

**PRIMAX ELECTRONICS LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
for the Three Months Ended  
March 31, 2022 and 2021**

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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 March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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 Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 generally accepted auditing standards 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\$13,201,086 thousand and NT\$9,374,845 thousand, constituting 23.2% and 17.8% of the consolidated total assets; and the total liabilities amounting to NT\$7,958,793 thousand and NT\$5,315,237 thousand, constituting 20.3% and 14.5% of the consolidated total liabilities as of March 31, 2022 and 2021, respectively; as well as the total comprehensive income amounting to NT\$218,300 thousand and NT\$9,833 thousand, constituting 18.8% and 2.4% of the consolidated comprehensive income for the three months ended March 31, 2022 and 2021, respectively.

Furthermore, as stated in note 6(g), the investments accounted for using equity method of the Group in its investee companies of NT\$179,906 thousand and NT\$531,995 thousand as of March 31, 2022 and 2021, and its related share of loss of associates accounted for using equity method of NT\$18,663 thousand and NT\$20,641 thousand for the three months ended March 31, 2022 and 2021, 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021, 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\$19,842,568 thousand and NT\$17,592,037 thousand, constituting 34.9% and 33.4% of the related consolidated total assets as of March 31, 2022 and 2021, respectively; as well as the operating revenue amounting to NT\$6,071,801 thousand and NT\$5,186,432 thousand, constituting 33.9% and 30.2% of the related consolidated operating revenue for the three months ended March 31, 2022 and 2021, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are MEI-PIN WU and SHYH-GANG HORNG.

KPMG

Taipei, Taiwan (Republic of China)  
May 6, 2022

### **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)  
**Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021**

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2022, December 31 and March 31, 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

		<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>				<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note 6(a))	\$ 7,528,832	13	4,839,241	10	6,166,819	12	2100	Short-term borrowings (note 6(m))	\$ 8,836,959	16	2,030,829	4	8,662,086	17
1110	Current financial assets at fair value through profit or loss (note 6(b))	256,089	-	156,238	-	222,708	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	676,444	1	603,054	1	378,023	1
1137	Current financial assets at amortized cost (notes 6(d) and 8)	4,276,718	8	1,665,744	3	8,065,336	15	2170	Notes and accounts payable	17,077,514	30	17,693,261	36	15,205,024	29
1170	Notes and accounts receivable, net (notes 6(e) and (v))	13,810,634	24	13,374,675	27	12,144,641	23	2201	Salaries payable	783,498	2	1,481,957	4	838,737	2
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	37,145	-	130,280	-	162,344	-	2219	Other payables	3,594,305	6	3,667,627	7	3,365,793	6
1200	Other receivables (note 6(e))	1,166,641	2	1,301,019	3	906,951	2	2280	Current lease liabilities (note 6(o))	215,381	-	228,720	1	237,034	-
1310	Inventories (note 6(f))	14,257,152	25	13,164,601	27	10,242,364	20	2320	Long-term borrowings, current portion (notes 6(n) and 8)	449,367	1	435,435	1	121,257	-
1470	Other current assets (note 8)	1,462,480	3	1,097,669	2	1,635,839	3	2365	Current refund liabilities	1,877,535	3	1,699,517	3	1,606,858	3
		<u>42,795,691</u>	<u>75</u>	<u>35,729,467</u>	<u>72</u>	<u>39,547,002</u>	<u>75</u>	2399	Other current liabilities (note 6(v))	<u>772,268</u>	<u>1</u>	<u>691,824</u>	<u>1</u>	<u>900,703</u>	<u>2</u>
										<u>34,283,271</u>	<u>60</u>	<u>28,532,224</u>	<u>58</u>	<u>31,315,515</u>	<u>60</u>
<b>Non-current assets:</b>															
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	336,103	1	240,397	1	151,498	-	2540	Long-term borrowings (notes 6(n) and 8)	1,604,438	3	1,025,520	2	1,333,835	2
1550	Investments accounted for using equity method (note 6(g))	179,906	-	171,567	-	531,995	1	2580	Non-current lease liabilities (note 6(o))	1,866,808	3	1,879,350	4	2,002,054	4
1600	Property, plant and equipment (notes 6(i) and 8)	7,932,875	14	7,604,823	15	6,497,417	12	2630	Long-term deferred revenue (note 6(i))	930,714	2	1,003,576	2	1,343,531	3
1755	Right-of-use assets (note 6(j))	2,353,275	4	2,380,370	5	2,537,281	5	2670	Other non-current liabilities	<u>601,906</u>	<u>1</u>	<u>591,016</u>	<u>1</u>	<u>712,087</u>	<u>1</u>
1760	Investment property (note 6(k))	33,247	-	33,363	-	33,710	-		<b>Total liabilities</b>	<u>39,287,137</u>	<u>69</u>	<u>33,031,686</u>	<u>67</u>	<u>36,707,022</u>	<u>70</u>
1780	Intangible assets (note 6(l))	2,231,262	4	2,256,589	5	2,349,271	5	<b>Equity attributable to owners of parent:</b>							
1840	Deferred tax assets	706,185	1	692,823	1	661,305	1	3110	Ordinary shares (note 6(s))	4,552,353	8	4,552,633	9	4,516,243	8
1990	Other non-current assets (note 8)	<u>358,286</u>	<u>1</u>	<u>364,799</u>	<u>1</u>	<u>336,382</u>	<u>1</u>	3200	Capital surplus (note 6(s))	1,758,501	3	1,758,780	3	1,604,536	3
		14,131,139	25	13,744,731	28	13,098,859	25	3310	Legal reserve (note 6(s))	1,769,946	3	1,769,946	4	1,578,473	3
								3320	Special reserve (note 6(s))	1,046,360	2	1,046,360	2	1,058,941	2
								3350	Unappropriated retained earnings (note 6(s))	7,044,669	12	6,492,401	13	6,238,665	12
								3400	Other equity interest	(850,353)	(1)	(1,444,608)	(3)	(1,250,754)	(2)
								36XX	Non-controlling interests (note 6(h))	<u>2,318,217</u>	<u>4</u>	<u>2,267,000</u>	<u>5</u>	<u>2,192,735</u>	<u>4</u>
									<b>Total equity</b>	<u>17,639,693</u>	<u>31</u>	<u>16,442,512</u>	<u>33</u>	<u>15,938,839</u>	<u>30</u>
<b>Total assets</b>		<u>\$ 56,926,830</u>	<u>100</u>	<u>49,474,198</u>	<u>100</u>	<u>52,645,861</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 56,926,830</u>	<u>100</u>	<u>49,474,198</u>	<u>100</u>	<u>52,645,861</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**

**Consolidated Statement of Comprehensive Income**

**For the three months ended March 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(v) and 7)</b>	\$ 17,894,456	100	17,159,387	100
5000	<b>Operating costs (notes 6(f), (o), (q), (w) and 12)</b>	<u>15,642,645</u>	<u>87</u>	<u>15,011,397</u>	<u>87</u>
	<b>Gross profit from operation</b>	<u>2,251,811</u>	<u>13</u>	<u>2,147,990</u>	<u>13</u>
	<b>Operating expenses (notes 6(l), (o), (q), (t), (w) and 12):</b>				
6100	Selling expenses	408,807	2	400,614	2
6200	Administrative expenses	519,178	3	463,504	3
6300	Research and development expenses	718,013	4	691,665	4
6450	Reversal of expected credit loss (note 6(e))	<u>(7,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>1,638,927</u>	<u>9</u>	<u>1,555,783</u>	<u>9</u>
	<b>Net operating income</b>	<u>612,884</u>	<u>4</u>	<u>592,207</u>	<u>4</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	20,186	-	27,369	-
7010	Other income (note 6(x))	11,915	-	10,101	-
7020	Other gains and losses (notes 6(i) and (y))	122,206	-	62,456	-
7060	Shares of loss of associates accounted for using equity method (note 6(g))	(18,663)	-	(20,641)	-
7050	Finance costs (note 6(o))	<u>(61,184)</u>	<u>-</u>	<u>(37,427)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>74,460</u>	<u>-</u>	<u>41,858</u>	<u>-</u>
	<b>Profit before tax</b>	<u>687,344</u>	<u>4</u>	<u>634,065</u>	<u>4</u>
7950	<b>Less: Income tax expenses (note 6(r))</b>	<u>144,424</u>	<u>1</u>	<u>132,741</u>	<u>1</u>
	<b>Profit</b>	<u>542,920</u>	<u>3</u>	<u>501,324</u>	<u>3</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	12,374	-	29,326	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>12,374</u>	<u>-</u>	<u>29,326</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operation's financial statements	603,581	3	(124,263)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>603,581</u>	<u>3</u>	<u>(124,263)</u>	<u>(1)</u>
8300	<b>Other comprehensive income after tax</b>	<u>615,955</u>	<u>3</u>	<u>(94,937)</u>	<u>(1)</u>
	<b>Comprehensive income</b>	<u>\$ 1,158,875</u>	<u>6</u>	<u>406,387</u>	<u>2</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 552,268	3	505,207	3
8620	Non-controlling interests (note 6(h))	<u>(9,348)</u>	<u>-</u>	<u>(3,883)</u>	<u>-</u>
		<u>\$ 542,920</u>	<u>3</u>	<u>501,324</u>	<u>3</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 1,111,948	6	427,635	2
8720	Non-controlling interests (note 6(h))	<u>46,927</u>	<u>-</u>	<u>(21,248)</u>	<u>-</u>
		<u>\$ 1,158,875</u>	<u>6</u>	<u>406,387</u>	<u>2</u>
	<b>Earnings per share (note 6(u))</b>				
9710	<b>Basic earnings per share (NT dollars)</b>	<u>\$ 1.23</u>		<u>1.13</u>	
9810	<b>Diluted earnings per share (NT dollars)</b>	<u>\$ 1.22</u>		<u>1.12</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity  
For the three months ended March 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Retained earnings	Unappropriated 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				
<b>Balance at January 1, 2021</b>	\$ 4,508,983	1,567,628	1,578,473	1,058,941	5,733,458	(1,004,528)	(41,833)	(113,289)	13,287,833	2,212,757	15,500,590
Profit	-	-	-	-	505,207	-	-	-	505,207	(3,883)	501,324
Other comprehensive income	-	-	-	-	-	(106,898)	29,326	-	(77,572)	(17,365)	(94,937)
Comprehensive income	-	-	-	-	505,207	(106,898)	29,326	-	427,635	(21,248)	406,387
Changes in shares of investment accounted for using equity method	-	3,016	-	-	-	-	-	-	3,016	1,226	4,242
Amortization expense of restricted stock	-	-	-	-	-	-	-	27,620	27,620	-	27,620
Retirement of restricted stock	(140)	-	-	-	-	-	-	140	-	-	-
Issuance of restricted stock	7,400	33,892	-	-	-	-	-	(41,292)	-	-	-
<b>Balance at March 31, 2021</b>	\$ 4,516,243	1,604,536	1,578,473	1,058,941	6,238,665	(1,111,426)	(12,507)	(126,821)	13,746,104	2,192,735	15,938,839
<b>Balance at January 1, 2022</b>	\$ 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	-	-	-	-	552,268	-	-	-	552,268	(9,348)	542,920
Other comprehensive income	-	-	-	-	-	547,306	12,374	-	559,680	56,275	615,955
Comprehensive income	-	-	-	-	552,268	547,306	12,374	-	1,111,948	46,927	1,158,875
Changes in shares of investment accounted for using equity method	-	(45)	-	-	-	-	-	-	(45)	4,290	4,245
Amortization expense of restricted stock	-	-	-	-	-	-	-	34,061	34,061	-	34,061
Retirement of restricted stock	(2,280)	(9,014)	-	-	-	-	-	11,294	-	-	-
Issuance of restricted stock	2,000	8,780	-	-	-	-	-	(10,780)	-	-	-
<b>Balance at March 31, 2022</b>	\$ 4,552,353	1,758,501	1,769,946	1,046,360	7,044,669	(717,854)	60,403	(192,902)	15,321,476	2,318,217	17,639,693

