	4,782,641				
Salaries payable	1,065,291				
Lease liabilities	1,982,176				
Refund liabilities	2,019,711				
Guarantee deposits	<u>21,937</u>				
Total	<u>\$ 26,548,132</u>				

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	\$ <u>399,646</u>	-	-	399,646	399,646
Financial assets at FVOCI – non-current	\$ <u>350,788</u>	-	-	350,788	350,788
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 6,284,887				
Financial assets at amortized cost – current	130,023				
Notes and accounts receivable (including related parties)	14,392,671				
Other receivables	1,944,391				
Refundable deposits	<u>130,474</u>				
Total	\$ <u>22,882,446</u>				
Financial liabilities at FVTPL – current	\$ <u>1,016,661</u>	-	-	1,016,661	1,016,661
Financial liabilities measured at amortized cost:					
Borrowings	\$ 953,370				
Notes and accounts payable	14,038,527				
Other payables	3,365,325				
Salaries payable	1,678,657				
Lease liabilities	1,898,262				
Refund liabilities	1,912,359				
Guarantee deposits	<u>12,126</u>				
Total	\$ <u>23,858,626</u>				

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2022			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>779,857</u>	-	-	779,857	779,857
Financial assets at FVOCI – non-current	\$ <u>351,888</u>	-	-	351,888	351,888
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 5,086,639				
Financial assets at amortized cost – current	3,847,156				
Notes and accounts receivable (including related parties)	15,397,610				
Other receivables	1,145,548				
Refundable deposits	<u>72,056</u>				
Total	\$ <u>25,549,009</u>				
Financial liabilities at FVTPL – current	\$ <u>1,094,471</u>	-	-	1,094,471	1,094,471
Financial liabilities measured at amortized cost :					
Borrowings	\$ 8,106,713				
Notes and accounts payable	15,869,103				
Other payables	3,908,101				
Salaries payable	1,057,561				
Lease liabilities	2,153,970				
Refund liabilities	1,982,859				
Guarantee deposits	<u>12,984</u>				
Total	\$ <u>33,091,291</u>				

2) Fair value valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

- a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
 - b) Financial assets at FVTPL – non-derivative financial assets and Financial assets at FVOCI without an active market are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.
- 3) In the six months ended June 30, 2023, there were no transfers between Levels.
 - 4) Reconciliation of Level 3 fair values

	<u>For the six months ended June 30, 2023</u>			<u>For the six months ended June 30, 2022</u>		
	<u>FVTPL</u>	<u>FVOCI</u>	<u>Total</u>	<u>FVTPL</u>	<u>FVOCI</u>	<u>Total</u>
Balance on January 1	\$ (617,015)	350,788	(266,227)	(446,816)	240,397	(206,419)
Recognized in profit or loss	(534,328)	-	(534,328)	(314,614)	-	(314,614)
Recognized in other comprehensive income	-	(22,652)	(22,652)	-	29,340	29,340
Acquisition /disposal	628,848	27,419	656,267	446,816	82,151	528,967
Effect of changes on exchange rate	-	(1,413)	(1,413)	-	-	-
Balance on June 30	\$ (522,495)	354,142	(168,353)	(314,614)	351,888	37,274

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets and liabilities at FVTPL – non-derivative financial assets and derivative instruments not used for hedging and financial assets at FVOCI – equity investment without an active market. The quantitative information about significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at FVOCI – equity investment without an active market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – non-derivative financial assets	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL – derivative instruments not used for hedging	(note 2)	(note 2)	(note 2)

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

note 1: The fair value is based on the market value, and it has considered the recent financing activities, comparable business, market and other economic conditions etc., to determine the assumptions. Also, the significant unobservable inputs are marketability discount, but any changes of marketability discount would not result in significant potential financial impact, therefore there is no need to show the quantified information on it.

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

(ab) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(ab) of the consolidated financial statement ended December 31, 2022.

