

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Three Months Ended
March 31, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Introduction

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$11,743,232 thousand and NT\$13,201,086 thousand, constituting 25.5% and 23.2% of the consolidated total assets; and the total liabilities amounting to NT\$5,966,376 thousand and NT\$7,958,793 thousand, constituting 22.1% and 20.3% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively; as well as the total comprehensive income amounting to NT\$49,687 thousand and NT\$218,300 thousand, constituting 7.6% and 18.8% of the consolidated comprehensive income for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in note 6(h), the investments accounted for using equity method of the Group in its investee companies of NT\$0 thousand and NT\$179,906 thousand as of March 31, 2023 and 2022, and its related share of loss of associates accounted for using equity method of NT\$0 thousand and NT\$18,663 thousand for the three months ended March 31, 2023 and 2022, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Tymphony Worldwide Enterprises Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Tymphony Worldwide Enterprises Ltd., is based solely on the review report of another auditor. The financial statements of Tymphony Worldwide Enterprises Ltd. reflect the total assets amounting to NT\$16,819,141 thousand and NT\$19,842,568 thousand, constituting 36.6% and 34.9% of the related consolidated total assets as of March 31, 2023 and 2022, respectively; as well as the operating revenue amounting to NT\$5,863,400 thousand and NT\$6,071,801 thousand, constituting 39.9% and 33.9% of the related consolidated operating revenue for the three months ended March 31, 2023 and 2022, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)
May 9, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>				<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</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>
Assets								Liabilities and Equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 7,158,094	16	6,284,887	13	7,528,832	13	2100	Short-term borrowings (note 6(n))	\$ 1,373,111	3	489,370	1	8,836,959	16
1110	Current financial assets at fair value through profit or loss (note 6(b))	162,027	-	396,984	1	256,089	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	657,140	1	1,016,661	2	676,444	1
1137	Current financial assets at amortized cost (note 6(d))	140,000	-	130,023	-	4,276,718	8	2170	Notes and accounts payable	12,299,733	27	14,038,527	30	17,077,514	30
1170	Notes and accounts receivable, net (notes 6(e) and (w))	13,085,506	29	14,338,084	30	13,810,634	24	2201	Salaries payable	807,679	2	1,678,657	4	783,498	2
1180	Accounts receivable from related parties, net (notes 6(e), (w) and 7)	57,140	-	54,587	-	37,145	-	2219	Other payables	4,198,014	9	4,442,911	9	3,594,305	6
1200	Other receivables (notes 6(e) and (f))	1,943,235	4	1,944,391	4	1,166,641	2	2280	Current lease liabilities (note 6(p))	202,859	1	193,405	-	215,381	-
1310	Inventories (note 6(g))	8,626,871	19	9,353,504	20	14,257,152	25	2320	Long-term borrowings, current portion (notes 6(o) and 8)	-	-	-	-	449,367	1
1470	Other current assets (note 8)	865,450	2	757,957	2	1,462,480	3	2365	Current refund liabilities	1,923,147	4	1,912,359	4	1,877,535	3
		<u>32,038,323</u>	<u>70</u>	<u>33,260,417</u>	<u>70</u>	<u>42,795,691</u>	<u>75</u>	2399	Other current liabilities (note 6(w))	<u>1,907,767</u>	<u>4</u>	<u>1,563,872</u>	<u>3</u>	<u>772,268</u>	<u>1</u>
										<u>23,369,450</u>	<u>51</u>	<u>25,335,762</u>	<u>53</u>	<u>34,283,271</u>	<u>60</u>
Non-current assets:								Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	342,814	1	350,788	1	336,103	1	2540	Long-term borrowings (notes 6(o) and 8)	464,000	1	464,000	1	1,604,438	3
1550	Investments accounted for using equity method (note 6(h))	-	-	-	-	179,906	-	2580	Non-current lease liabilities (note 6(p))	1,694,978	4	1,704,857	4	1,866,808	3
1600	Property, plant and equipment (notes 6(j) and 8)	8,220,354	18	8,246,823	17	7,932,875	14	2630	Long-term deferred revenue (note 6(j))	763,737	2	803,862	2	930,714	2
1755	Right-of-use assets (note 6(k))	2,124,568	4	2,134,317	5	2,353,275	4	2670	Other non-current liabilities	693,545	1	661,995	1	601,906	1
1760	Investment property (note 6(l))	32,785	-	32,900	-	33,247	-			<u>3,616,260</u>	<u>8</u>	<u>3,634,714</u>	<u>8</u>	<u>5,003,866</u>	<u>9</u>
1780	Intangible assets (note 6(m))	2,099,708	4	2,130,259	4	2,231,262	4		Total liabilities	<u>26,985,710</u>	<u>59</u>	<u>28,970,476</u>	<u>61</u>	<u>39,287,137</u>	<u>69</u>
1840	Deferred tax assets	764,530	2	747,289	2	706,185	1	Equity attributable to owners of parent:							
1990	Other non-current assets (note 8)	364,584	1	361,268	1	358,286	1	3110	Ordinary shares (note 6(t))	4,594,343	10	4,582,893	10	4,552,353	8
		<u>13,949,343</u>	<u>30</u>	<u>14,003,644</u>	<u>30</u>	<u>14,131,139</u>	<u>25</u>	3200	Capital surplus (note 6(t))	2,181,959	5	2,129,908	4	1,758,501	3
								3310	Legal reserve (note 6(t))	1,999,217	4	1,999,217	4	1,769,946	3
								3320	Special reserve (note 6(t))	1,217,130	3	1,217,130	3	1,046,360	2
								3350	Unappropriated retained earnings (note 6(t))	7,987,990	17	7,433,108	16	7,044,669	12
								3400	Other equity interest	(956,607)	(2)	(1,015,162)	(2)	(850,353)	(1)
										<u>17,024,032</u>	<u>37</u>	<u>16,347,094</u>	<u>35</u>	<u>15,321,476</u>	<u>27</u>
								36XX	Non-controlling interests (note 6(i))	<u>1,977,924</u>	<u>4</u>	<u>1,946,491</u>	<u>4</u>	<u>2,318,217</u>	<u>4</u>
									Total equity	<u>19,001,956</u>	<u>41</u>	<u>18,293,585</u>	<u>39</u>	<u>17,639,693</u>	<u>31</u>
Total assets		<u>\$ 45,987,666</u>	<u>100</u>	<u>47,264,061</u>	<u>100</u>	<u>56,926,830</u>	<u>100</u>	Total liabilities and equity		<u>\$ 45,987,666</u>	<u>100</u>	<u>47,264,061</u>	<u>100</u>	<u>56,926,830</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 Standards on Auditing