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**

**For the three months ended March 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 687,344	634,065
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization expense	464,086	515,113
Loss (gain) related to inventories	23,242	(8,563)
Reversal of expected credit loss	(7,071)	-
Interest expense	60,012	35,847
Interest income	(20,186)	(27,369)
Compensation cost of share-based payment	38,306	31,862
Shares of loss of associates accounted for using equity method	18,663	20,641
Loss on disposal of property, plant and equipment	1,199	13,217
Reversal of impairment loss of property, plant and equipment	-	(6,986)
Gain on disposal of right-of-use assets	(514)	(272)
<b>Total adjustments to reconcile profit</b>	<u>577,737</u>	<u>573,490</u>
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	(99,851)	91,050
Notes and accounts receivable	(347,050)	1,434,236
Accounts receivable from related parties	93,135	35,845
Other receivables	51,604	442,411
Inventories	(1,115,793)	13,662
Other current assets	(357,034)	9,401
Other operating assets	(7,789)	(21,658)
<b>Changes in operating assets</b>	<u>(1,782,778)</u>	<u>2,004,947</u>
Financial liabilities at fair value through profit or loss	73,390	(54,148)
Notes and accounts payable	(615,747)	(3,796,033)
Salaries payable	(698,459)	(292,889)
Other payables	(154,703)	(622,449)
Other current liabilities	80,444	146,953
Refund liabilities	178,018	185,451
Other operating liabilities	(61,070)	(67,136)
<b>Changes in operating liabilities</b>	<u>(1,198,127)</u>	<u>(4,500,251)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(2,980,905)</u>	<u>(2,495,304)</u>
<b>Total adjustments</b>	<u>(2,403,168)</u>	<u>(1,921,814)</u>
Cash outflow generated from operations	(1,715,824)	(1,287,749)
Interest received	20,186	27,369
Interest paid	(59,993)	(35,828)
Income taxes paid	(60,404)	(66,068)
<b>Net cash flows used in operating activities</b>	<u>(1,816,035)</u>	<u>(1,362,276)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(83,332)	(1,710)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,210
Increase in financial assets measured at amortised cost	(2,610,974)	(7,210,098)
Acquisition of property, plant and equipment	(452,662)	(535,169)
Proceeds from disposal of property, plant and equipment	-	1,836
Decrease (increase) in refundable deposits	(1,240)	26,733
Acquisition of unamortized expense	(13,305)	(9,754)
Proceeds from disposal of unamortized expense	-	85
<b>Net cash flows used in investing activities</b>	<u>(3,161,513)</u>	<u>(7,726,867)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	6,806,130	7,757,027
Increase in long-term borrowings	592,850	699,633
Increase (decrease) in guarantee deposits received	441	(989)
Payment of lease liabilities	(58,032)	(65,228)
<b>Net cash flows from financing activities</b>	<u>7,341,389</u>	<u>8,390,443</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>325,750</u>	<u>(69,834)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>2,689,591</u>	<u>(768,534)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>4,839,241</u>	<u>6,935,353</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 7,528,832</u>	<u>6,166,819</u>



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
As of March 31, 2021 and 2020 Reviewed only,  
not audited in accordance with generally accepted auditing standards

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2022 and 2021**

**(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.

Primax Electronics Holdings, Ltd. (Primax Holdings, formerly known as Apple Holdings Ltd.) acquired all shares of the Company from YWAN PANG Management Limited on April 2, 2007. The investment was approved by the Investment Commission, Ministry of Economic Affairs. However, all shares of the Company were sold by Primax Holdings to its stockholders in October 2009.

Based on the resolution approved by the Company’s Board of Directors on November 5, 2007, the Company resolved to acquire and merge with Primax Electronics Ltd. (“Primax”, a listed company) on December 28, 2007. The Company is the surviving company, and Primax was dissolved upon completion of the merger.

The consolidated financial statements of the Company as at and for the three months ended March 31, 2022, 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 May 6, 2022.

**(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. (“FSC”) 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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”

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

- Annual Improvements to IFRS Standards 2018–2020
  - Amendments to IFRS 3 “Reference to the Conceptual Framework”
- (b) The impact of IFRS issued by the International Accounting Standards Board (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 IASB, but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to 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**

**(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, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(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
			March 31, 2022	December 31, 2021	March 31, 2021	
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 %	
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 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
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	Tymphony Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	100.00 %	
TWEL	Tymphony Acoustic Technology (Huizhou) Co., Ltd (Tymphony Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	71.43 %	71.43 %	71.43 %	
Tymphony Huizhou	Tymphony Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sales of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphony Huizhou	Dongguan Tymphony Acoustic Technology Co., Ltd. (Tymphony Dongguan)	Manufacturing, R&D, design and sales 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 %	
TYM Acoustic HK	Tymphony 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	Tymphony HK Ltd. (TYM HK)	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphony 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 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
TYM Acoustic HK	Tymphany Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sales of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 1)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sales 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 sales 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 statements have not been reviewed.

(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.

**(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, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

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

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 Group did not obtain any director seats of AIC, and the chairman of AIC controls 45% of voting shares. 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, 2021. Please refer to note 6 of the 2021 annual consolidated financial statements.

- (a) Cash and cash equivalents

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Cash on hand	\$ 6,020	6,889	6,616
Demand accounts and checking deposits	3,987,203	4,075,538	2,893,599
Time deposits	<u>3,535,609</u>	<u>756,814</u>	<u>3,266,604</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u><b>\$ 7,528,832</b></u>	<u><b>4,839,241</b></u>	<u><b>6,166,819</b></u>

Please refer to note 6(z) for the currency risk and the interest rate risk of the Group's cash and cash equivalents.