(ac) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(ad) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Effect of changes in exchange rate	Changes in lease payments	June 30, 2023
Short-term borrowings	\$ 489,370	2,484,539	-	-	2,973,909
Long-term borrowings	464,000	-	-	-	464,000
Guarantee deposits	12,126	9,811	-	-	21,937
Lease liabilities	<u>1,898,262</u>	<u>(112,698)</u>	<u>11,307</u>	<u>185,305</u>	<u>1,982,176</u>
Total liabilities from financing activities	<u>\$ 2,863,758</u>	<u>2,381,652</u>	<u>11,307</u>	<u>185,305</u>	<u>5,442,022</u>

	January 1, 2022	Cash flows	Effect of changes in exchange rate	Changes in lease payments	June 30, 2022
Short-term borrowings	\$ 2,030,829	4,113,689	-	-	6,144,518
Long-term borrowings	1,460,955	501,240	-	-	1,962,195
Guarantee deposits	12,253	731	-	-	12,984
Lease liabilities	<u>2,108,070</u>	<u>(121,364)</u>	<u>24,801</u>	<u>142,463</u>	<u>2,153,970</u>
Total liabilities from financing activities	<u>\$ 5,612,107</u>	<u>4,494,296</u>	<u>24,801</u>	<u>142,463</u>	<u>10,273,667</u>

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ae) Supplementary information of cash flow

- (i) The Group acquired property, plant and equipment amounting to \$712,382 and \$820,628, respectively, and the payables on equipment increased \$17,897 and decreased \$59,738, respectively, generating cash outflow of \$694,485 and \$880,366 for the six months ended June 30, 2023 and 2022, respectively.
- (ii) For the six months ended June 30, 2023 and 2022, the Group's disposal of property, plant and equipment included the write-off of the unamortized deferred revenue of equipment subsidy amounting to \$1,103 and \$4,801, respectively.

(7) Related-party transactions:

(a) Names and relationship of the related parties

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

Name	Relationship
Specialty Technologies, LLC (Specialty)	Substantive related party

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	Sales				Notes and accounts receivable		
	For the three months ended June 30		For the six months ended June 30		June	December	June
	2023	2022	2023	2022	30, 2023	31, 2022	30, 2022
Other related parties	\$ 242,625	61,520	\$ 331,858	104,627	195,145	54,587	57,753

There were no significant differences in the selling prices between the related parties and other customers. The trading terms offered to other related parties were 60 days, and the trading terms to other customers were 45 days to 120 days.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 82,779	53,073	140,231	88,992
Post-employment benefits	356	334	730	658
Share-based payments	25,486	21,705	49,883	35,191
	<u>\$ 108,621</u>	<u>75,112</u>	<u>190,844</u>	<u>124,841</u>

Please refer to note 6(u) for information related to share-based payments.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Other current assets – restricted assets	Accounts receivable factoring	\$ -	-	9,619
Other non-current assets – restricted assets	Guarantee letters issued by bank	-	3,414	3,414
Property, plant and equipment	Loan collateral	\$ 2,184,072	769,580	1,534,689

(9) Commitments and contingencies:

(a) For the detail of the Group's guarantee, please refer to note 13.

(b) The following are guarantee letters issued by the bank to customs, business partner and Power Supply Bureau as guarantee deposits and power supply guarantee, respectively.

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Guarantee letters	\$ 57,057	57,333	28,120

(c) Guarantee notes provided as part of agreements with banks to sell accounts receivable and to acquire long-term borrowings were as follows:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Sales of accounts receivable	\$ 974,186	2,160,669	1,939,071
Long-term borrowings	\$ 1,800,400	1,800,400	5,070,260

(Continued)

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment	\$ 1,726,560	965,744	241,896

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) A summary of employee benefit, depreciation, and amortization expenses by function, was as follows:

By item	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	947,623	1,106,542	2,054,165	1,023,876	1,083,433	2,107,309
Labor and health insurance	40,220	56,253	96,473	40,299	54,920	95,219
Pension	56,761	42,197	98,958	69,438	45,113	114,551
Others	9,164	45,002	54,166	19,709	60,818	80,527
Depreciation	327,064	98,545	425,609	337,414	78,198	415,612
Amortization	5,259	46,011	51,270	5,857	52,358	58,215

By item	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	1,765,097	2,101,497	3,866,594	1,994,758	2,067,643	4,062,401
Labor and health insurance	80,835	126,551	207,386	77,255	120,634	197,889
Pension	116,219	88,395	204,614	132,648	89,624	222,272
Others	13,786	83,534	97,320	56,047	110,590	166,637
Depreciation	662,232	194,876	857,108	670,696	151,232	821,928
Amortization	10,883	93,969	104,852	11,440	104,430	115,870

Note: Excluding the depreciation of the investment property-buildings (classified as other gains and losses) amounted to both \$231 for the six months ended June 30, 2023 and 2022, respectively.