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(w) and 7)	\$ 14,677,047	100	17,894,456	100
5000	Operating costs (notes 6(g), (p), (r), (x) and 12)	<u>12,485,937</u>	<u>85</u>	<u>15,642,645</u>	<u>87</u>
	Gross profit from operation	<u>2,191,110</u>	<u>15</u>	<u>2,251,811</u>	<u>13</u>
	Operating expenses (notes 6(e), (p), (r), (u), (x) and 12):				
6100	Selling expenses	422,510	3	408,807	2
6200	Administrative expenses	510,204	3	519,178	3
6300	Research and development expenses	723,461	5	718,013	4
6450	Reversal of expected loss	<u>(36,786)</u>	<u>-</u>	<u>(7,071)</u>	<u>-</u>
	Total operating expenses	<u>1,619,389</u>	<u>11</u>	<u>1,638,927</u>	<u>9</u>
	Net operating income	<u>571,721</u>	<u>4</u>	<u>612,884</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income	32,289	-	20,186	-
7010	Other income (note 6(y))	3,039	-	11,915	-
7020	Other gains and losses (note 6(z))	140,147	1	122,206	-
7060	Shares of loss of associates accounted for using equity method (note 6(h))	-	-	(18,663)	-
7050	Finance costs (note 6(p))	<u>(34,911)</u>	<u>-</u>	<u>(61,184)</u>	<u>-</u>
	Total non-operating income and expenses	<u>140,564</u>	<u>1</u>	<u>74,460</u>	<u>-</u>
	Profit before tax	<u>712,285</u>	<u>5</u>	<u>687,344</u>	<u>4</u>
7950	Less: Income tax expenses (note 6(s))	<u>138,989</u>	<u>1</u>	<u>144,424</u>	<u>1</u>
	Profit	<u>573,296</u>	<u>4</u>	<u>542,920</u>	<u>3</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(21,003)	-	12,374	-
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>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(21,003)</u>	<u>-</u>	<u>12,374</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operation's financial statements	97,292	-	603,581	3
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>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>97,292</u>	<u>-</u>	<u>603,581</u>	<u>3</u>
8300	Other comprehensive income after tax	<u>76,289</u>	<u>-</u>	<u>615,955</u>	<u>3</u>
	Comprehensive income	<u>\$ 649,585</u>	<u>4</u>	<u>1,158,875</u>	<u>6</u>
	Profit attributable to:				
8610	Owners of parent	\$ 554,882	4	552,268	3
8620	Non-controlling interests (note 6(i))	<u>18,414</u>	<u>-</u>	<u>(9,348)</u>	<u>-</u>
		<u>\$ 573,296</u>	<u>4</u>	<u>542,920</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 621,633	4	1,111,948	6
8720	Non-controlling interests (note 6(i))	<u>27,952</u>	<u>-</u>	<u>46,927</u>	<u>-</u>
		<u>\$ 649,585</u>	<u>4</u>	<u>1,158,875</u>	<u>6</u>
	Earnings per share (note 6(v))				
9710	Basic earnings per share (NT dollars)	<u>\$ 1.23</u>		<u>1.23</u>	
9810	Diluted earnings per share (NT dollars)	<u>\$ 1.22</u>		<u>1.22</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 Standards on Auditing

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest					
	Ordinary shares	Capital surplus	Retained earnings		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	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve							
Balance at January 1, 2022	\$ 4,552,633	1,758,780	1,769,946	1,046,360	6,492,401	(1,265,160)	48,029	(227,477)	14,175,512	2,267,000	16,442,512
Profit (Loss)	-	-	-	-	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 employee stock	-	-	-	-	-	-	-	34,061	34,061	-	34,061
Cancellation of restricted stock	(2,280)	(9,014)	-	-	-	-	-	11,294	-	-	-
Issuance of restricted stock	2,000	8,780	-	-	-	-	-	(10,780)	-	-	-
Balance at March 31, 2022	\$ 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
Balance at January 1, 2023	\$ 4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	1,946,491	18,293,585
Profit	-	-	-	-	554,882	-	-	-	554,882	18,414	573,296
Other comprehensive income	-	-	-	-	-	87,754	(21,003)	-	66,751	9,538	76,289
Comprehensive income	-	-	-	-	554,882	87,754	(21,003)	-	621,633	27,952	649,585
Changes in shares of investment accounted for using equity method	-	(3,481)	-	-	-	-	-	-	(3,481)	3,481	-
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	58,786	58,786	-	58,786
Issuance of restricted stock	11,450	55,532	-	-	-	-	-	(66,982)	-	-	-
Balance at March 31, 2023	\$ 4,594,343	2,181,959	1,999,217	1,217,130	7,987,990	(724,769)	36,602	(268,440)	17,024,032	1,977,924	19,001,956

See accompanying notes to consolidated financial statements.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 712,285	687,344
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	431,614	406,431
Amortization expense	53,582	57,655
Reversal of expected credit loss	(36,786)	(7,071)
Interest expense	34,911	60,012
Interest income	(32,289)	(20,186)
Compensation cost of share-based payment	58,786	38,306
Shares of loss of associates accounted for using equity method	-	18,663
Loss (gain) on disposal of property, plant and equipment	(1,371)	1,199
Gain on disposal of right-of-use assets	-	(514)
Loss on disposal of intangible assets	92	-
Total adjustments to reconcile profit	<u>508,539</u>	<u>554,495</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	234,957	(99,851)
Notes and accounts receivable	1,262,418	(347,050)
Accounts receivable from related parties	(2,553)	93,135
Other receivables	29,345	51,604
Inventories	726,633	(1,092,551)
Other current assets	(107,493)	(357,034)
Other operating assets	(455)	(7,789)
Changes in operating assets	<u>2,142,852</u>	<u>(1,759,536)</u>
Financial liabilities at fair value through profit or loss	(359,521)	73,390
Notes and accounts payable	(1,738,794)	(615,747)
Salaries payable	(870,978)	(698,459)
Other payables	(304,215)	(154,703)
Refund liabilities	10,788	178,018
Other current liabilities	343,895	80,444
Other operating liabilities	(13,926)	(61,070)
Changes in operating liabilities	<u>(2,932,751)</u>	<u>(1,198,127)</u>
Total changes in operating assets and liabilities	<u>(789,899)</u>	<u>(2,957,663)</u>
Total adjustments	<u>(281,360)</u>	<u>(2,403,168)</u>
Cash inflow (outflow) generated from operations	430,925	(1,715,824)
Interest received	32,289	20,186
Interest paid	(34,891)	(59,993)
Income taxes paid	(49,640)	(60,404)
Net cash flows from (used in) operating activities	<u>378,683</u>	<u>(1,816,035)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(12,709)	(83,332)
Increase in financial assets measured at amortized cost	(9,977)	(2,610,974)
Acquisition of property, plant and equipment	(370,875)	(452,662)
Proceeds from disposal of property, plant and equipment	15,906	-
Increase in refundable deposits	(1,265)	(1,240)
Acquisition of unamortized expense	(3,753)	(13,305)
Net cash flows used in investing activities	<u>(382,673)</u>	<u>(3,161,513)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	883,741	6,806,130
Increase in long-term borrowings	-	592,850
Increase in guarantee deposits received	7,085	441
Payment of lease liabilities	(53,093)	(58,032)
Net cash flows from financing activities	<u>837,733</u>	<u>7,341,389</u>
Effect of exchange rate changes on cash and cash equivalents	<u>39,464</u>	<u>325,750</u>
Net increase in cash and cash equivalents	873,207	2,689,591
Cash and cash equivalents at beginning of period	6,284,887	4,839,241
Cash and cash equivalents at end of period	<u>\$ 7,158,094</u>	<u>7,528,832</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 Standards on Auditing as of March 31, 2023 and 2022

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

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

(1) Company history

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

The consolidated financial statements of the Company as at and for the three months ended March 31, 2023, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

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

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

The consolidated financial statements were authorized for issuance by the board of directors on May 9, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

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”

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

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

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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, 2023	December 31, 2022	March 31, 2022	
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	
Primax HK	Primax Electronics (Kun Shan) Corp., Ltd. (PKS1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	Production of computer peripheral products	100.00 %	100.00 %	100.00 %	(note 1)
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale and purchase of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Destiny BVI.	Destiny Electronic Corp. (Destiny Beijing)	R&D of computer peripherals and business devices	100.00 %	100.00 %	100.00 %	(note 1)
Primax Singapore	Primax Electronics (Thailand) Co., Ltd. (Primax Thailand)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	99.99 %	99.99 %	99.99 %	(note 1)
Diamond	Tymphany Worldwide Enterprises Ltd. (TWEL)	Holding company	100.00 %	100.00 %	100.00 %	
TWEL	Tymphany Acoustic Technology (Huizhou) Co., Ltd (Tymphany Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	77.01 %	77.01 %	71.43 %	
TWEL	Tymphany Acoustic Technology (Singapore) Pte. Ltd. (TYM Singapore)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	- %	- %	(note 2)
Tymphany Huizhou	Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphany Huizhou	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Europe, s.r.o (TYM Acoustic Europe)	Manufacturing, installation, and maintenance of various speaker accessories and their components	100.00 %	100.00 %	100.00 %	(note 1)
TYM Acoustic HK	TYP Enterprise, inc. (TYP)	Market development of and customer service for speakers and their components	100.00 %	100.00 %	100.00 %	

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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, 2023	December 31, 2022	March 31, 2022	
TYM Acoustic HK	Tymphany HK Ltd. (TYM HK)	Holding company; sale of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Limited (TYM Acoustic)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sale of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 1)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
Tymphany Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, R&D, design, and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

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

Note 2: As of March 31, 2023, there is no capital injection from the Company.