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

- (i) Details of financial instruments were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Mandatorily measured at FVTPL:</b>			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 256,089	75,563	199,316
Foreign exchange swap contracts	<u>-</u>	<u>80,675</u>	<u>23,392</u>
	<u><b>\$ 256,089</b></u>	<u><b>156,238</b></u>	<u><b>222,708</b></u>

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Financial liabilities held-for-trading:</b>			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (196,295)	(597,226)	(193,794)
Foreign exchange swap contracts	(480,149)	(5,828)	(184,229)
	<b><u>\$ (676,444)</u></b>	<b><u>(603,054)</u></b>	<b><u>(378,023)</u></b>

- (ii) 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 March 31, 2022, December 31 and March 31, 2021:

<b>March 31, 2022</b>			
<b>Derivative financial instruments</b>	<b>Nominal amount (in thousands)</b>	<b>Maturity date</b>	<b>Predetermined rate</b>
Forward exchange contracts – buy USD / sell TWD	USD 735,000	April 7, 2022~ October 28, 2022	27.064~28.752
Forward exchange contracts – buy CNY/ sell USD	USD 107,000	April 1, 2022~ June 7, 2022	6.3477~6.4216
Forward exchange contracts – buy USD/ sell CNY	USD 44,000	April 1, 2022~ April 14, 2022	6.3435~6.3943
Forward exchange contracts – buy USD/ sell THB	USD 52,000	April 11, 2022~ April 28, 2022~	32.393~33.645
Forward exchange contracts – buy THB/ sell USD	USD 3,000	April 1, 2022~ June 1, 2022	33.630
Forward exchange contracts – buy HKD/ sell EUR	EUR 4,000	April 13, 2022	8.5110~8.8039
Forward exchange contracts – buy USD/ sell CZK	USD 6,000	April 11, 2022~ April 27, 2022	22.538~23.760
Forward exchange swap contracts – swap in TWD/ swap out USD	USD 585,000	April 7, 2022~ October 28, 2022	27.523~28.578

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

<b>December 31, 2021</b>			
<b>Derivative financial instruments</b>	<b>Nominal amount (in thousands)</b>	<b>Maturity date</b>	<b>Predetermined rate</b>
Forward exchange contracts – buy USD / sell TWD	USD 715,000	January 5, 2022~ July 29, 2022	26.890~27.946
Forward exchange contracts – buy CNY/ sell USD	USD 150,500	January 4, 2022~ April 1, 2022	6.3832~6.4773
Forward exchange contracts – buy CNY/ sell EUR	EUR 1,900	January 6, 2022	7.215
Forward exchange contracts – buy USD/ sell THB	USD 25,000	January 24, 2022	33.480
Forward exchange contracts – buy THB/ sell USD	USD 9,000	January 12, 2022~ June 1, 2022	33.630~33.730
Forward exchange contracts – buy CZK/ sell EUR	EUR 1,000	January 25, 2022	25.485
Forward exchange swap contracts – swap in TWD/ swap out USD	USD 585,000	January 5, 2022~ July 28, 2022	27.574~28.092
<b>March 31, 2021</b>			
<b>Derivative financial instruments</b>	<b>Nominal amount (in thousands)</b>	<b>Maturity date</b>	<b>Predetermined rate</b>
Forward exchange contracts – buy USD / sell TWD	USD 771,000	April 1 2021~ October 28, 2021	26.980~28.177
Forward exchange contracts – buy USD / sell CNY	USD 61,000	April 8, 2021~ May 7, 2021	6.5100~6.5885
Forward exchange contracts – buy CNY/ sell USD	USD 100,000	April 7, 2021~ May 19, 2021	6.4953~6.6324
Foreign exchange swap contracts – swap in TWD / swap out USD	USD 621,000	April 1, 2021~ October 22, 2021	27.756~28.845

(iii) Please refer to note 6(z) for the liquidity risk of the Group's financial instruments.

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

(c) Financial assets at FVOCI

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
<b>Equity investments at FVOCI</b>			
Stocks unlisted in domestic markets–WK Technology Fund IV Ltd.	\$ 60	60	53
Stocks unlisted in domestic markets– Changing Information Technology Inc.	8,201	8,201	6,702
Stocks unlisted in domestic markets– Syntronix Corp.	350	350	49
Equities unlisted in foreign markets–Grove Ventures L.P.	171,302	155,618	86,734
Equities unlisted in foreign markets–Grove Ventures II, L.P.	70,897	57,318	26,249
Stocks unlisted in foreign markets–WK Global Investment III Ltd.	13,760	18,850	31,711
Equities unlisted in foreign markets— Grove Ventures III, L.P.	8,014	-	-
Stocks unlisted in foreign markets– Shenzhen Mees Hi-Tech Co., Ltd.	<u>63,519</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 336,103</u>	<u>240,397</u>	<u>151,498</u>

- (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 in the Group had participated and invested the amounts of \$2,085 and \$1,710 in the three months ended March 31, 2022 and 2021, respectively.
- (iii) Grove Ventures II, L.P. executed capital increases, where in the Group had participated and invested the amounts of \$9,972 in the three months ended March 31, 2022.
- (iv) WK Technology Fund IV Ltd. refunded the amount of \$1,210 to the Group due to its capital reduction in March 2021.
- (v) The Group invested \$7,756 in an unlisted company, Grove Ventures III, L.P. in January 2022.
- (vi) The Group invested \$63,519 in an unlisted company, Shenzhen Mees Hi-Tech Co., Ltd. in January 2022.
- (vii) The Group did not provide any of the aforementioned financial assets as collateral.

(Continued)

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

(d) Financial assets at amortized cost

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Time deposits	\$ <u>4,276,718</u>	<u>1,665,744</u>	<u>8,065,336</u>
Annual interest rates	<u>0.93%~1.20%</u>	<u>1.20%~1.75%</u>	<u>0.92%~1.75%</u>
Maturity date	<u>2022.04.18~2022.09.03</u>	<u>2022.01.17~2022.03.31</u>	<u>2021.04.19~2021.09.17</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) For credit risk, please refer to note (z).

(iii) Please refer to note 8 for further information on financial assets as collateral.

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Notes receivable	\$ 891	1,284	2,456
Accounts receivable	13,833,243	13,403,026	12,184,304
Accounts receivable – related parties	37,145	130,280	162,344
Less: allowance for doubtful accounts	<u>(23,500)</u>	<u>(29,635)</u>	<u>(42,119)</u>
Total	<u>\$ 13,847,779</u>	<u>13,504,955</u>	<u>12,306,985</u>

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

(Continued)

**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:

	<b>March 31, 2022</b>		
	<b>Carrying amounts of notes and accounts receivable (including related parties)</b>	<b>Lifetime ECL rate</b>	<b>Loss allowance provision of lifetime ECL</b>
Current	\$ 13,258,503	0%~0.03%	4,357
0 to 30 days past due	539,245	0%~3%	5,121
31 to 60 days past due	19,795	0%~5%	901
61 to 90 days past due	12,786	0%~10%	911
91 to 180 days past due	30,305	0%~25%	4,234
181 to 360 days past due	5,504	0%~80%	3,510
More than 361 days past due	5,141	0%~100%	4,466
	<b>\$ 13,871,279</b>		<b>23,500</b>
	<b>December 31, 2021</b>		
	<b>Carrying amounts of notes and accounts receivable (including related parties)</b>	<b>Lifetime ECL rate</b>	<b>Loss allowance provision of lifetime ECL</b>
Current	\$ 12,439,211	0%~0.03%	4,072
0 to 30 days past due	953,704	0%~3%	14,476
31 to 60 days past due	101,393	0%~5.34%	5,413
61 to 90 days past due	25,164	0%~10%	1,625
91 to 180 days past due	9,412	0%~25%	1,356
181 to 360 days past due	4,768	0%~80%	2,408
More than 361 days past due	938	0%~100%	285
	<b>\$ 13,534,590</b>		<b>29,635</b>

(Continued)

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

	<b>March 31, 2021</b>		
	<b>Carrying amounts of notes and accounts receivable (including related parties)</b>	<b>Lifetime ECL rate</b>	<b>Loss allowance provision of lifetime ECL</b>
Current	\$ 11,826,590	0%~0.17%	19,718
0 to 30 days past due	451,157	0%~2.82%	12,715
31 to 60 days past due	25,447	0%~5%	1,205
61 to 90 days past due	9,504	0%~10%	888
91 to 180 days past due	33,492	0%~25%	5,352
181 to 360 days past due	-	0%~80%	-
More than 361 days past due	2,914	0%~100%	2,241
	<b>\$ 12,349,104</b>		<b>42,119</b>

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1, 2022 and 2021	\$ 29,635	42,155
Impairment losses reversed	(7,071)	-
Effect of exchange rate changes	936	(36)
Balance on March 31, 2022 and 2021	<b>\$ 23,500</b>	<b>42,119</b>

- (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 March 31, 2022, December 31 and March 31, 2021, 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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March 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 1,931,743	425	1,780,351	151,392	0.590%~1.098%	US\$ 56,940
EnTie Bank	57,020	-	-	57,020	-	-
DBS Bank	1,797,478	-	1,617,730	179,748	1.085%~1.318%	-
Bank of Taiwan	2,229	-	2,006	223	0.865%~0.997%	NT\$ 135,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 3,788,470</u>	<u>425</u>	<u>3,400,087</u>	<u>388,383</u>		

  

December 31, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 3,490,836	28,802	3,261,631	229,205	0.580%~0.760%	US\$ 56,940
EnTie Bank	54,818	-	-	54,818	-	-
DBS Bank	1,693,596	1,570	1,522,665	170,931	0.944%~0.960%	-
Bank of Taiwan	162,034	-	145,830	16,204	0.741%~0.997%	NT\$ 135,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 5,401,284</u>	<u>30,372</u>	<u>4,930,126</u>	<u>471,158</u>		

  

March 31, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 1,931,417	35,705	1,802,619	128,798	0.622%~0.864%	US\$ 56,940
EnTie Bank	116,189	-	-	116,189	-	-
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 2,047,606</u>	<u>35,705</u>	<u>1,802,619</u>	<u>244,987</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) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 6,683,503	5,596,206	3,560,922
Semi-finished goods and work in process	2,580,280	2,360,593	1,936,056
Finished goods and merchandise	4,993,369	5,207,802	4,745,386
	<u>\$ 14,257,152</u>	<u>13,164,601</u>	<u>10,242,364</u>

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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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:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Reversal (losses) on inventory valuation and disposal of inventories	\$ (5,942)	37,574
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(14,807)	(29,668)
Gains (losses) on physical inventories	(2,493)	657
	<b>\$ (23,242)</b>	<b>8,563</b>

(g) 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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 179,906</b>	<b>171,567</b>	<b>531,995</b>

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Attributable to the Group:		
Loss	\$ (18,663)	(20,641)
Other comprehensive income	27,002	16,332
Comprehensive income (loss)	<b>\$ 8,339</b>	<b>(4,309)</b>

- (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.