(b) Seasonality of Operation

The Group's operation were not affected by seasonality or cyclicity factors.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the Regulations for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	327,475	114,921	114,921	0	Short-term loan to other parties	-	Operating capital	-	-	-	795,945	795,945

Note 1: After the approval from the Board of directors, the loan provided to an individual entity shall not exceed the net worth of PKS1 in the latest financial statements to its parent company, and also to subsidiaries wherein its parent owns 100%, directly and indirectly, of its voting shares. Also, the criterion for the amount available for financing is the same as that offered to an individual entity mentioned above.

Note 2: The above transactions have been eliminated during the preparation of the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	4,686,964	311,350	311,350	-	-	1.99 %	12,498,571	Y	N	Y
"	"	Primax Electronics (Singapore) Pte. Ltd.	Subsidiary	4,686,964	2,700,000	2,700,000	351,348	-	17.28 %	12,498,571	Y	N	N
1	Tymphany Huizhou	TYM Acoustic HK	"	2,078,123	4,670	4,670	-	-	0.07 %	3,463,538	N	N	N

Note 1: The amount of the guarantee to a company shall not exceed 30% of the Company's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Company's net worth in the latest financial statements.

Note 2: The amount of the guarantee to a company shall not exceed 30% of the Tymphany Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 50% of the Tymphany Huizhou's net worth in the latest financial statements.

Note 3: The above counter-parties of guarantee and endorsement are subsidiaries included in the consolidated financial statements.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stocks (equities):							
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-	
	Changing Information Technology Inc.	-	"	223	11,394	1.29	11,394	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	250	0.02	250	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures L.P.	-	"	-	160,532	2.73	160,532	
	Grove Ventures II, L.P.	-	"	-	95,015	3.28	95,015	
	Grove Ventures III, L.P.	-	"	-	26,247	2.22	26,247	
	Storm Ventures Fund VII, L.P.	-	Financial assets at FVTPL	-	3,736	0.46	3,736	
	Thin Line Capital fund II, L.P.	-	"	-	7,784	9.80	7,784	
					<u>304,958</u>			
	Primax Tech.	Stocks: Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-
Tymphony Huizhou	Stocks: Shenzhen Mees Hi- Tech Co., Ltd.	-	"	556	<u>60,704</u>	10.00	60,704	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the Company's paid-in capital: None
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the Company's issued capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	(Sale)	(4,727,672)	(29) %	60 days	Price agreed by both side	The same as general selling	2,315,149	32%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	8,893,059	63 %	"	"	The same as general purchasing	(4,633,197)	(54)%	Note 1
"	PKS1	"	Purchase	733,172	5 %	"	"	"	(856,268)	(10)%	Note 1
"	PCQ1	"	Purchase	3,075,603	22 %	"	"	"	(2,220,363)	(26)%	Note 1
"	Polaris	The subsidiary of Primax Tech.	(Sale)	(1,650,877)	(10) %	90 days	"	The same as general selling	259,128	4%	Note 1
"	Primax Thailand	The subsidiary of Primax Singapore.	Purchase	1,102,104	8 %	60 days	"	The same as general purchasing	(439,616)	(5)%	Note 1
Primax Singapore	The Company	Parent	Purchase	4,727,672	98 %	"	"	"	(2,315,149)	(97)%	Note 1
PCH2	"	The parent of Primax Cayman	(Sale)	(8,893,059)	(80) %	"	"	The same as general selling	4,633,197	79%	Note 1
PKS1	"	"	(Sale)	(733,172)	(100) %	"	"	"	856,268	88%	Note 1
PCQ1	"	"	(Sale)	(3,075,603)	(75) %	"	"	"	2,220,363	81%	Note 1
Primax Thailand	"	The parent of Primax Singapore.	(Sale)	(1,102,104)	(90) %	"	"	"	439,616	96%	Note 1
Polaris	"	The parent of Primax Tech.	Purchase	1,650,877	100 %	90 days	"	The same as general purchasing	(259,128)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(1,682,790)	(48) %	60 days	"	The same as general selling	440,052	25%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(1,588,681)	(45) %	"	"	"	1,161,156	66%	Note 1
"	TYM Acoustic Europe	"	(Sale)	(126,971)	(4) %	"	"	"	69,865	4%	Note 1
Tymphony Dongguan	TYM HK	"	Purchase	160,279	5 %	"	"	The same as general purchasing	(75,842)	(4)%	Note 1
"	"	"	(Sale)	(2,234,104)	(62) %	"	"	The same as general selling	1,680,001	72%	Note 1
"	TYM Acoustic Europe	"	(Sale)	(172,232)	(5) %	"	"	"	112,246	5%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(536,501)	(15) %	"	"	"	273,496	12%	Note 1
"	TYDC	Subsidiary	(Sale)	(376,504)	(10) %	"	"	"	147,854	6%	Note 1
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(1,139,312)	(39) %	"	"	"	824,938	42%	Note 1
"	"	"	Purchase	155,871	6 %	"	"	The same as general purchasing	(78,245)	(5)%	Note 1
"	Tymphony Dongguan	Parent	Purchase	376,504	15 %	"	"	"	(147,854)	(10)%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(1,542,337)	(52) %	"	"	The same as general selling	1,108,788	57%	Note 1