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

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

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

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

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

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

(6) Explanation of significant accounts:

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

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 3,931	4,889	6,020
Demand accounts and checking deposits	4,875,580	5,098,742	3,987,203
Time deposits	<u>2,278,583</u>	<u>1,181,256</u>	<u>3,535,609</u>
	<u>\$ 7,158,094</u>	<u>6,284,887</u>	<u>7,528,832</u>

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

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

(i) Details of financial instruments were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Mandatorily measured at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 88,901	291,210	256,089
Foreign exchange swap contracts	<u>73,126</u>	<u>105,774</u>	<u>-</u>
	<u>\$ 162,027</u>	<u>396,984</u>	<u>256,089</u>
Financial liabilities held-for-trading:			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (387,772)	(622,886)	(196,295)
Foreign exchange swap contracts	<u>(269,368)</u>	<u>(393,775)</u>	<u>(480,149)</u>
	<u>\$ (657,140)</u>	<u>(1,016,661)</u>	<u>(676,444)</u>

(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, 2023, December 31 and March 31, 2022:

March 31, 2023			
<u>Derivative financial instruments</u>	<u>Nominal amount (in thousands)</u>	<u>Maturity date</u>	<u>Predetermined rate</u>
Forward exchange contracts – buy USD / sell TWD	USD 683,000	April 10, 2023~ October 25, 2023	29.230~31.907
Forward exchange contracts – buy TWD / sell USD	USD 7,000	April 7, 2023~ April 21, 2023	30.3490~30.4330
Forward exchange contracts – buy CNY/ sell USD	USD 205,000	April 6 2023~ August 4, 2023	6.7104~7.1355
Forward exchange contracts – buy USD/ sell THB	USD 27,000	April 20, 2023~ April 28, 2023	34.045~34.230
Forward exchange contracts – buy HKD/ sell EUR	EUR 6,000	April 28, 2023	8.490
Foreign exchange swap contracts – swap in TWD/ swap out USD	USD 585,000	April 10, 2023~ October 25, 2023	29.3840~31.6960

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

December 31, 2022

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts — buy USD/ sell TWD	USD 680,000	January 10, 2023~ July 26, 2023	28.7880~32.1450
Forward exchange contracts — buy CNY/ sell USD	USD 199,000	January 4, 2023~ July 3, 2023	6.7117~7.2580
Forward exchange contracts — buy USD/ sell THB	USD 32,000	January 9, 2023~ February 24, 2023	34.390~35.000
Forward exchange contracts — buy HKD/ sell EUR	EUR 7,500	February 13, 2023	8.320
Foreign exchange swap contracts — swap in TWD/ swap out USD	USD 585,000	January 10, 2023~ July 26, 2023	29.0950~31.9350

March 31, 2022

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
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
Foreign 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
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(c) Financial assets at FVOCI

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Equity investments at FVOCI			
Stocks unlisted in domestic markets–WK Technology Fund IV Ltd.	\$ -	-	60
Stocks unlisted in domestic markets– Changing Information Technology Inc.	10,156	7,535	8,201
Stocks unlisted in domestic markets– Syntronix Corp.	250	250	350
Equities unlisted in foreign markets–Grove Ventures L.P.	164,360	183,766	171,302
Equities unlisted in foreign markets–Grove Ventures II, L.P.	84,197	85,267	70,897
Stocks unlisted in foreign markets–WK Global Investment III Ltd.	-	-	13,760
Equities unlisted in foreign markets – Grove Ventures III, L.P.	21,416	11,853	8,014
Stocks unlisted in foreign markets– Shenzhen Mees Hi-Tech Co., Ltd.	<u>62,435</u>	<u>62,117</u>	<u>63,519</u>
Total	<u>\$ 342,814</u>	<u>350,788</u>	<u>336,103</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 the Group had participated and invested the amounts of \$2,085 in the three months ended March 31, 2022.
- (iii) Grove Ventures II, L.P. executed capital increases, where the Group had participated and invested the amounts of \$2,288 and \$9,972 in the three months ended March 31, 2023 and 2022, respectively.
- (iv) The Group invested the amount of \$7,756 in an unlisted company, Grove Ventures III, L.P. in January 2022. Grove Ventures III, L.P. executed capital increase, where the Group had participated and invested the amount of \$10,421 in the three months ended March 31, 2023.
- (v) The Group invested \$63,519 in an unlisted company, Shenzhen Mees Hi-Tech Co., Ltd. in January 2022.
- (vi) The Group did not provide any of the aforementioned financial assets as collateral.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(d) Financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits	<u>\$ 140,000</u>	<u>130,023</u>	<u>4,276,718</u>
Annual interest rates	<u>1.15%</u>	<u>0.88%~0.98%</u>	<u>0.93%~1.20%</u>
Maturity date	<u>2023.04.20~2023.04.27</u>	<u>2023.01.16~2023.02.20</u>	<u>2022.04.18~2022.09.03</u>

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

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ -	-	891
Accounts receivable	13,152,030	14,442,722	13,833,243
Accounts receivable – related parties	57,140	54,587	37,145
Less: allowance for doubtful accounts	<u>(66,524)</u>	<u>(104,638)</u>	<u>(23,500)</u>
Total	<u>\$ 13,142,646</u>	<u>14,392,671</u>	<u>13,847,779</u>

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

(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:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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	March 31, 2023		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,430,338	0%~0.02%	2,019
0 to 30 days past due	671,175	0%~3%	15,452
31 to 60 days past due	11,860	0%~5%	290
61 to 90 days past due	6,384	0%~10%	361
91 to 180 days past due	17,170	0%~25%	1,364
181 to 360 days past due	71,953	0%~80%	46,748
More than 361 days past due	290	0%~100%	290
	\$ 13,209,170		66,524
	December 31, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,459,350	0%~0.02%	2,244
0 to 30 days past due	1,460,646	0%~3%	27,161
31 to 60 days past due	320,558	0%~5%	15,060
61 to 90 days past due	28,285	0%~10%	2,829
91 to 180 days past due	228,022	0%~25%	56,985
181 to 360 days past due	444	0%~80%	355
More than 361 days past due	4	0%~100%	4
	\$ 14,497,309		104,638

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	March 31, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
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
	\$ 13,871,279		23,500

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

	For the three months ended March 31	
	2023	2022
Balance on January 1, 2023 and 2022	\$ 104,638	29,635
Impairment losses reversed	(36,786)	(7,071)
Effect of exchange rate changes	(1,328)	936
Balance on March 31, 2023 and 2022	\$ 66,524	23,500

- (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, 2023, December 31 and March 31, 2022, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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March 31, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ -	-	-	-		US\$ 18,000
DBS Bank	1,526,764	1,374,088	-	1,526,764	5.55%~5.80%	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 1,526,764</u>	<u>1,374,088</u>	<u>-</u>	<u>1,526,764</u>		

December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 686,846	387,560	299,286	387,560	4.34%~4.86%	US\$ 56,940
DBS Bank	2,199,261	891,005	1,088,331	1,110,930	4.79%~5.32%	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 2,886,107</u>	<u>1,278,565</u>	<u>1,387,617</u>	<u>1,498,490</u>		

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>		

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

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

(f) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables - factoring of accounts receivable	\$ 1,526,764	1,498,490	388,383
Other receivables - tax refund receivable	357,968	381,800	696,800
Other receivables - others	75,128	80,641	81,458
Less: allowance for doubtful accounts	(16,625)	(16,540)	-
	<u>\$ 1,943,235</u>	<u>1,944,391</u>	<u>1,166,641</u>

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(i) The movement in the allowance for other receivables was as follows:

	For the three months ended March 31	
	2023	2022
Balance on January 1, 2023 and 2022	\$ 16,540	-
Effect of exchange rate changes	85	-
Balance on March 31, 2023 and 2022	\$ 16,625	-

(g) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 3,584,429	3,724,911	6,683,503
Semi-finished goods and work in process	1,716,021	1,956,621	2,580,280
Finished goods and merchandise	3,326,421	3,671,972	4,993,369
	\$ 8,626,871	9,353,504	14,257,152