(h) 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		
		March 31, 2022	December 31, 2021	March 31, 2021
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	28.57 %	28.57 %	28.57 %

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

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.

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current assets	\$ 15,645,033	13,429,241	13,797,200
Non-current assets	6,376,129	6,152,529	6,132,874
Current liabilities	(12,497,119)	(10,206,489)	(10,258,030)
Non-current liabilities	(1,409,281)	(1,439,803)	(1,996,522)
Net assets	<u>\$ 8,114,762</u>	<u>7,935,478</u>	<u>7,675,522</u>
Non-controlling interests	<u>\$ 2,318,217</u>	<u>2,267,000</u>	<u>2,192,735</u>

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenue	\$ <u>6,078,299</u>	<u>5,198,914</u>
Loss	\$ (32,721)	(13,591)
Other comprehensive income (loss)	197,388	(60,771)
Comprehensive income (loss)	<u>\$ 164,667</u>	<u>(74,362)</u>
Loss attributable to non-controlling interests	<u>\$ (9,348)</u>	<u>(3,883)</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 46,927</u>	<u>(21,248)</u>

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flows used in operating activities	\$ (317,610)	(99,100)
Cash flows used in investing activities	(538,433)	(2,619,621)
Cash flows from financing activities	2,711,307	3,182,318
Effect of exchange rate changes	72,889	(27,419)
Net increase in cash and cash equivalents	<u>\$ 1,928,153</u>	<u>436,178</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

(Continued)

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

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2022 and 2021, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
<b>Cost or deemed cost:</b>						
Balance on January 1, 2022	\$ 1,065,753	3,979,270	6,666,371	1,181,926	2,372,934	15,266,254
Additions	-	4,724	44,944	15,760	360,671	426,099
Disposals	-	(37,422)	(84,020)	(2,154)	-	(123,596)
Reclassifications	-	671,706	165,315	2,464	(845,700)	(6,215)
Effect of changes in exchange rate	6,487	151,531	244,751	41,953	75,845	520,567
Balance on March 31, 2022	<u>\$ 1,072,240</u>	<u>4,769,809</u>	<u>7,037,361</u>	<u>1,239,949</u>	<u>1,963,750</u>	<u>16,083,109</u>
Balance on January 1, 2021	\$ 320,069	4,062,652	7,145,610	1,161,191	1,860,752	14,550,274
Additions	-	601	43,738	29,248	431,334	504,921
Disposals	-	(57,798)	(517,523)	(33,205)	(217)	(608,743)
Reclassifications	-	4,351	49,120	(7,591)	(196,338)	(150,458)
Effect of changes in exchange rate	(6,956)	(25,629)	(47,526)	(11,522)	(27,143)	(118,776)
Balance on March 31, 2021	<u>\$ 313,113</u>	<u>3,984,177</u>	<u>6,673,419</u>	<u>1,138,121</u>	<u>2,068,388</u>	<u>14,177,218</u>
<b>Depreciation and impairments loss:</b>						
Balance on January 1, 2022	\$ -	2,191,333	4,780,194	689,904	-	7,661,431
Depreciation	-	39,550	252,767	42,875	-	335,192
Disposals	-	(37,422)	(83,201)	(1,684)	-	(122,307)
Reclassifications	-	-	(2,282)	-	-	(2,282)
Effect of changes in exchange rate	-	74,424	178,282	25,494	-	278,200
Balance on March 31, 2022	<u>\$ -</u>	<u>2,267,885</u>	<u>5,125,760</u>	<u>756,589</u>	<u>-</u>	<u>8,150,234</u>
Balance on January 1, 2021	\$ -	2,271,799	5,084,215	652,245	-	8,008,259
Depreciation	-	66,800	271,296	41,145	-	379,241
Impairment loss (reversal)	-	971	2,924	(10,881)	-	(6,986)
Disposals	-	(51,929)	(450,311)	(16,449)	-	(518,689)
Reclassifications	-	(157)	(122,365)	(9,390)	-	(131,912)
Effect of changes in exchange rate	-	(14,318)	(29,904)	(5,890)	-	(50,112)
Balance on March 31, 2021	<u>\$ -</u>	<u>2,273,166</u>	<u>4,755,855</u>	<u>650,780</u>	<u>-</u>	<u>7,679,801</u>
<b>Carrying amounts:</b>						
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 March 31, 2022	<u>\$ 1,072,240</u>	<u>2,501,924</u>	<u>1,911,601</u>	<u>483,360</u>	<u>1,963,750</u>	<u>7,932,875</u>
Balance on January 1, 2021	<u>\$ 320,069</u>	<u>1,790,853</u>	<u>2,061,395</u>	<u>508,946</u>	<u>1,860,752</u>	<u>6,542,015</u>
Balance on March 31, 2021	<u>\$ 313,113</u>	<u>1,711,011</u>	<u>1,917,564</u>	<u>487,341</u>	<u>2,068,388</u>	<u>6,497,417</u>

(i) The unamortized deferred revenue of equipment subsidy amounted to \$846,966, \$922,320 and \$1,260,970 as of March 31, 2022, December 31 and March 31, 2021, respectively.

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(ii) The factory of the Group's subsidiary in China was relocated to a new site in 2021, where parts of its property, plant and equipment were disposed, resulting in the Group to measure the carrying amount by using the recoverable amount and recognized reversal of impairment loss of \$6,986, under other gains and losses for the three months ended March 31, 2021.

(iii) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.

(j) 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>
<b>Cost:</b>					
Balance on January 1, 2022	\$ 401,900	2,689,447	20,124	2,106	3,113,577
Additions	-	18,755	7,811	-	26,566
Disposals	(17,144)	(95,988)	-	-	(113,132)
Effect of changes in exchange rates	14,506	33,429	146	-	48,081
Balance on March 31, 2022	<u>\$ 399,262</u>	<u>2,645,643</u>	<u>28,081</u>	<u>2,106</u>	<u>3,075,092</u>
Balance on January 1, 2021	\$ 406,195	1,773,581	30,703	5,349	2,215,828
Additions	-	11,218	2,735	-	13,953
Disposals	-	(91,619)	(1,969)	-	(93,588)
Lease modification	-	1,045,772	-	-	1,045,772
Effect of changes in exchange rates	(3,143)	(15,994)	(166)	(7)	(19,310)
Balance on March 31, 2021	<u>\$ 403,052</u>	<u>2,722,958</u>	<u>31,303</u>	<u>5,342</u>	<u>3,162,655</u>
<b>Depreciation:</b>					
Balance on January 1, 2022	\$ 39,013	678,513	13,747	1,934	733,207
Depreciation	2,804	65,938	2,317	64	71,123
Disposals	(12,629)	(83,869)	-	-	(96,498)
Effect of changes in exchange rates	1,296	12,538	151	-	13,985
Balance on March 31, 2022	<u>\$ 30,484</u>	<u>673,120</u>	<u>16,215</u>	<u>1,998</u>	<u>721,817</u>
Balance on January 1, 2021	\$ 25,790	596,500	21,645	3,841	647,776
Depreciation	3,784	74,153	2,395	501	80,833
Disposals	-	(91,619)	(1,969)	-	(93,588)
Lease modification	-	(4,703)	-	-	(4,703)
Effect of changes in exchange rates	(472)	(4,359)	(106)	(7)	(4,944)
Balance on March 31, 2021	<u>\$ 29,102</u>	<u>569,972</u>	<u>21,965</u>	<u>4,335</u>	<u>625,374</u>
<b>Carrying amounts:</b>					
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 March 31, 2022	<u>\$ 368,778</u>	<u>1,972,523</u>	<u>11,866</u>	<u>108</u>	<u>2,353,275</u>
Balance on January 1, 2021	<u>\$ 380,405</u>	<u>1,177,081</u>	<u>9,058</u>	<u>1,508</u>	<u>1,568,052</u>
Balance on March 31, 2021	<u>\$ 373,950</u>	<u>2,152,986</u>	<u>9,338</u>	<u>1,007</u>	<u>2,537,281</u>

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

(k) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Total</u>
<b>Carrying amounts:</b>			
Balance on January 1, 2022	\$ <u>16,249</u>	<u>17,114</u>	<u>33,363</u>
Balance on March 31, 2022	\$ <u>16,249</u>	<u>16,998</u>	<u>33,247</u>
Balance on January 1, 2021	\$ <u>16,249</u>	<u>17,577</u>	<u>33,826</u>
Balance on March 31, 2021	\$ <u>16,249</u>	<u>17,461</u>	<u>33,710</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2022 and 2021. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2021 for other further information.
- (ii) The fair value of the investment property was not significantly different from those disclosed in the note 6(k) of the consolidated financial statements for the year ended December 31, 2021.
- (iii) The Group did not provide any of the aforementioned investment property as collateral.