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,060,145	22 %	60 days	Price agreed by both side	The same as general purchasing	(347,021)	(16)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	1,682,790	35 %	"	"	"	(440,052)	(20)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	536,501	11 %	"	"	"	(273,496)	(13)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	1,542,337	32 %	"	"	"	(1,108,788)	(51)%	Note 1
"	Specialty	The other related party	(Sale)	(331,858)	(6) %	"	"	The same as general selling	195,145	8%	
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(1,060,145)	(100) %	"	"	"	347,021	100%	Note 1
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	126,971	15 %	"	"	The same as general purchasing	(69,865)	(21)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	172,232	20 %	"	"	"	(112,246)	(34)%	Note 1
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	1,588,681	24 %	"	"	The same as general purchasing	(1,161,156)	(27)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	2,234,104	34 %	"	"	"	(1,680,001)	(38)%	Note 1
"	"	"	(Sale)	(160,279)	(2) %	"	"	The same as general selling	75,842	2%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	1,139,312	17 %	"	"	The same as general purchasing	(824,938)	(19)%	Note 1
"	"	"	(Sale)	(155,871)	(2) %	"	"	The same as general selling	78,245	2%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	1,679,861	25 %	"	"	The same as general purchasing	(308,503)	(7)%	Note 1
TYTH	TYM HK	"	(Sale)	(1,679,861)	(100) %	"	"	The same as general selling	308,503	99%	Note 1

Note 1: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Primax Singapore	Subsidiary	2,315,149 (note 5)	4.05	-	-	672,612	-
"	Polaris	The subsidiary of Primax Tech.	259,128 (note 5)	11.61	-	-	-	-
"	PCH2	The subsidiary of Primax HK	218,534 (note 2) (note 5)	3.62	-	-	369	-
"	"	"	32,781 (note 5)	(note 3)	-	-	2,316	-