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

	For the three months ended March 31	
	2023	2022
Gains (losses) on inventory valuation and disposal of inventories	\$ 8,811	(5,942)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(6,566)	(14,807)
Losses on physical inventories	(367)	(2,493)
	\$ 1,878	(23,242)

(h) Investments accounted for using equity method

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

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of individually insignificant associates' equity	\$ -	-	179,906

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

	For the three months ended March 31	
	2023	2022
Attributable to the Group:		
Loss	\$ -	(18,663)
Other comprehensive income	-	27,002
Comprehensive income	\$ -	8,339

- (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.
- (i) Material non-controlling interests of subsidiaries

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

Name of subsidiaries	Main operation place Business/Registered Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2023	December 31, 2022	March 31, 2022
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	22.99 %	22.99 %	28.57 %

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 12,533,249	12,433,413	15,645,033
Non-current assets	6,273,631	6,358,816	6,376,129
Current liabilities	(9,512,718)	(9,618,839)	(12,497,119)
Non-current liabilities	(690,751)	(706,703)	(1,409,281)
Net assets	\$ 8,603,411	8,466,687	8,114,762
Non-controlling interests	\$ 1,977,924	1,946,491	2,318,217

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

	For the three months ended March 31	
	2023	2022
Operating revenue	\$ 5,871,781	6,078,299
Profit (loss)	\$ 80,097	(32,721)
Other comprehensive income	41,485	197,388
Comprehensive income	\$ 121,582	164,667
Profit (loss) attributable to non-controlling interests	\$ 18,414	(9,348)
Comprehensive income attributable to non-controlling interests	\$ 27,952	46,927
	For the three months ended March 31	
	2023	2022
Cash flows used in operating activities	\$ (210,187)	(317,610)
Cash flows used in investing activities	(77,866)	(538,433)
Cash flows used in financing activities	722,351	2,711,307
Effect of exchange rate changes	96,536	72,889
Net increase in cash and cash equivalents	\$ 530,834	1,928,153
Dividends paid to non-controlling interests	\$ -	-
(j) 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, 2023 and 2022, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 1,077,437	6,714,735	7,407,901	1,176,279	459,164	16,835,516
Additions	-	14,790	24,556	9,860	279,372	328,578
Disposals	-	(9,577)	(79,448)	(4,968)	-	(93,993)
Reclassifications	-	37,463	70,187	13,189	(143,886)	(23,047)
Effect of changes in exchange rate	1,856	39,972	47,262	7,123	3,225	99,438
Balance on March 31, 2023	\$ 1,079,293	6,797,383	7,470,458	1,201,483	597,875	17,146,492
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	\$ 1,072,240	4,769,809	7,037,361	1,239,949	1,963,750	16,083,109

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

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	2,345,364	5,496,266	747,063	-	8,588,693
Depreciation	-	74,285	251,834	42,240	-	368,359
Disposals	-	(9,099)	(64,997)	(4,807)	-	(78,903)
Reclassifications	-	66	(1,996)	(66)	-	(1,996)
Effect of changes in exchange rate	-	11,909	33,809	4,267	-	49,985
Balance on March 31, 2023	<u>\$ -</u>	<u>2,422,525</u>	<u>5,714,916</u>	<u>788,697</u>	<u>-</u>	<u>8,926,138</u>
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>
Carrying amounts:						
Balance on January 1, 2023	<u>\$ 1,077,437</u>	<u>4,369,371</u>	<u>1,911,635</u>	<u>429,216</u>	<u>459,164</u>	<u>8,246,823</u>
Balance on March 31, 2023	<u>\$ 1,079,293</u>	<u>4,374,858</u>	<u>1,755,542</u>	<u>412,786</u>	<u>597,875</u>	<u>8,220,354</u>
Balance on January 1, 2022	<u>\$ 1,065,753</u>	<u>1,787,937</u>	<u>1,886,177</u>	<u>492,022</u>	<u>2,372,934</u>	<u>7,604,823</u>
Balance on 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>

- (i) The unamortized deferred revenue of equipment subsidy amounted to \$683,369, \$723,418 and \$846,966 were classified as long-term deferred revenue, as of March 31, 2023, December 31 and March 31, 2022, respectively.
- (ii) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.
- (k) Right-of-use assets

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

	Land	Buildings	Vehicles	Other equipment	Total
Cost:					
Balance on January 1, 2023	\$ 371,616	2,523,498	40,756	2,106	2,937,976
Additions	-	4,967	368	-	5,335
Lease modification	-	34,205	-	-	34,205
Effect of changes in exchange rates	1,905	18,201	707	-	20,813
Balance on March 31, 2023	<u>\$ 373,521</u>	<u>2,580,871</u>	<u>41,831</u>	<u>2,106</u>	<u>2,998,329</u>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
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>
Depreciation:					
Balance on January 1, 2023	\$ 34,845	745,246	21,462	2,106	803,659
Depreciation	2,132	58,233	2,775	-	63,140
Effect of changes in exchange rates	184	6,466	312	-	6,962
Balance on March 31, 2023	<u>\$ 37,161</u>	<u>809,945</u>	<u>24,549</u>	<u>2,106</u>	<u>873,761</u>
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>
Carrying amounts:					
Balance on January 1, 2023	<u>\$ 336,771</u>	<u>1,778,252</u>	<u>19,294</u>	<u>-</u>	<u>2,134,317</u>
Balance on March 31, 2023	<u>\$ 336,360</u>	<u>1,770,926</u>	<u>17,282</u>	<u>-</u>	<u>2,124,568</u>
Balance on January 1, 2022	<u>\$ 362,887</u>	<u>2,010,934</u>	<u>6,377</u>	<u>172</u>	<u>2,380,370</u>
Balance on March 31, 2022	<u>\$ 368,778</u>	<u>1,972,523</u>	<u>11,866</u>	<u>108</u>	<u>2,353,275</u>

(l) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2023	<u>\$ 16,249</u>	<u>16,651</u>	<u>32,900</u>
Balance on March 31, 2023	<u>\$ 16,249</u>	<u>16,536</u>	<u>32,785</u>
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>

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

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

(m) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
Carrying amounts:					
Balance on January 1, 2023	\$ <u>2,008,135</u>	<u>73,620</u>	<u>42,943</u>	<u>5,561</u>	<u>2,130,259</u>
Balance on March 31, 2023	\$ <u>2,005,771</u>	<u>55,650</u>	<u>32,461</u>	<u>5,826</u>	<u>2,099,708</u>
Balance on January 1, 2022	\$ <u>2,020,049</u>	<u>145,500</u>	<u>84,873</u>	<u>6,167</u>	<u>2,256,589</u>
Balance on 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>

(i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

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

(n) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank loans	\$ <u>1,373,111</u>	<u>489,370</u>	<u>8,836,959</u>
Unused credit lines	\$ <u>29,387,705</u>	<u>27,873,579</u>	<u>16,725,987</u>
Annual interest rates	<u>1.92%~5.29%</u>	<u>1.95%~4.98%</u>	<u>0.52%~5.20%</u>

(o) Long-term borrowings

<u>March 31, 2023</u>			
<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.03%~1.52%	2026
Less: current portion			\$ <u>464,000</u>
Unused credit lines			\$ <u>1,945,080</u>

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

December 31, 2022

	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.03%~1.40%	2026	\$ 464,000
Less: current portion				-
				<u>\$ 464,000</u>
Unused credit lines				<u>\$ 1,950,166</u>

March 31, 2022

	<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				(449,367)
				<u>\$ 1,604,438</u>
Unused credit lines				<u>\$ 4,239,509</u>

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

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

(p) Lease liabilities

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	<u>\$ 202,859</u>	<u>193,405</u>	<u>215,381</u>
Non-current	<u>\$ 1,694,978</u>	<u>1,704,857</u>	<u>1,866,808</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 14,557</u>	<u>17,648</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 24,793</u>	<u>23,186</u>

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

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

	For the three months ended March 31	
	2023	2022
Rental paid in operating activities	\$ (24,793)	(23,186)
Interest on lease liabilities paid in operating activities	(14,557)	(17,648)
Payment made on lease liabilities in financing activities	<u>(53,093)</u>	<u>(58,032)</u>
Total cash outflow for leases	<u>\$ (92,443)</u>	<u>(98,866)</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.