(l) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
<b>Carrying amounts:</b>					
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 March 31, 2022	\$ <u>2,025,099</u>	<u>127,530</u>	<u>74,391</u>	<u>4,242</u>	<u>2,231,262</u>
Balance on January 1, 2021	\$ <u>2,026,084</u>	<u>217,380</u>	<u>126,803</u>	<u>311</u>	<u>2,370,578</u>
Balance on March 31, 2021	\$ <u>2,025,721</u>	<u>199,410</u>	<u>116,321</u>	<u>7,819</u>	<u>2,349,271</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2022 and 2021. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2021 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**  
**Notes to the Consolidated Financial Statements**

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank loans	\$ <u>8,836,959</u>	<u>2,030,829</u>	<u>8,662,086</u>
Unused credit lines	\$ <u>16,725,987</u>	<u>22,607,988</u>	<u>14,755,162</u>
Annual interest rates	<u>0.52%~5.20%</u>	<u>0.67%~4.45%</u>	<u>0.50%~0.94%</u>

(n) Long-term borrowings

<b>March 31, 2022</b>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.50%~2.21%	2023	\$ 1,051,862
Secured bank loans	TWD	0.40%~0.85%	2026	429,500
	USD	0.95%	2024	572,443
Less: current portion				<u>(449,367)</u>
				<u>\$ 1,604,438</u>
Unused credit lines				<u>\$ 4,239,509</u>
<b>December 31, 2021</b>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.37%~1.60%	2023	\$ 1,031,455
Secured bank loans	TWD	0.40%~0.85%	2026	429,500
Less: current portion				<u>(435,435)</u>
				<u>\$ 1,025,520</u>
Unused credit lines				<u>\$ 2,754,254</u>
<b>March 31, 2021</b>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	USD	1.43%~1.65%	2023	\$ 1,027,124
Secured bank loans	USD	1.02%	2023	\$ 427,968
Less: current portion				<u>(121,257)</u>
				<u>\$ 1,333,835</u>
Unused credit lines				<u>\$ 1,968,658</u>

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

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

(ii) Please refer to note 9 for the details of the outstanding guarantee notes.

(o) Lease liabilities

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current	\$ <u>215,381</u>	<u>228,720</u>	<u>237,034</u>
Non-current	\$ <u>1,866,808</u>	<u>1,879,350</u>	<u>2,002,054</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ <u>17,648</u>	<u>17,331</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>23,186</u>	<u>24,145</u>

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Rental paid in operating activities	\$ (23,186)	(24,145)
Interest on lease liabilities paid in operating activities	(17,648)	(17,331)
Payment made on lease liabilities in financing activities	(58,032)	(65,228)
Total cash outflow for leases	\$ <u>(98,866)</u>	<u>(106,704)</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 four years.

The Group also leases machineries and some of other equipment with lease terms of one to four 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.

(Continued)

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

(p) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2022 and 2021. Please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

(q) 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, 2021 and 2020.

(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.

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Defined benefit plans	\$ 166	105
Defined contribution plans	107,555	90,994
Total	<b>\$ 107,721</b>	<b>91,099</b>

(r) 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:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense	<b>\$ 144,424</b>	<b>132,741</b>

(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 2019.

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

(s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2022 and 2021. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

(i) Ordinary shares

As of March 31, 2022, December 31 and March 31, 2021, 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 455,235, 455,263 and 451,624 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

	<b>Ordinary shares</b>	
	<b>(in thousands of shares)</b>	
	<b>For the three months</b>	
	<b>ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	455,263	450,898
Issuance of restricted stock	200	740
Retirement of restricted stock	(228)	(14)
Balance on March 31	<b>455,235</b>	<b>451,624</b>

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Additional paid-in capital	\$ 856,697	846,187	784,225
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	252,645	263,389	178,277
Long-term investment	389,758	389,803	382,633
	<b>\$ 1,758,501</b>	<b>1,758,780</b>	<b>1,604,536</b>

(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.

(Continued)

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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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 February 25, 2022, the board of directors' meeting resolved to appropriate the 2021 earnings. The appropriation of earnings for 2020 reached legal requirement through the electronic voting on May 25, 2021, and was resolved during the shareholders' meeting on July 13, 2021.

The distributions for 2021 and 2020 were NT\$3.1(dollars) and NT\$3(dollars) per share, which amounted to \$1,411,230 and \$1,354,873, respectively.

(t) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the three months ended March 31, 2022 and 2021. Please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2021 for further information.

After the shareholders' meeting on June 23, 2020, the Company decided to issue 3,000 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 2,260 and 740 thousand shares on July 30, 2020 and January 22, 2021, respectively.

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 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 and expected to repurchase and retire some of its employee's stock options. As of the date of the review report, the plan has not been implemented.

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Employee stock options	\$ 4,245	4,242
Restricted stock	34,061	27,620
Total	<b>\$ 38,306</b>	<b>31,862</b>

(Continued)

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(u) Earnings per share

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

(i) Basic earnings per share

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to owners of parent	\$ 552,268	505,207
Weighted-average number of ordinary shares (thousand shares)	448,922	447,029
Basic earnings per share (NT dollars)	\$ 1.23	1.13

(ii) Diluted earnings per share

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to owners of parent	\$ 552,268	505,207
Weighted-average number of ordinary shares (diluted) (thousand shares)	452,381	449,911
Diluted earnings per share (NT dollars)	\$ 1.22	1.12

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted-average number of ordinary shares on March 31 (basic)	448,922	447,029
Estimated effect of employee stock bonuses	1,481	1,048
Effect of restricted stock	1,978	1,834
Weighted-average number of ordinary shares on March 31 (diluted)	452,381	449,911

(Continued)



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

## (v) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>For the three months ended March 31, 2022</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Goods sold	\$ 7,437,740	10,014,965	17,452,705
Service rendered	55,702	386,049	441,751
	<u>\$ 7,493,442</u>	<u>10,401,014</u>	<u>17,894,456</u>
	<u>For the three months ended March 31, 2021</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Goods sold	\$ 8,662,850	7,998,446	16,661,296
Service rendered	15,247	482,844	498,091
	<u>\$ 8,678,097</u>	<u>8,481,290</u>	<u>17,159,387</u>
	<u>For the three months ended March 31</u>		
	<u>2022</u>	<u>2021</u>	
Mainland China	\$ 7,918,203	8,655,007	
Europe	4,286,595	3,806,459	
America	4,013,545	3,689,414	
Other	1,676,113	1,008,507	
	<u>\$ 17,894,456</u>	<u>17,159,387</u>	

## (ii) Contract balances

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes and accounts receivable (including related parties)	\$ 13,871,279	13,534,590	12,349,104
Less: allowance for impairment	(23,500)	(29,635)	(42,119)
	<u>\$ 13,847,779</u>	<u>13,504,955</u>	<u>12,306,985</u>
Contract liabilities (classified as other current liabilities)	<u>\$ 250,331</u>	<u>196,113</u>	<u>204,265</u>

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

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$178,831 and \$130,751, 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.

(w) 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 months ended March 31, 2022 and 2021 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Employee remuneration	\$ 19,732	18,599
Directors' remuneration	9,866	9,299
	<b>\$ 29,598</b>	<b>27,898</b>

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 2021 and 2020 were as follows:

	<b>2021</b>		
	<b>Actual earnings distributed</b>	<b>Accrued in the financial statement</b>	<b>Difference</b>
Employee remuneration–Cash	\$ 85,798	85,799	1
Director's remuneration	42,899	42,899	-

(Continued)

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

	<b>2020</b>		
	<b>Actual earnings distributed</b>	<b>Accrued in the financial statement</b>	<b>Difference</b>
Employee remuneration–Cash	\$ 72,645	72,645	-
Director’s remuneration	36,322	36,323	1

The aforementioned differences were accounted for as changes in accounting estimates and recognized as profit or loss in the years 2022 and 2021. 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.

(x) Other income

The details of other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Government grants	\$ 9,662	7,300
Rent income	2,064	2,217
Other	189	584
	<b>\$ 11,915</b>	<b>10,101</b>

(y) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Net losses on financial assets/liabilities measured at FVTPL	\$ (420,355)	(154,712)
Reversal of impairment losses of property, plant and equipment	-	6,986
Foreign currency exchange gains, net	546,927	252,250
Net losses on disposal of property, plant and equipment	(1,199)	(13,217)
Net gains on disposal of right-of-use assets	514	272
Other	(3,681)	(29,123)
	<b>\$ 122,206</b>	<b>62,456</b>

(Continued)

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

(z) 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(z) of the consolidated financial statements for the year ended December 31, 2021 for further information.