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
PCH2	The Company	The parent of Primax Cayman	4,633,197 (note 5)	3.35	-	-	1,674,655	-
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	104,060 (note 5)	(note 3)	-	-	-	-
"	Primax Thailand	The subsidiary of Primax Singapore	339,795 (note 5)	(note 3)	-	-	-	-
PKS1	The Company	The parent of Primax Cayman	856,268 (note 5)	2.12	-	-	76,014	-
"	"	"	114,921 (note 5)	(note 4)	-	-	-	-
PCQ1	"	"	2,220,363 (note 5)	2.61	-	-	30,206	-
Primax Thailand	"	The parent of Primax Singapore	439,616 (note 5)	8.76	-	-	-	-
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	440,052 (note 5)	4.74	-	-	153,966	-
"	TYM HK	The subsidiary of TYM Acoustic HK	1,161,156 (note 5)	2.84	-	-	61,333	-
Tymphony Dongguan	"	"	1,680,001 (note 5)	3.28	-	-	381,591	-
"	TYM Acoustic Europe	"	112,246 (note 5)	2.07	-	-	39,587	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	273,496 (note 5)	5.93	-	-	61,586	-
"	TYDC	Subsidiary	147,854 (note 5)	6.36	-	-	92,722	-
"	"	"	15,628 (note 5)	(note 3)	-	-	-	-
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	824,938 (note 5)	2.91	-	-	334,701	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	1,108,788 (note 5)	3.07	-	-	404,755	-
TYM Acoustic Europe	TYM Acoustic HK	Parent	347,021 (note 5)	4.80	-	-	98,686	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	75,842 (note 5)	2.35	-	-	24,775	-
"	"	"	1,344,990 (note 5)	(note 3)	-	-	-	-
"	TYDC	The subsidiary of Tymphony Dongguan	78,245 (note 5)	3.93	-	-	78,245	-
"	"	"	323,171 (note 5)	(note 3)	-	-	202,445	-
"	Tymphony Huizhou	The parent of TYM Acoustic HK	49,927 (note 5)	3.73	-	-	49,927	-
"	"	"	276,829 (note 5)	(note 3)	-	-	276,829	-
TYM Acoustic HK	Specialty	The other related party	195,145	5.32	-	-	30,437	-
TYAT	TYM HK	The subsidiary of TYM Acoustic HK	338,740 (note 5)	(note 3)	-	-	98,880	-
TYTH	"	"	308,503 (note 5)	8.66	-	-	156,779	-

Note 1: Amounts were collected as of July 21, 2023.

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the six months ended June 30, 2023 was \$575,053, which was written off with related cost of goods sold, and not regarded as sales for the Company.

Note 3: The receivables arise from service rendering for intercompany or material purchasing on behalf of intercompany or related parties.

Note 4: The other receivables arise from intercompany loans.

Note 5: Related transactions have been eliminated during the preparation of the consolidated financial statements.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
0	The Company	Primax Singapore	Subsidiary	Sale	4,727,672	Price agreed by both sides	15.38 %
"	"	"	"	Accounts Receivable	2,315,149	60 days	4.67 %
"	"	PCH2	The Subsidiary of Primax HK	Purchase	8,893,059	Price agreed by both sides	28.93 %
"	"	"	"	Accounts Payable	4,633,197	60 days	9.34 %
"	"	"	"	Accounts Receivable	218,534	"	0.44 %
"	"	"	"	Other Receivable	32,781	(note 2)	0.07 %
"	"	PKS1	"	Purchase	733,172	Price agreed by both sides	2.38 %
"	"	"	"	Accounts Payable	856,268	60 days	1.73 %
"	"	"	"	Other Payable	114,921	(note 3)	0.23 %
"	"	PCQ1	"	Purchase	3,075,603	Price agreed by both sides	10.00 %
"	"	"	"	Accounts Payable	2,220,363	60 days	4.48 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	1,650,877	Price agreed by both sides	5.37 %
"	"	"	"	Accounts Receivable	259,128	90 days	0.52 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	1,102,104	Price agreed by both sides	3.58 %
"	"	"	"	Accounts Payable	439,616	60 days	0.89 %
1	PCH2	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Service Revenue	138,236	Price agreed by both sides	0.45 %
"	"	"	"	Other Receivable	104,060	(note 2)	0.21 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Other Receivable	339,795	(note 2)	0.68 %
2	Tymphony Huizhou	TYM Acoustic HK	Subsidiary	Sale	1,682,790	Price agreed by both sides	5.47 %
"	"	"	"	Accounts Receivable	440,052	60 days	0.89 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	1,588,681	Price agreed by both sides	5.17 %
"	"	"	"	Accounts Receivable	1,161,156	60 days	2.34 %
"	"	"	"	Accounts Payable	49,927	60 days	0.10 %
"	"	"	"	Other Payable	276,829	(note 2)	0.56 %
2	Tymphony Huizhou	TYM Acoustic Europe	"	Sale	126,971	Price agreed by both sides	0.41 %