(q) Operating lease

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

(r) Employee benefits

(i) Defined benefit plans

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

(ii) Defined contribution plans

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

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

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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	For the three months ended March 31	
	2023	2022
Defined benefit plans	\$ 189	166
Defined contribution plans	105,467	107,555
Total	\$ 105,656	107,721

(s) Income taxes

- (i) Income tax expense for the period is best estimated by multiplying the profit before tax of the reporting period by the effective annual tax rate as forecasted by the management.
- (ii) The details of the Group's income tax expenses were as follows:

	For the three months ended March 31	
	2023	2022
Income tax expense	\$ 138,989	144,424

- (iii) There were no income tax recognized in equity or other comprehensive income.
- (iv) The Company's income tax returns have been examined by the tax authority through the years to 2020.
- (v) The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the three-month ended March 31, 2023 were authorized for issue, there was no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted and its effective tax rate is less than 15%, the Group may be potentially subject to the top-up tax and pay complementary tax. On March 31, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

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

(t) 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, 2023 and 2022. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2022.

(i) Ordinary shares

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

Reconciliation of shares outstanding were as follows:

	Ordinary shares	
	(in thousands of shares)	
	For the three months	
	ended March 31	
	2023	2022
Balance on January 1	458,289	455,263
Issuance of restricted stock	1,145	200
Cancellation of restricted stock	-	(228)
Balance on March 31	459,434	455,235

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31,	December 31,	March 31,
	2023	2022	2022
Additional paid-in capital	\$ 958,145	945,508	856,697
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	394,353	351,458	252,645
Long-term investments	570,060	573,541	389,758
	\$ 2,181,959	2,129,908	1,758,501

(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.

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

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 24, 2023, the board of directors' meeting resolved to appropriate the 2022 earnings. The appropriation of earnings for 2021 was resolved during shareholders' meeting on May 26, 2022.

The distributions for 2022 and 2021 were NT\$3.9(dollars) and NT\$3.1(dollars) per share, which amounted to \$1,791,794 and \$1,411,230, respectively.

(u) Share-based payment

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

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

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

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

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

	For the three months ended March 31	
	2023	2022
Employee stock options	\$ -	4,245
Restricted stock	58,786	34,061
Total	\$ 58,786	38,306

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

(v) Earnings per share

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

(i) Basic earnings per share

	For the three months ended March 31	
	2023	2022
Profit attributable to owners of parent	<u>\$ 554,882</u>	<u>552,268</u>
Weighted-average number of ordinary shares (thousand shares)	<u>451,320</u>	<u>448,922</u>
Basic earnings per share (NT dollars)	<u>\$ 1.23</u>	<u>1.23</u>

(ii) Diluted earnings per share

	For the three months ended March 31	
	2023	2022
Profit attributable to owners of parent	<u>\$ 554,882</u>	<u>552,268</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>455,315</u>	<u>452,381</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.22</u>	<u>1.22</u>

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

	For the three months ended March 31	
	2023	2022
Weighted-average number of ordinary shares on March 31 (basic)	451,320	448,922
Estimated effect of employee stock bonuses	1,491	1,481
Effect of restricted stock	<u>2,504</u>	<u>1,978</u>
Weighted-average number of ordinary shares on March 31 (diluted)	<u>455,315</u>	<u>452,381</u>

(Continued)

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

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 5,214,588	9,144,103	14,358,691
Service rendered	50,208	268,148	318,356
	\$ 5,264,796	9,412,251	14,677,047

	For the three months ended March 31, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 7,437,740	10,014,965	17,452,705
Service rendered	55,702	386,049	441,751
	\$ 7,493,442	10,401,014	17,894,456

	For the three months ended March 31	
	2023	2022
Mainland China	\$ 5,167,962	7,918,203
Europe	3,829,738	4,286,595
America	4,408,198	4,013,545
Other	1,271,149	1,676,113
	\$ 14,677,047	17,894,456

(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable (including related parties)	\$ 13,209,170	14,497,309	13,871,279
Less: allowance for impairment	(66,524)	(104,638)	(23,500)
	\$ 13,142,646	14,392,671	13,847,779
Contract liabilities (classified as other current liabilities)	\$ 841,099	889,320	250,331

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

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

The amount of revenue recognized for the three months ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$303,242 and \$178,831, 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.

(x) Employee's and directors' and supervisors' remuneration

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

Details of remuneration to employees and directors for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31	
	2023	2022
Employee remuneration	\$ 20,998	19,732
Directors' remuneration	10,499	9,866
	\$ 31,497	29,598

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

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

	2022		
	Actual earnings distributed	Accrued in the financial statement	Difference
Employee remuneration–Cash	\$ 99,830	99,830	-
Director's remuneration	49,915	49,915	-

(Continued)

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

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

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

(y) Other income

The details of other income were as follows:

	For the three months ended March 31	
	2023	2022
Government grants	\$ 2,338	9,662
Rent income	522	2,064
Other	179	189
	\$ 3,039	11,915

(z) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31	
	2023	2022
Net losses on financial assets/liabilities measured at FVTPL	\$ (495,455)	(420,355)
Foreign currency exchange gains, net	636,066	546,927
Net income (losses) on disposal of property, plant and equipment	1,371	(1,199)
Net gains on disposal of right-of-use assets	-	514
Other	(1,835)	(3,681)
	\$ 140,147	122,206

(aa) Financial instruments

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

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

(i) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
March 31, 2023						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 1,373,111	1,385,879	1,385,879	-	-	-
Notes and accounts payable	12,299,733	12,299,733	12,299,733	-	-	-
Other payables	3,014,965	3,014,965	3,014,965	-	-	-
Salaries payable	807,679	807,679	807,679	-	-	-
Lease liabilities	1,897,837	2,439,130	258,838	225,172	657,087	1,298,033
Refund liabilities	1,923,147	1,923,147	1,923,147	-	-	-
Long-term borrowings	464,000	482,243	6,736	83,929	391,578	-
Guarantee deposits	19,211	19,211	-	-	-	19,211
Derivative financial liabilities:	657,140	-	-	-	-	-
Outflow	-	17,856,005	17,856,005	-	-	-
Inflow	-	(17,198,865)	(17,198,865)	-	-	-
	<u>\$ 22,456,823</u>	<u>23,029,127</u>	<u>20,354,117</u>	<u>309,101</u>	<u>1,048,665</u>	<u>1,317,244</u>
December 31, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 489,370	502,282	502,282	-	-	-
Notes and accounts payable	14,038,527	14,038,527	14,038,527	-	-	-
Other payables	3,365,325	3,365,325	3,365,325	-	-	-
Salaries payable	1,678,657	1,678,657	1,678,657	-	-	-
Lease liabilities	1,898,262	2,213,790	246,684	223,907	587,179	1,156,020
Refund liabilities	1,912,359	1,912,359	1,912,359	-	-	-
Long-term borrowings	464,000	482,562	6,256	22,923	453,383	-
Guarantee deposits	12,126	12,126	-	-	-	12,126
Derivative financial liabilities:	1,016,661	-	-	-	-	-
Outflow	-	16,739,065	16,739,065	-	-	-
Inflow	-	(15,722,404)	(15,722,404)	-	-	-
	<u>\$ 24,875,287</u>	<u>25,222,289</u>	<u>22,766,751</u>	<u>246,830</u>	<u>1,040,562</u>	<u>1,168,146</u>
March 31, 2022						
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>

(Continued)