(i) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
<b>March 31, 2022</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 8,836,959	8,866,856	8,866,856	-	-	-
Notes and accounts payable	17,077,514	17,077,514	17,077,514	-	-	-
Other payables	2,268,297	2,268,297	2,268,297	-	-	-
Salaries payable	783,498	783,498	783,498	-	-	-
Lease liabilities	2,082,189	2,541,539	273,995	227,091	588,637	1,451,816
Refund liabilities	1,877,535	1,877,535	1,877,535	-	-	-
Long-term borrowings	2,053,805	2,094,094	1,046,820	611,754	435,520	-
Guarantee deposits	12,694	12,694	-	-	-	12,694
Derivative financial liabilities:	676,444	-	-	-	-	-
Outflow	-	19,187,101	19,187,101	-	-	-
Inflow	-	(18,510,656)	(18,510,656)	-	-	-
	<u>\$ 35,668,935</u>	<u>36,198,472</u>	<u>32,870,960</u>	<u>838,845</u>	<u>1,024,157</u>	<u>1,464,510</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 2,030,829	2,042,224	2,042,224	-	-	-
Notes and accounts payable	17,693,261	17,693,261	17,693,261	-	-	-
Other payables	2,463,296	2,463,296	2,463,296	-	-	-
Salaries payable	1,481,957	1,481,957	1,481,957	-	-	-
Lease liabilities	2,108,070	2,576,992	289,193	224,087	575,004	1,488,708
Refund liabilities	1,699,517	1,699,517	1,699,517	-	-	-
Long-term borrowings	1,460,955	1,494,676	451,504	606,773	436,399	-
Guarantee deposits	12,253	12,253	-	-	-	12,253
Derivative financial liabilities:	603,054	-	-	-	-	-
Outflow	-	3,950,961	3,950,961	-	-	-
Inflow	-	(3,347,907)	(3,347,907)	-	-	-
	<u>\$ 29,553,192</u>	<u>30,067,230</u>	<u>26,724,006</u>	<u>830,860</u>	<u>1,011,403</u>	<u>1,500,961</u>

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

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
<b>March 31, 2021</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 8,662,086	8,668,654	8,668,654	-	-	-
Notes and accounts payable	15,205,024	15,205,024	15,205,024	-	-	-
Other payables	2,344,187	2,344,187	2,344,187	-	-	-
Salaries payable	838,737	838,737	838,737	-	-	-
Lease liabilities	2,239,088	2,761,349	298,792	255,336	600,419	1,606,802
Refund liabilities	1,606,858	1,606,858	1,606,858	-	-	-
Long-term borrowings	1,455,092	1,494,324	140,237	791,728	562,359	-
Guarantee deposits	11,236	11,236	-	-	-	11,236
Derivative financial liabilities:	378,023	-	-	-	-	-
Outflow	-	14,658,927	14,658,927	-	-	-
Inflow	-	(14,280,904)	(14,280,904)	-	-	-
	<u>\$ 32,740,331</u>	<u>33,308,392</u>	<u>29,480,512</u>	<u>1,047,064</u>	<u>1,162,778</u>	<u>1,618,038</u>

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:

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<b>Financial assets</b>									
<b>Monetary items</b>									
USD:CNY	\$ 627,572	6.3482	17,962,379	582,084	6.3674	16,117,906	660,270	6.5713	18,838,161
USD:HKD	271,383	7.8275	7,767,536	277,722	7.7981	7,690,109	277,473	7.7750	7,916,580
USD:TWD	367,835	28.6220	10,528,163	360,652	27.6900	9,986,444	326,421	28.5310	9,313,110
EUR:CZK	7,782	25.0939	248,573	9,709	25.2143	305,028	9,413	25.9500	314,808
USD:CZK	21,700	22.4850	621,097	5,347	22.2250	148,058	6,335	22.1400	180,744
USD:THB	17,406	33.2980	498,181	29,420	33.5060	814,647	21,441	31.2450	611,742
EUR:HKD	11,225	8.7354	358,549	10,778	8.8476	338,612	11,139	9.1139	372,532
CZK:HKD	101,954	0.3481	129,777	156,010	0.3509	194,388	58,673	0.3512	254,746
<b>Financial liabilities</b>									
<b>Monetary items</b>									
USD:CNY	\$ 556,080	6.3482	15,916,127	458,414	6.3674	12,693,487	605,711	6.5713	17,281,554
USD:HKD	212,335	7.8275	6,077,457	213,774	7.7981	5,919,412	230,600	7.7750	6,579,244
USD:TWD	476,135	28.6220	13,627,941	453,829	27.6900	12,566,531	424,665	28.5310	12,116,109
EUR:CZK	7,289	25.0939	232,825	6,386	25.2143	200,629	7,942	25.9500	265,612
USD:THB	63,595	33.2980	1,820,228	71,455	33.5060	1,978,583	23,494	31.2450	670,304
EUR:HKD	4,521	8.7354	144,410	7,912	8.8476	248,571	6,930	9.1139	231,767

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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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 March 31, 2022 and 2021, would have increased or decreased the net profit before tax by \$14,763 and \$32,892, 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 months ended March 31, 2022 and 2021, foreign exchange gain (including realized and unrealized portions) amounted to \$546,927 and \$252,250, respectively.

(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 decreased or increased by \$4,253 and \$4,451 for the three months ended March 31, 2022 and 2021, 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):

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Price of securities at the reporting date</b>	<b>Other comprehensive income before tax</b>	<b>Other comprehensive income before tax</b>
Increasing 10%	\$ 33,610	15,150
Decreasing 10%	\$ (33,610)	(15,150)

(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:

	March 31, 2022				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL – current</b>	<u>\$ 256,089</u>	-	-	256,089	256,089
<b>Financial assets at FVOCI – non-current</b>	<u>\$ 336,103</u>	-	-	336,103	336,103
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	\$ 7,528,832				
Financial assets at amortized cost – current	4,276,718				
Notes and accounts receivable (including related parties)	13,847,779				
Other receivables	1,166,641				
Refundable deposits	<u>84,326</u>				
Total	<u>\$ 26,904,296</u>				
<b>Financial liabilities at FVTPL – current</b>	<u>\$ 676,444</u>	-	-	676,444	676,444
<b>Financial liabilities measured at amortized cost:</b>					
Borrowings	\$ 10,890,764				
Notes and accounts payable	17,077,514				
Other payables	2,268,297				
Salaries payable	783,498				
Lease liabilities	2,082,189				
Refund liabilities	1,877,535				
Guarantee deposits	<u>12,694</u>				
Total	<u>\$ 34,992,491</u>				

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

		December 31, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL – current</b>	<b>\$ <u>156,238</u></b>	-	-	156,238	156,238
<b>Financial assets at FVOCI – non-current</b>	<b>\$ <u>240,397</u></b>	-	-	240,397	240,397
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	\$ 4,839,241				
Financial assets at amortized cost – current	1,665,744				
Notes and accounts receivable (including related parties)	13,504,955				
Other receivables	1,301,019				
Refundable deposits	<u>83,086</u>				
Total	<b>\$ <u>21,394,045</u></b>				
<b>Financial liabilities at FVTPL – current</b>	<b>\$ <u>603,054</u></b>	-	-	603,054	603,054
<b>Financial liabilities measured at amortized cost:</b>					
Borrowings	\$ 3,491,784				
Notes and accounts payable	17,693,261				
Other payables	2,463,296				
Salaries payable	1,481,957				
Lease liabilities	2,108,070				
Refund liabilities	1,699,517				
Guarantee deposits	<u>12,253</u>				
Total	<b>\$ <u>28,950,138</u></b>				

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

		March 31, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL – current</b>	<b>\$ <u>222,708</u></b>	-	-	222,708	222,708
<b>Financial assets at FVOCI – non-current</b>	<b>\$ <u>151,498</u></b>	-	-	151,498	151,498
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	\$ 6,166,819				
Financial assets at amortized cost – current	8,065,336				
Notes and accounts receivable (including related parties)	12,306,985				
Other receivables	906,951				
Refundable deposits	<u>92,359</u>				
Total	<b>\$ <u>27,538,450</u></b>				
<b>Financial liabilities at FVTPL – current</b>	<b>\$ <u>378,023</u></b>	-	-	378,023	378,023
<b>Financial liabilities measured at amortized cost :</b>					
Borrowings	\$ 10,117,178				
Notes and accounts payable	15,205,024				
Other payables	2,344,187				
Salaries payable	838,737				
Lease liabilities	2,239,088				
Refund liabilities	1,606,858				
Guarantee deposits	<u>11,236</u>				
Total	<b>\$ <u>32,362,308</u></b>				

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.

(Continued)

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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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 FVOCI – non-current 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 three months ended March 31, 2022 and 2021, there were no transfers between Levels.
  - 4) Reconciliation of Level 3 fair values

	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	FVTPL	FVOCI	Total	FVTPL	FVOCI	Total
<b>Balance on January 1</b>	\$ (446,816)	240,397	(206,419)	(118,413)	121,672	3,259
Recognized in profit or loss	(420,355)	-	(420,355)	(154,712)	-	(154,712)
Recognized in other comprehensive income	-	12,374	12,374	-	29,326	29,326
Acquisition /disposal	446,816	83,332	530,148	117,810	500	118,310
<b>Balance on March 31</b>	<u>\$ (420,355)</u>	<u>336,103</u>	<u>(84,252)</u>	<u>(155,315)</u>	<u>151,498</u>	<u>(3,817)</u>

- 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 – derivative financial instruments and financial assets at FVOCI – equity securities. The quantitative information about significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at FVOCI – equity investment without an active market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at FVTPL	(note 2)	(note 2)	(note 2)

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.

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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.

(aa) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(aa) of the consolidated financial statements for the year ended December 31, 2021.

(ab) 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, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(ac) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Effect of changes in exchange rate</u>	<u>Changes in lease payments</u>	<u>March 31, 2022</u>
Short-term borrowings	\$ 2,030,829	6,806,130	-	-	8,836,959
Long-term borrowings	1,460,955	592,850	-	-	2,053,805
Lease liabilities	<u>2,108,070</u>	<u>(58,032)</u>	<u>22,733</u>	<u>9,418</u>	<u>2,082,189</u>
Total liabilities from financing activities	<u>\$ 5,599,854</u>	<u>7,340,948</u>	<u>22,733</u>	<u>9,418</u>	<u>12,972,953</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Effect of changes in exchange rate</u>	<u>Changes in lease payments</u>	<u>March 31, 2021</u>
Short-term borrowings	\$ 905,059	7,757,027	-	-	8,662,086
Long-term borrowings	755,459	699,633	-	-	1,455,092
Lease liabilities	<u>1,252,919</u>	<u>(65,228)</u>	<u>(12,759)</u>	<u>1,064,156</u>	<u>2,239,088</u>
Total liabilities from financing activities	<u>\$ 2,913,437</u>	<u>8,391,432</u>	<u>(12,759)</u>	<u>1,064,156</u>	<u>12,356,266</u>

(ad) Supplementary information of cash flow

(i) The Group acquired property, plant and equipment amounting to \$426,099 and \$504,921, respectively, and the payables on equipment decreased \$26,563 and \$30,248, respectively, generating cash outflow of \$452,662 and \$535,169 for the three months ended March 31, 2022 and 2021, respectively.