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
3	Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Purchase	160,279	Price agreed by both sides	0.52 %
"	"	"	"	Accounts Payable	75,842	60 days	0.15 %
"	"	"	"	Sale	2,234,104	Price agreed by both sides	7.27 %
"	"	"	"	Accounts Receivable	1,680,001	60 days	3.39 %
"	"	"	"	Other Payable	1,344,990	(note 2)	2.71 %
"	"	TYM Acoustic Europe	"	Sale	172,232	Price agreed by both sides	0.56 %
"	"	"	"	Accounts Receivable	112,246	60 days	0.23 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	536,501	Price agreed by both sides	1.75 %
"	"	"	"	Accounts Receivable	273,496	60 days	0.55 %
"	"	TYDC	Subsidiary	Sale	376,504	Price agreed by both sides	1.22 %
"	"	"	"	Accounts Receivable	147,854	60 days	0.30 %
"	"	"	"	Other Receivable	15,628	(note 2)	0.03 %
4	TYDC	TYM HK	The subsidiary of TYM Acoustic HK	Sale	1,139,312	Price agreed by both sides	3.71 %
"	"	"	"	Purchase	155,871	"	0.51 %
"	"	"	"	Accounts Receivable	824,938	60 days	1.66 %
"	"	"	"	Accounts Payable	78,245	60 days	0.16 %
"	"	"	"	Other Payable	323,171	(note 2)	0.65 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	1,542,337	Price agreed by both sides	5.02 %
"	"	"	"	Accounts Receivable	1,108,788	60 days	2.24 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,060,145	Price agreed by both sides	3.45 %
"	"	"	"	Accounts Payable	347,021	60 days	0.70 %
"	"	TYM HK	"	Service Expense	261,233	Price agreed by both sides	0.85 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Service Expense	494,524	"	1.61 %
"	"	"	"	Accounts Payable	338,740	60 days	0.68 %
"	"	TYTH	"	Purchase	1,679,861	Price agreed by both sides	5.46 %
"	"	"	"	Accounts Payable	308,503	60 days	0.62 %

Note 1: Disclosure of the amounts was exceeding of NTDS100 million.

Note 2: The receivables arises from service rendering for intercompany or material purchasing on behalf of intercompany or related party.

Note 3: The other receivables arise from intercompany loans.

Note 4: Related transactions have been eliminated during the preparation of the consolidated financial statements.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	7,805,195	343,722	294,731	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	2,862,037	66,733	57,037	Note 3
"	Destiny BVI	Virgin Island	Holding company	30,939	30,939	1,050	100.00	8,858	11,238	11,238	Note 3
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	14,989	219	219	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	6,763,480	293,190	291,405	Note 3
"	Gratus Tech.	USA	Market development of and customer service for computer peripherals, mobile device components, and business devices	9,330	9,330	300	100.00	16,935	1,130	1,130	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	63,477	1,668	1,668	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	1,181,150	40,100	100.00	722,003	(3,114)	8,272	Note 3
	Total			9,987,798	9,987,798			18,256,974	714,786	665,700	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	1,162,928	1,244	99.99	717,020	(9,859)	(9,859)	Note 3
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	7,918,647	343,827	343,827	Note 3
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices	52,680	52,680	1,600	100.00	444,463	5,924	5,924	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	6,829,551	332,963	293,177	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	-	(59,574)	-	Note 4
TWEL	TYM Singapore	Singapore	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	-	-	-	-	-	-	-	Note 3 Note 5
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	1,592,954	1,592,954	418,090	100.00	2,754,640	(94,700)	(94,700)	Note 3