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2023			December 31, 2022			March 31, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
Financial assets										
Monetary items										
USD: CNY	\$	487,830	6.8717	14,856,368	484,442	6.9646	14,876,249	627,572	6.3482	17,962,379
USD: HKD		282,964	7.8497	8,617,392	278,389	7.7967	8,548,784	271,383	7.8275	7,767,536
USD: TWD		301,934	30.4540	9,195,089	345,280	30.7080	10,602,846	367,835	28.6220	10,528,163
EUR: CZK		3,608	23.5888	119,833	5,063	24.2078	165,707	7,782	25.0939	248,573
USD: CZK		10,562	21.6330	321,655	16,806	22.7180	516,079	21,700	22.4850	621,097
USD: THB		24,052	34.0000	732,476	19,139	34.6530	587,708	17,406	33.2980	498,181
EUR: HKD		10,145	8.5609	336,946	11,806	8.3098	386,399	11,225	8.7354	358,549
CZK: HKD		78,501	0.3629	110,529	135,484	0.3433	183,174	101,954	0.3481	129,777
Financial liabilities										
Monetary items										
USD: CNY	\$	290,519	6.8717	8,847,455	291,417	6.9646	8,948,836	556,080	6.3482	15,916,127
USD: HKD		211,384	7.8497	6,437,480	214,250	7.7967	6,579,182	212,335	7.8275	6,077,457
USD: TWD		368,347	30.4540	11,217,640	421,099	30.7080	12,931,116	476,135	28.6220	13,627,941
EUR: CZK		3,533	23.5888	117,342	5,871	24.2078	192,152	7,289	25.0939	232,825
USD: THB		11,209	34.0000	341,346	63,027	34.6530	1,935,447	63,595	33.2980	1,820,228
EUR: HKD		1,493	8.5609	49,587	2,646	8.3098	86,601	4,521	8.7354	144,410
USD: CZK		6,930	21.6330	211,046	10,461	22.7180	321,236	-	-	-

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, 2023 and 2022, would have increased or decreased the net profit before tax by \$353,420 and \$14,763, 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, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$636,066 and \$546,927, respectively.

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

(iii) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have increased or decreased by \$1,902 and decreased or increased by \$4,253 for the three months ended March 31, 2023 and 2022, respectively. This is mainly due to borrowings and demand deposits with variable interest rates.

(iv) Other price risk

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

<u>Price of securities at the reporting date</u>	For the three months ended March 31	
	2023	2022
	Other comprehensive income before tax	Other comprehensive income before tax
Increasing 10%	\$ 34,281	33,610
Decreasing 10%	\$ (34,281)	(33,610)

(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, 2023				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL – current	\$ 162,027	-	-	162,027	162,027

(Continued)

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

	March 31, 2023					
	Carrying amounts	Fair Value				
		Level 1	Level 2	Level 3	Total	
Financial assets at FVOCI – non-current	<u>\$ 342,814</u>	-	-	342,814	342,814	
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$ 7,158,094					
Financial assets at amortized cost – current	140,000					
Notes and accounts receivable (including related parties)	13,142,646					
Other receivables	1,943,235					
Refundable deposits	<u>131,739</u>					
Total	<u>\$ 22,515,714</u>					
Financial liabilities at FVTPL – current	<u>\$ 657,140</u>	-	-	657,140	657,140	
Financial liabilities measured at amortized cost:						
Borrowings	\$ 1,837,111					
Notes and accounts payable	12,299,733					
Other payables	3,014,965					
Salaries payable	807,679					
Lease liabilities	1,897,837					
Refund liabilities	1,923,147					
Guarantee deposits	<u>19,211</u>					
Total	<u>\$ 21,799,683</u>					
		December 31, 2022				
		Fair Value				
	Carrying amounts	Level 1	Level 2	Level 3	Total	
Financial assets at FVTPL – current	<u>\$ 396,984</u>	-	-	396,984	396,984	
Financial assets at FVOCI – non-current	<u>\$ 350,788</u>	-	-	350,788	350,788	
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$ 6,284,887					
Financial assets at amortized cost – current	130,023					
Notes and accounts receivable (including related parties)	14,392,671					
Other receivables	1,944,391					
Refundable deposits	<u>130,474</u>					

(Continued)

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

		December 31, 2022			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Total	<u>\$ 22,882,446</u>				
Financial liabilities at FVTPL – current	<u>\$ 1,016,661</u>	-	-	1,016,661	1,016,661
Financial liabilities measured at amortized cost:					
Borrowings	\$ 953,370				
Notes and accounts payable	14,038,527				
Other payables	3,365,325				
Salaries payable	1,678,657				
Lease liabilities	1,898,262				
Refund liabilities	1,912,359				
Guarantee deposits	<u>12,126</u>				
Total	<u>\$ 23,858,626</u>				
		March 31, 2022			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	<u>\$ 256,089</u>	-	-	256,089	256,089
Financial assets at FVOCI – non-current	<u>\$ 336,103</u>	-	-	336,103	336,103
Financial assets measured at amortized cost:					
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>				
Financial liabilities at FVTPL – current	<u>\$ 676,444</u>	-	-	676,444	676,444

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

		March 31, 2022				
		Fair Value				
		Carrying amounts	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost :						
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		12,694				
Total		<u>\$ 34,992,491</u>				

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

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

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

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 FVPL – non-derivative financial assets and Financial assets at FVOCI without an active market are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.

3) In the three months ended March 31, 2023 and 2022, there were no transfers between Levels.

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

4) Reconciliation of Level 3 fair values

	<u>For the three months ended March 31, 2023</u>			<u>For the three months ended March 31, 2022</u>		
	<u>FVTPL</u>	<u>FVOCI</u>	<u>Total</u>	<u>FVTPL</u>	<u>FVOCI</u>	<u>Total</u>
Balance on January 1	\$ (619,677)	350,788	(268,889)	(446,816)	240,397	(206,419)
Recognized in profit or loss	(495,455)	-	(495,455)	(420,355)	-	(420,355)
Recognized in other comprehensive income	-	(21,003)	(21,003)	-	12,374	12,374
Acquisition /disposal	620,019	12,709	632,728	446,816	83,332	530,148
Effect of changes on exchange rate	-	320	320	-	-	-
Balance on March 31	<u>\$ (495,113)</u>	<u>342,814</u>	<u>(152,299)</u>	<u>(420,355)</u>	<u>336,103</u>	<u>(84,252)</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 – non-derivative financial assets and derivative instruments not used for hedging and financial assets at FVOCI – equity investment without an active market. The quantitative information about significant unobservable inputs was as follows:

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

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

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

(ab) Financial risk management

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

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(ac) Capital management

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

(ad) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Effect of changes in exchange rate	Changes in lease payments	March 31, 2023
Short-term borrowings	\$ 489,370	883,741	-	-	1,373,111
Long-term borrowings	464,000	-	-	-	464,000
Guarantee deposits	12,126	7,085	-	-	19,211
Lease liabilities	<u>1,898,262</u>	<u>(53,093)</u>	<u>13,128</u>	<u>39,540</u>	<u>1,897,837</u>
Total liabilities from financing activities	<u>\$ 2,863,758</u>	<u>837,733</u>	<u>13,128</u>	<u>39,540</u>	<u>3,754,159</u>

	January 1, 2022	Cash flows	Effect of changes in exchange rate	Changes in lease payments	March 31, 2022
Short-term borrowings	\$ 2,030,829	6,806,130	-	-	8,836,959
Long-term borrowings	1,460,955	592,850	-	-	2,053,805
Guarantee deposits	12,253	441	-	-	12,694
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>\$ 5,612,107</u>	<u>7,341,389</u>	<u>22,733</u>	<u>9,418</u>	<u>12,985,647</u>

(ae) Supplementary information of cash flow

- (i) The Group acquired property, plant and equipment amounting to \$328,578 and \$426,099, respectively, and the payables on equipment decreased \$42,297 and \$26,563, respectively, generating cash outflow of \$370,875 and \$452,662 for the three months ended March 31, 2023 and 2022, respectively.
- (ii) For the three months ended March 31, 2023 and 2022, the Group's disposal of property, plant and equipment included the write-off of the unamortized deferred revenue of equipment subsidy amounting to \$555 and \$90, respectively.