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- (ii) For the three months ended March 31, 2022 and 2021, the Group's disposal of property, plant and equipment included the write-off of the unamortized deferred revenue of equipment subsidy amounting to \$90 and \$75,001, 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.

<u>Name</u>	<u>Relationship</u>
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:

	<u>Sales</u>		<u>Notes and accounts receivable</u>		
	<u>For the three months ended March 31</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>31, 2021</u>	<u>2021</u>
Other related parties	\$ <u>43,107</u>	<u>229,991</u>	<u>37,145</u>	<u>130,280</u>	<u>162,344</u>

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.

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u>	
	<u>March 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 35,919	42,773
Post-employment benefits	324	350
Share-based payments	<u>13,486</u>	<u>14,337</u>
	<u>\$ 49,729</u>	<u>57,460</u>

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

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**(8) Pledged assets:**

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets at amortized cost – current	Guarantee letters issued by bank	\$ <u>-</u>	<u>4,349</u>	<u>5,210</u>
Other current assets – restricted assets	Accounts receivable factoring	\$ <u>7,777</u>	<u>-</u>	<u>21,646</u>
Other non-current assets – restricted assets	Guarantee letters issued by bank	\$ <u>3,414</u>	<u>3,414</u>	<u>57,764</u>
Property, plant and equipment	Loan collateral	\$ <u>1,558,922</u>	<u>769,580</u>	<u>821,196</u>

**(9) Commitments and contingencies:**

- (a) For the detail of the Group's guarantee, please refer to note 13.
- (b) The following are savings accounts provided by the Group to the bank in order for the bank to issue a guarantee letter to customs and Power Supply Bureau as guarantee deposits and power supply guarantee, respectively.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Guarantee letters	\$ <u>28,161</u>	<u>27,078</u>	<u>69,275</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Sales of accounts receivable	\$ <u>1,872,070</u>	<u>1,815,507</u>	<u>1,731,546</u>
Long-term borrowings	\$ <u>4,948,820</u>	<u>4,846,300</u>	<u>3,138,410</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Property, plant and equipment	\$ <u>262,894</u>	<u>360,673</u>	<u>721,036</u>

**(10) Losses Due to Major Disasters: None****(11) Subsequent Events: None**

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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**(12) Other:**

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

By item	By function			For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total			
Employee benefits									
Salaries	970,882	984,210	1,955,092	911,998	940,843	1,852,841			
Labor and health insurance	36,956	65,714	102,670	30,912	53,846	84,758			
Pension	63,210	44,511	107,721	53,217	37,882	91,099			
Others	36,338	49,772	86,110	32,156	38,621	70,777			
Depreciation	333,282	73,033	406,315	384,016	76,058	460,074			
Amortization	5,583	52,072	57,655	5,853	49,070	54,923			

**(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	PKSI	The Company	Other receivables	Y	217,399	-	-	0	Short-term loan to other parties	-	Operating capital	-	-	-	795,628	795,628
2	TYM Acoustic Europe	Tymphony Dongguan	"	"	14,490	-	-	0	"	-	"	-	-	-	124,089	248,178

Note 1: After the approval from the Board of directors, the loan provided to an individual entity shall not exceed the net worth of PKSI 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: Due to the short term financing need, the loan provided to an individual entity shall not exceed 20% of the net worth of TYM Acoustic Europe in its latest financial statements. However, the amount available for financing shall not exceed 40% of the net worth of TYM Acoustic Europe in its latest financial statements.

Note 3: The above transactions have been eliminated during the preparation of the consolidated Financial statements.

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(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.	4,596,443	286,220	286,220	-	-	1.87 %	12,257,181	Y	N	Y
"	"	Primax Singapore	Subsidiary	4,596,443	2,700,000	2,700,000	520,298	-	17.62 %	12,257,181	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK.	"	1,824,302	4,293	4,293	-	-	0.07 %	4,864,806	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 Tymphony Huizhou's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Tymphony 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.

(iii) Securities held as of March 31, 2022 (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	Shares:							
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-	
	WK Technology Fund IV LTD.	-	"	40	60	0.38	60	
	Changing Information Technology Inc.	-	"	223	8,201	1.42	8,201	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	350	0.02	350	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures L.P.	-	"	-	171,302	2.73	171,302	
	Grove Ventures II, L.P.	-	"	-	70,897	3.31	70,897	
	Grove Ventures III, L.P.	-	"	-	8,014	2.22	8,014	
					<u>258,824</u>			
Primax Tech.	Shares:							
	Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
	WK Global Investment III Ltd.	-	"	181	13,760	1.32	13,760	
					<u>13,760</u>			
Tymphony Huizhou	Shares:							
	Shenzhen Mees Hi-Tech Co., Ltd.	-	"	556	<u>63,519</u>	10.00	63,519	

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- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD\$300 million or 20% of the Company's paid-in capital: None
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD\$300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD\$300 million or 20% of the Company's issued capital: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD\$100 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)	(3,149,402)	(30) %	60 days	Price agreed by both side	The same as general selling	2,688,004	29%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	6,426,180	66 %	"	"	The same as general purchasing	(4,196,376)	(54)%	Note 1
"	PKS1	"	Purchase	713,098	7 %	"	"	"	(1,251,411)	(16)%	Note 1
"	PCQ1	"	Purchase	2,145,028	22 %	"	"	"	(1,997,808)	(26)%	Note 1
"	Polaris	The subsidiary of Primax Tech.	(Sale)	(905,769)	(9) %	90 days	"	The same as general selling	398,166	4%	Note 1
"	Primax Thailand	The subsidiary of Primax Singapore.	Purchase	378,275	4 %	60 days	"	The same as general purchasing	(93,398)	(1)%	Note 1
Primax Singapore	The Company	Parent	Purchase	3,149,402	95 %	"	"	"	(2,688,004)	(94)%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	175,004	5 %	"	"	"	(180,013)	(6)%	Note 1
PCH2	The Company	The parent of Primax Cayman	(Sale)	(6,426,180)	(85) %	"	"	The same as general selling	4,196,376	79%	Note 1
"	Primax Singapore	The subsidiary of the Company	(Sale)	(175,004)	(2) %	"	"	"	180,013	3%	Note 1
PKS1	The Company	The parent of Primax Cayman	(Sale)	(713,098)	(100) %	"	"	"	1,251,411	100%	Note 1
PCQ1	"	"	(Sale)	(2,145,028)	(75) %	"	"	"	1,997,808	76%	Note 1
Primax Thailand	"	The parent of Primax Singapore.	(Sale)	(378,275)	(95) %	"	"	"	93,398	84%	Note 1
Polaris	"	The parent of Primax Tech.	Purchase	905,769	100 %	90 days	"	The same as general purchasing	(398,166)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(965,000)	(44) %	60 days	"	The same as general selling	907,923	78%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(1,030,358)	(47) %	"	"	"	60,142	5%	Note 1
Tymphony Dongguan	"	"	(Sale)	(1,377,562)	(79) %	"	"	"	948,831	63%	Note 1
"	TYTH	"	(Sale)	(101,282)	(6) %	"	"	"	263,576	17%	Note 1
TYDC	TYM HK	"	(Sale)	(503,055)	(71) %	"	"	"	697,088	76%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(208,955)	(29) %	"	"	"	222,151	24%	Note 1

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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	614,220	33 %	90 days	Price agreed by both side	The same as general purchasing	(422,185)	(26)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	965,000	52 %	60 days	"	"	(907,923)	(55)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	208,955	11 %	"	"	"	(222,151)	(14)%	Note 1
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(614,220)	(71) %	90 days	"	The same as general selling	422,185	93%	Note 1
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	1,030,358	26 %	60 days	"	The same as general purchasing	(60,142)	(3)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	1,377,562	35 %	"	"	"	(948,831)	(49)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	503,055	13 %	"	"	"	(697,088)	(36)%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	916,182	23 %	"	"	"	(110,060)	(6)%	Note 1
TYTH	TYM HK	"	(Sale)	(916,182)	(100) %	"	"	The same as general selling	110,060	100%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	101,282	12 %	"	"	The same as general purchasing	(263,576)	(17)%	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	2,688,004 (note 4)	5.51	-	-	513,839	-
"	Polaris	The subsidiary of Primax Tech.	398,166 (note 4)	8.85	-	-	113,983	-
"	PCH2	The subsidiary of Primax HK.	253,051 (note 2) (note 4)	5.18	-	-	65,580	-
"	"	"	43,223 (note 4)	(note 3)	-	-	28,087	-
"	TYM HK	The subsidiary of TYM Acoustic HK	100,238 (note 4)	3.50	-	-	30,117	-
PCH2	The Company	The parent of Primax Cayman	4,196,376 (note 4)	5.09	-	-	-	-
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	109,343 (note 4)	(note 3)	-	-	35,073	-
"	Primax Thailand	The subsidiary of Primax Singapore	207,601 (note 4)	"	-	-	147,735	-
"	Primax Singapore	The subsidiary of the Company	180,013 (note 4)	4.73	-	-	63,143	-
PKS1	The Company	The parent of Primax Cayman	1,251,411 (note 4)	2.53	-	-	216,633	-