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
TYM Acoustic HK	TYM HK	Hong Kong	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	1,045,788	(190,295)	(190,295)	Note 3
"	TYP	USA	Market development of and customer service for speakers and their components	15 (note 1)	15 (note 1)	0.50	100.00	42,677	2,042	2,042	Note 3
"	TYM UK	United Kingdom	R&D and design of various speaker accessories as well as speakers and their components	15,631	15,631	400	100.00	37,625	(425)	(425)	Note 3
"	TYM Acoustic Europe	Czech	Manufacturing, installation, and maintenance of various speaker accessories and their components	653,796	653,796	187,800	100.00	916,261	(45,746)	(45,746)	Note 3
"	TYAT	Taiwan	R&D and design of various speaker accessories as well as speakers and their components	48,318	48,318	5,000	100.00	332,273	17,971	17,971	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	533,677	(54,299)	(54,299)	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	8,576	(856)	(856)	Note 3

Note 1: The amount is the initial investment costs from the original stockholders prior to the acquisition of the Company through Diamond.

Note 2: Related investments (except for AIC) have been eliminated during the preparation of the consolidated financial statements.

Note 3: The subsidiary of the Company.

Note 4: The associate of the Company.

Note 5: As of June 30, 2023, there was no capital injection from the Company.

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,921,507	Indirect investment through Primax Cayman and Primax Tech.	1,685,001	-	-	1,705,921	173,630	100%	173,630	7,098,262	-
Destiny Beijing	R&D of computer peripheral and business devices	38,064	Indirect investment through Destiny BVI.	32,243	-	-	32,692	11,238	100%	11,238	8,854	-
PKS1	Production of computer peripheral products	841,364	Indirect investment through Primax Cayman	675,576	-	-	684,970	45,266	100%	45,266	822,073	-
PCQ1	"	822,264	"	614,160	-	-	622,700	181,790	100%	181,790	2,284,298	-

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Tymphany Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,630,996	Indirect investment through Diamond	3,961,332	-	-	4,016,415	436,237	77.01%	335,946	5,334,581	-
Tymphany Dongguan	"	155,675	"	15,354	-	-	15,568	186,673	77.01%	143,757	764,146	-
TYDC	"	86,178	"	-	-	-	-	142,165	77.01%	109,481	269,374	-

Note 1: The above information on the exchange rate was as follows: HKD:TWD3.9727 ; USD:TWD 31.1350; CNY:TWD 4.3089.

Note 2: The differences between the accumulated out flow of investments and paid in capital was derived from the currency exchange on translation, capital increase from retained earning and working capital.

Note 3: Related investments have been eliminated during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,538,295	8,824,553	None (note)

Note: The Company has received the Certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start the operating of its headquarters.

The above investment income (losses) in Mainland China, except for PCH2 was reviewed by the Company's auditors. Tymphany Huizhou, Tymphany Dongguan and TYDC were reviewed by other auditors, and other information related to subsidiaries came from financial reports prepared by the investees, not reviewed by auditors.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the six months ended June 30, 2023, are disclosed in " Information on significant transactions", and " Business relationships and significant intercompany transactions".

(d) Major shareholders: No shareholders represented more than 5% of the total shares outstanding.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(14) Segment information:

For the three and six months ended June 30, 2023 and 2022, the Group's segment information had no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2022 for the further information.

The Group's segment financial information was as follows:

	For the three months ended June 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 5,621,202	10,444,178	16,065,380
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 5,621,202</u>	<u>10,444,178</u>	<u>16,065,380</u>
Profit before tax from segments reported	<u>\$ 423,661</u>	<u>532,489</u>	<u>956,150</u>
	For the three months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 7,515,882	12,767,364	20,283,246
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 7,515,882</u>	<u>12,767,364</u>	<u>20,283,246</u>
Profit before tax from segments reported	<u>\$ 449,742</u>	<u>509,068</u>	<u>958,810</u>
	For the six months ended June 30, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 10,885,998	19,856,429	30,742,427
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 10,885,998</u>	<u>19,856,429</u>	<u>30,742,427</u>
Profit before tax from segments reported	<u>\$ 769,217</u>	<u>899,218</u>	<u>1,668,435</u>
	For the six months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 15,009,324	23,168,378	38,177,702
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 15,009,324</u>	<u>23,168,378</u>	<u>38,177,702</u>
Profit before tax from segments reported	<u>\$ 931,461</u>	<u>714,693</u>	<u>1,646,154</u>