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(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</u>		<u>March</u>	<u>December</u>	<u>March</u>
	<u>March 31</u>				
	<u>2023</u>	<u>2022</u>	<u>31, 2023</u>	<u>31, 2022</u>	<u>31, 2022</u>
Other related parties	\$ <u>89,233</u>	<u>43,107</u>	<u>57,140</u>	<u>54,587</u>	<u>37,145</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>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 57,452	35,919
Post-employment benefits	374	324
Share-based payments	<u>24,397</u>	<u>13,486</u>
	<u>\$ 82,223</u>	<u>49,729</u>

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

(Continued)

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

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other current assets – restricted assets	Accounts receivable factoring	\$ <u>-</u>	<u>-</u>	<u>7,777</u>
Other non-current assets – restricted assets	Guarantee letters issued by bank	\$ <u>3,414</u>	<u>3,414</u>	<u>3,414</u>
Property, plant and equipment	Loan collateral	\$ <u>769,580</u>	<u>769,580</u>	<u>1,558,922</u>

(9) Commitments and contingencies:

- (a) For the detail of the Group's guarantee, please refer to note 13.
- (b) The following are guarantee letters issued by the bank to customs, business partner and Power Supply Bureau as guarantee deposits and power supply guarantee, respectively.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Guarantee letters	\$ <u>55,399</u>	<u>57,333</u>	<u>28,161</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, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Sales of accounts receivable	\$ <u>959,375</u>	<u>2,160,669</u>	<u>1,872,070</u>
Long-term borrowings	\$ <u>1,800,400</u>	<u>1,800,400</u>	<u>4,948,820</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Property, plant and equipment	\$ <u>1,833,349</u>	<u>965,744</u>	<u>262,894</u>

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

(Continued)

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

(12) Other:

- (a) 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, 2023			For the three months ended March 31, 2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	817,474	994,955	1,812,429	970,882	984,210	1,955,092
Labor and health insurance	40,615	70,298	110,913	36,956	65,714	102,670
Pension	59,458	46,198	105,656	63,210	44,511	107,721
Others	4,622	38,532	43,154	36,338	49,772	86,110
Depreciation	335,168	96,331	431,499	333,282	73,033	406,315
Amortization	5,624	47,958	53,582	5,583	52,072	57,655

Note: Excluding the depreciation of the investment property-buildings (classified as other gains and losses) amounted to \$115 and \$116 for the three months ended March 31, 2023 and 2022, respectively.

- (b) Seasonality of Operation

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

(13) Other disclosures:

- (a) Information on significant transactions:

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

- (i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	327,475	168,495	168,495	0	Short-term loan to other parties	-	Operating capital	-	-	-	795,945	795,945

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

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

(Continued)

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	5,107,210	307,080	304,540	-	-	1.79 %	13,619,226	Y	N	Y
"	"	Primax Electronics (Singapore) Pte. Ltd.	Subsidiary	5,107,210	2,700,000	2,700,000	335,140	-	15.86 %	13,619,226	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK	"	2,001,892	4,606	4,568	-	-	0.07 %	3,336,486	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 50% 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, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stocks (equities):							
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-	
	Changing Information Technology Inc.	-	"	223	10,156	1.34	10,156	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	250	0.02	250	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures L.P.	-	"	-	164,360	2.73	164,360	
	Grove Ventures II, L.P.	-	"	-	84,197	3.29	84,197	
	Grove Ventures III, L.P.	-	"	-	21,416	2.23	21,416	
	Storm Ventures Fund VII, L.P.	-	Other non-current asset	-	2,933	0.48	2,933	
					<u>283,312</u>			
Primax Tech.	Stocks: Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
Tymphony Huizhou	Stocks: Shenzhen Mees Hi-Tech Co., Ltd.	-	"	556	<u>62,435</u>	10.00	62,435	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the Company's paid-in capital: None

(Continued)

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

- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the Company's issued capital: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the Company's issued capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	(Sale)	(2,234,575)	(29) %	60 days	Price agreed by both side	The same as general selling	2,832,021	37%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	4,231,054	62 %	"	"	The same as general purchasing	(4,944,541)	(65)%	Note 1
"	PKS1	"	Purchase	323,316	5 %	"	"	"	(620,783)	(8)%	Note 1
"	PCQ1	"	Purchase	1,518,648	22 %	"	"	"	(1,505,339)	(20)%	Note 1
"	Polaris	The subsidiary of Primax Tech.	(Sale)	(832,318)	(11) %	90 days	"	The same as general selling	255,479	3%	Note 1
"	Primax Thailand	The subsidiary of Primax Singapore.	Purchase	570,018	8 %	60 days	"	The same as general purchasing	(266,245)	(3)%	Note 1
Primax Singapore	The Company	Parent	Purchase	2,234,575	99 %	"	"	"	(2,832,021)	(99)%	Note 1
PCH2	"	The parent of Primax Cayman	(Sale)	(4,231,054)	(81) %	"	"	The same as general selling	4,944,541	84%	Note 1
PKS1	"	"	(Sale)	(323,316)	(100) %	"	"	"	620,783	100%	Note 1
PCQ1	"	"	(Sale)	(1,518,648)	(74) %	"	"	"	1,505,339	76%	Note 1
Primax Thailand	"	The parent of Primax Singapore.	(Sale)	(570,018)	(92) %	"	"	"	266,245	95%	Note 1
Polaris	"	The parent of Primax Tech.	Purchase	832,318	100 %	90 days	"	The same as general purchasing	(255,479)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(854,267)	(46) %	60 days	"	The same as general selling	760,076	33%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(898,172)	(48) %	"	"	"	1,418,848	61%	Note 1
Tymphony Dongguan	"	"	(Sale)	(869,397)	(58) %	"	"	"	1,179,130	65%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(242,446)	(16) %	"	"	"	208,719	11%	Note 1
"	TYDC	Subsidiary	(Sale)	(244,059)	(16) %	"	"	"	277,465	15%	Note 1
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(609,120)	(42) %	"	"	"	873,433	49%	Note 1
"	Tymphony Dongguan	Parent	Purchase	244,059	19 %	"	"	The same as general purchasing	(277,465)	(17)%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(631,700)	(44) %	"	"	The same as general selling	808,280	45%	Note 1

(Continued)

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	513,180	23 %	60 days	Price agreed by both side	The same as general purchasing	(294,808)	(13)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	854,267	39 %	"	"	"	(760,076)	(35)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	242,446	11 %	"	"	"	(208,719)	(10)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	631,700	29 %	"	"	"	(808,280)	(37)%	Note 1
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(513,180)	(100) %	"	"	The same as general selling	294,808	99%	Note 1
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	898,172	28 %	"	"	The same as general purchasing	(1,418,848)	(36)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	869,397	27 %	"	"	"	(1,179,130)	(30)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	609,120	19 %	"	"	"	(873,433)	(22)%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	848,093	26 %	"	"	"	(273,215)	(7)%	Note 1
TYTH	TYM HK	"	(Sale)	(848,093)	(100) %	"	"	The same as general selling	273,215	99%	Note 1

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

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Primax Singapore	Subsidiary	2,832,021 (note 5)	3.45	-	-	1,227,416	-
"	Polaris	The subsidiary of Primax Tech.	255,479 (note 5)	11.78	-	-	171,641	-
"	PCH2	The subsidiary of Primax HK	226,845 (note 2) (note 5)	3.67	-	-	85,502	-
"	"	"	40,596 (note 5)	(note 3)	-	-	2,427	-
PCH2	The Company	The parent of Primax Cayman	4,944,541 (note 5)	3.10	-	-	1,872,748	-
"	Primax Thailand	The subsidiary of Primax Singapore	361,480 (note 5)	(note 3)	-	-	-	-
PKS1	The Company	The parent of Primax Cayman	620,783 (note 5)	2.26	-	-	26,917	-
"	"	"	168,495 (note 5)	(note 4)	-	-	-	-
PCQ1	"	"	1,505,339 (note 5)	3.04	-	-	-	-
Primax Thailand	"	The parent of Primax Singapore	266,245 (note 5)	13.82	-	-	171,381	-

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	760,076 (note 5)	3.93	-	-	30,454	-
"	TYM HK	The subsidiary of TYM Acoustic HK	1,418,848 (note 5)	2.88	-	-	487,236	-
Tymphony Dongguan	"	"	1,179,130 (note 5)	3.12	-	-	97,783	-
"	"	"	1,980 (note 5)	(note 3)	-	-	-	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	208,719 (note 5)	6.53	-	-	30,573	-
"	TYDC	Subsidiary	277,465 (note 5)	5.33	-	-	-	-
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	873,433 (note 5)	3.02	-	-	45,681	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	808,280 (note 5)	2.96	-	-	121,816	-
TYM Acoustic Europe	"	Parent	294,808 (note 5)	4.93	-	-	177,751	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	87,143 (note 5)	2.40	-	-	24,950	-
"	"	"	886,726 (note 5)	(note 3)	-	-	-	-
"	TYDC	The subsidiary of Tymphony Dongguan	79,520 (note 5)	3.97	-	-	20,649	-
"	"	"	329,045 (note 5)	(note 3)	-	-	-	-
"	TYM Acoustic HK	Parent	112,777 (note 5)	(note 3)	-	-	98,005	-
"	Tymphony Huizhou	The parent of TYM Acoustic HK	11,567 (note 5)	6.09	-	-	-	-
"	"	"	311,991 (note 5)	(note 3)	-	-	-	-
TYAT	TYM HK	The subsidiary of TYM Acoustic HK	104,026 (note 5)	(note 3)	-	-	3,030	-
TYTH	"	"	273,215 (note 5)	9.16	-	-	273,215	-

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

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the three months ended March 31, 2023 was \$241,786, which was written off with related cost of goods sold, and not regarded as sales for the Company.