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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		
PCQ1	The Company	The parent of Primax Cayman	1,997,808 (note 4)	3.59	-	-	392,851	-
Tymphany Huizhou	TYM Acoustic HK	Subsidiary	907,923 (note 4)	4.87	-	-	588,447	-
"	TYM Acoustic Europe	The subsidiary of TYM Acoustic HK	112,580 (note 4)	2.82	-	-	34,818	-
Tymphany Dongguan	TYM HK	"	948,831 (note 4)	4.98	-	-	744,453	-
"	"	"	902 (note 4)	(note 3)	-	-	-	-
"	TYTH	"	263,576 (note 4)	1.90	-	-	-	-
"	"	"	5,200 (note 4)	(note 3)	-	-	-	-
TYDC	TYM HK	"	697,088 (note 4)	2.91	-	-	237,084	-
"	TYM Acoustic HK	The subsidiary of Tymphany Huizhou	222,151 (note 4)	4.18	-	-	14,456	-
TYM Acoustic Europe	"	Parent	422,185 (note 4)	5.77	-	-	138,498	-
TYM HK	Tymphany Dongguan	The subsidiary of Tymphany Huizhou	135,550 (note 4)	3.29	-	-	41,984	-
"	"	"	2,559,973 (note 4)	(note 3)	-	-	551,767	-
"	TYDC	The subsidiary of Tymphany Dongguan	53,663 (note 4)	3.68	-	-	7,917	-
"	"	"	472,415 (note 4)	(note 3)	-	-	-	-
"	Tymphany Huizhou	The parent of TYM Accoustic HK	485,407 (note 4)	"	-	-	-	-
"	"	"	70,618 (note 4)	4.57	-	-	-	-
TYTH	TYM HK	The subsidiary of TYM Acoustic HK	110,060 (note 4)	10.56	-	-	110,060	-

Note 1: Amounts were collected as of April 22, 2022.

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 three months ended March 31, 2022 was \$258,550, 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: Related transactions have been eliminated during the preparation of the consolidated financial statements.

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

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(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	Sales	3,149,402	Price agreed by both sides	17.60 %
"	"	"	"	Accounts Receivable	2,688,004	60 days	4.72 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	6,426,180	Price agreed by both sides	35.91 %
"	"	"	"	Accounts Payable	4,196,376	60 days	7.37 %
"	"	"	"	Accounts Receivable	253,051	"	0.44 %
"	"	"	"	Other Receivable	43,223	(Note 2)	0.08 %
"	"	PKS1	"	Purchase	713,098	Price agreed by both sides	3.99 %
"	"	"	"	Accounts Payable	1,251,411	60 days	2.20 %
"	"	PCQ1	"	Purchase	2,145,028	Price agreed by both sides	11.99 %
"	"	"	"	Accounts payable	1,997,808	60 days	3.51 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	905,769	Price agreed by both sides	5.06 %
"	"	"	"	Accounts Receivable	398,166	90 days	0.70 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	378,275	Price agreed by both sides	2.11 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Accounts Receivable	100,238	60 days	0.18 %
1	PCH2	Tymphany Dongguan	The subsidiary of Tymphany Huizhou	Other Receivable	109,343	(Note 2)	0.19 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Other Receivable	207,601	"	0.36 %
"	"	Primax Singapore	The subsidiary of the Company	Sale	175,004	Price agreed by both sides	0.98 %
"	"	"	"	Account Receivable	180,013	60 days	0.32 %
2	Tymphany Huizhou	TYM Acoustic HK	Subsidiary	Sale	965,000	Price agreed by both sides	5.39 %
"	"	"	"	Accounts Receivable	907,923	60 days	1.59 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	1,030,358	Price agreed by both sides	5.76 %
"	"	"	"	Accounts Payables	70,618	60 days	0.12 %
"	"	"	"	Other Payable	485,407	(Note 2)	0.85 %
"	"	TYM Acoustic Europe	"	Accounts Receivable	112,580	60 days	0.20 %

(Continued)

**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	Sale	1,377,562	Price agreed by both sides	7.70 %
"	"	"	"	Accounts Receivable	948,831	60 days	1.67 %
"	"	"	"	Other Receivable	902	(Note 2)	- %
"	"	"	"	Other payable	2,559,973	"	4.50 %
"	"	"	"	Accounts Payable	135,550	60 days	0.24 %
"	"	TYTH	"	Sale	101,282	Price agreed by both sides	0.57 %
"	"	"	"	Accounts Receivable	263,576	60 days	0.46 %
"	"	"	"	Other Receivable	5,200	(Note 2)	0.01 %
4	TYDC	TYM HK	"	Sale	503,055	Price agreed by both sides	2.81 %
"	"	"	"	Accounts Receivable	697,088	60 days	1.22 %
"	"	"	"	Accounts Payable	53,663	"	0.09 %
"	"	"	"	Other Payable	472,415	(Note 2)	0.83 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	208,955	Price agreed by both sides	1.17 %
"	"	"	"	Accounts Receivable	222,151	60 days	0.39 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	614,220	Price agreed by both sides	3.43 %
"	"	"	"	Accounts Payable	422,185	90 days	0.74 %
"	"	"	"	Service Expense	201,068	Price agreed by both sides	1.12 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Service Expense	180,329	"	1.01 %
"	"	TYTH	"	Purchase	916,182	"	5.12 %
"	"	"	"	Accounts Payable	110,060	60 days	0.19 %

Note 1: Disclosure of the amounts was exceeding of NTS100 million.

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

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

(Continued)

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	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	7,254,625	212,213	182,762	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	2,723,194	45,642	39,271	Note 3
"	Destiny BVI.	Virgin Island	Holding company	30,939	30,939	1,050	100.00	3,995	10,109	10,109	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	15,813	97	97	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	5,746,797	(23,063)	(23,534)	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	13,710	348	348	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	237,479	(16,978)	(16,978)	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	904,150	40,100	100.00	770,410	20,446	7,479	Note 3
	Total			9,987,798	9,710,798			16,766,023	248,814	199,554	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	885,928	1,244	99.99	794,650	22,454	22,454	Note 3
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	7,411,123	212,141	212,141	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	394,737	1,999	1,999	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	5,828,349	(4,718)	(23,170)	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	179,906	(41,750)	(18,663)	Note 4
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories, speakers, and their components, as well as holding business	1,592,954	1,592,954	418,090	100.00	2,542,943	(59,158)	(59,158)	Note 3

(Continued)

**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 March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	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	1,437,892	(104,686)	(104,686)	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	22,323	893	893	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	32,982	2,031	2,031	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	752,695	(56,616)	(56,616)	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	124,190	(67,594)	(67,594)	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	487,950	(8,345)	(8,345)	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	9,822	(177)	(177)	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.

(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	Indirect investment through Primax Cayman	Accumulated outflow of investment from Taiwan as of January 1, 2022 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022 (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	2,010,606	Indirect investment through Primax Cayman and Primax Tech.	1,519,324	-	-	1,568,783	123,787	100%	123,787	6,827,679	-
Destiny Beijing	R&D of computer peripheral and business devices	39,829	Indirect investment through Destiny BVI.	29,075	-	-	30,053	10,109	100%	10,109	3,991	-
PKS1	Production of computer peripheral products	880,377	Indirect investment through Primax Cayman	609,180	-	-	629,684	19,143	100%	19,143	844,624	-

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Indirect investment through Primax Cayman	Accumulated outflow of investment from Taiwan as of January 1, 2022 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022 (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						
PCQ1	Production of computer peripheral products	860,392	Indirect investment through Primax Cayman	553,800	-	-	572,440	109,700	100%	109,700	1,939,590	-
Tymphony Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,839,865	Indirect investment through Diamond	3,572,010	-	-	3,692,238	(6,883)	71.43%	(4,917)	4,343,791	-
Tymphony Dongguan	"	143,110	"	13,845	-	-	14,311	34,110	71.43%	24,195	608,714	-
TYDC	"	90,174	"	-	-	-	-	10,967	71.43%	7,834	136,858	-

Note 1: The above information on the exchange rate is as follows: HKD:TWD3.6566 ; USD:TWD 28.6220; CNY:TWD 4.5087.

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 March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	6,930,408	8,112,849	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, Tymphony Huizhou, Tymphony 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 three months ended March 31, 2022, 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**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

For the three months ended March 31, 2022 and 2021, the Group's segment information has no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2021 for the further information.

The Group's segment financial information was as follows:

	<b>For the three months ended March 31, 2022</b>		
	<b>Computer Peripherals</b>	<b>Non-computer Peripherals</b>	<b>Total</b>
Revenue			
External revenue	\$ 7,493,442	10,401,014	17,894,456
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 7,493,442</u>	<u>10,401,014</u>	<u>17,894,456</u>
Profit before tax from segments reported	<u>\$ 481,719</u>	<u>205,625</u>	<u>687,344</u>
	<b>For the three months ended March 31, 2021</b>		
	<b>Computer Peripherals</b>	<b>Non-computer Peripherals</b>	<b>Total</b>
Revenue			
External revenue	\$ 8,678,097	8,481,290	17,159,387
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 8,678,097</u>	<u>8,481,290</u>	<u>17,159,387</u>
Profit before tax from segments reported	<u>\$ 528,627</u>	<u>105,438</u>	<u>634,065</u>