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

Note 4: The other receivables arise from intercompany loans.

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

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

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

(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
0	The Company	Primax Singapore	Subsidiary	Sale	2,234,575	Price agreed by both sides	15.22 %
"	"	"	"	Accounts Receivable	2,832,021	60 days	6.16 %
"	"	PCH2	The Subsidiary of Primax HK	Purchase	4,231,054	Price agreed by both sides	28.83 %
"	"	"	"	Accounts Payable	4,944,541	60 days	10.75 %
"	"	"	"	Accounts Receivable	226,845	"	0.49 %
"	"	"	"	Other Receivable	40,596	(note 2)	0.09 %
"	"	PKS1	"	Purchase	323,316	Price agreed by both sides	2.20 %
"	"	"	"	Accounts Payable	620,783	60 days	1.35 %
"	"	"	"	Other Payable	168,495	(note 3)	0.37 %
"	"	PCQ1	"	Purchase	1,518,648	Price agreed by both sides	10.35 %
"	"	"	"	Accounts Payable	1,505,339	60 days	3.27 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	832,318	Price agreed by both sides	5.67 %
"	"	"	"	Accounts Receivable	255,479	90 days	0.56 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	570,018	Price agreed by both sides	3.88 %
"	"	"	"	Accounts Payable	266,245	60 days	0.58 %
1	PCH2	Primax Thailand	The subsidiary of Primax Singapore	Other Receivable	361,480	(note 2)	0.79 %
2	Tymphany Huizhou	TYM Acoustic HK	Subsidiary	Sale	854,267	Price agreed by both sides	5.82 %
"	"	"	"	Accounts Receivable	760,076	60 days	1.65 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	898,172	Price agreed by both sides	6.12 %
"	"	"	"	Accounts Receivable	1,418,848	60 days	3.09 %
"	"	"	"	Accounts Payable	11,567	"	0.03 %
"	"	"	"	Other Payable	311,991	(note 2)	0.68 %
3	Tymphany Dongguan	"	"	Sale	869,397	Price agreed by both sides	5.92 %
"	"	"	"	Accounts Receivable	1,179,130	60 days	2.56 %
"	"	"	"	Other Receivable	1,980	(note 2)	- %

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

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
3	Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Accounts Payable	87,143	60 days	0.19 %
"	"	"	"	Other Payable	886,726	(note 2)	1.93 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	242,446	Price agreed by both sides	1.65 %
"	"	"	"	Accounts Receivable	208,719	60 days	0.45 %
"	"	TYDC	Subsidiary	Sale	244,059	Price agreed by both sides	1.66 %
"	"	"	"	Accounts Receivable	277,465	60 days	0.60 %
4	TYDC	TYM HK	The subsidiary of TYM Acoustic HK	Sale	609,120	Price agreed by both sides	4.15 %
"	"	"	"	Accounts Receivable	873,433	60 days	1.90 %
"	"	"	"	Other Payable	329,045	(note 2)	0.72 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	631,700	Price agreed by both sides	4.30 %
"	"	"	"	Accounts Receivable	808,280	60 days	1.76 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	513,180	Price agreed by both sides	3.50 %
"	"	"	"	Accounts Payable	294,808	60 days	0.64 %
"	"	TYM HK	"	Service Expense	133,525	Price agreed by both sides	0.91 %
"	"	"	"	Other Payable	112,777	(note 2)	0.25 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Service Expense	265,132	Price agreed by both sides	1.81 %
"	"	"	"	Other Payable	104,026	(note 2)	0.23 %
"	"	TYTH	"	Purchase	848,093	Price agreed by both sides	5.78 %
"	"	"	"	Accounts Payable	273,215	60 days	0.59 %

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

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

Note 3: The other receivables arise from intercompany loans.

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

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	7,725,149	42,153	(3,387)	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	2,864,351	6,432	4,265	Note 3
"	Destiny BVI	Virgin Island	Holding company	30,939	30,939	1,050	100.00	5,013	7,172	7,172	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	15,824	133	133	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	6,584,299	59,614	58,766	Note 3
"	Gratus Tech.	USA	Market development of and customer service for computer peripherals, mobile device components, and business devices	9,330	9,330	300	100.00	16,038	604	604	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	61,568	(241)	(241)	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	1,181,150	40,100	100.00	765,369	27,372	33,619	Note 3
	Total			9,987,798	9,987,798			18,037,611	143,239	100,931	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	1,162,928	1,244	99.99	769,510	24,429	24,429	Note 3
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	7,835,331	42,439	42,439	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	431,793	3,070	3,070	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	6,653,587	79,786	59,893	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	-	(45,601)	-	Note 4
TWEL	TYM Singapore	Singapore	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	-	-	-	-	-	-	-	Note 3 Note 5
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	1,592,954	1,592,954	418,090	100.00	2,711,264	(99,955)	(99,955)	Note 3

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
TYM Acoustic HK	TYM HK	Hong Kong	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	1,116,169	(95,258)	(95,258)	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	38,669	1,126	1,126	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	36,005	(251)	(251)	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	903,578	(39,318)	(39,318)	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	316,107	10,758	10,758	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	592,205	(9,382)	(9,382)	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	9,178	(65)	(65)	Note 3

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

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

Note 3: The subsidiary of the Company.

Note 4: The associate of the Company.

Note 5: As of March 31, 2023, there was no capital injection from the Company.

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,976,313	Indirect investment through Primax Cayman and Primax Tech.	1,685,001	-	-	1,667,854	10,093	100%	10,093	7,132,351	-
Destiny Beijing	R&D of computer peripheral and business devices	39,149	Indirect investment through Destiny BVI.	32,243	-	-	31,977	7,172	100%	7,172	5,009	-
PKS1	Production of computer peripheral products	865,362	Indirect investment through Primax Cayman	675,576	-	-	669,988	(6,818)	100%	(6,818)	793,009	-
PCQ1	Production of computer peripheral products	845,717	"	614,160	-	-	609,080	42,272	100%	42,272	2,208,271	-

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Tymphany Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,677,516	Indirect investment through Diamond	3,961,332	-	-	3,928,566	105,929	77.01%	81,576	5,138,902	-
Tymphany Dongguan	"	152,270	"	15,354	-	-	15,227	82,442	77.01%	63,488	704,353	-
TYDC	"	88,636	"	-	-	-	-	68,097	77.01%	52,441	219,389	-

Note 1: The above information on the exchange rate was as follows: HKD:TWD3.8796 ; USD:TWD 30.4540; CNY:TWD 4.4318.

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, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,372,659	8,630,784	None (note)

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

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

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the three months ended March 31, 2023, are disclosed in " Information on significant transactions", and " Business relationships and significant intercompany transactions".

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

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

(14) Segment information:

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

The Group's segment financial information was as follows:

	For the three months ended March 31, 2023		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 5,264,796	9,412,251	14,677,047
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 5,264,796</u>	<u>9,412,251</u>	<u>14,677,047</u>
Profit before tax from segments reported	<u>\$ 345,556</u>	<u>366,729</u>	<u>712,285</u>
	For the three months ended March 31, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
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>