

**PRIMAX ELECTRONICS LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Six Months Ended
June 30, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

Introduction

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. (“the Company”) and its subsidiaries (“the Group”) as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$12,214,957 thousand and NT\$10,007,337 thousand, constituting 22.6% and 18.7% of the consolidated total assets; and the total liabilities amounting to NT\$7,028,616 thousand and NT\$5,499,234 thousand, constituting 18.7% and 14.3% of the consolidated total liabilities as of June 30, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to NT\$31,023 thousand, NT\$(261,462) thousand, NT\$249,323 thousand and NT\$(251,629) thousand, constituting 5.3%, (57.2)%, 14.3% and (29.1)% of the consolidated comprehensive income (loss) for the three and six months ended June 30, 2022 and 2021, respectively.

Furthermore, as stated in note 6(g), the investments accounted for using equity method of the Group in its investee companies of NT\$14,406 thousand and NT\$368,076 thousand as of June 30, 2022 and 2021, and its related share of loss of associates accounted for using equity method of NT\$9,420 thousand, NT\$20,456 thousand, NT\$28,083 thousand and NT\$41,097 thousand for the three and six months ended June 30, 2022 and 2021, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three and six months ended June 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of Tymphony Worldwide Enterprises Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Tymphony Worldwide Enterprises Ltd., is based solely on the review report of another auditor. The financial statements of Tymphony Worldwide Enterprises Ltd. reflect the total assets amounting to NT\$18,437,549 thousand and NT\$17,840,296 thousand, constituting 34.1% and 33.3% of the related consolidated total assets as of June 30, 2022 and 2021, respectively; as well as the operating revenue amounting to NT\$7,825,274 thousand, NT\$4,848,334 thousand, NT\$13,897,075 thousand and NT\$10,034,766 thousand, constituting 38.6%, 29.5%, 36.4% and 29.9% of the related consolidated operating revenue for the three and six months ended June 30, 2022 and 2021, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)
August 5, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2022 and 2021

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31 and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2022		December 31, 2021		June 30, 2021				June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,086,639	9	4,839,241	10	5,127,284	10	2100	Short-term borrowings (note 6(m))	\$ 6,144,518	11	2,030,829	4	10,333,741	19
1110	Current financial assets at fair value through profit or loss (note 6(b))	779,857	2	156,238	-	223,321	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	1,094,471	2	603,054	1	455,762	1
1137	Current financial assets at amortized cost (notes 6(d) and 8)	3,847,156	7	1,665,744	3	8,713,826	16	2170	Notes and accounts payable	15,869,103	29	17,693,261	36	14,555,724	27
1170	Notes and accounts receivable, net (notes 6(e) and (v))	15,339,857	28	13,374,675	27	13,207,107	25	2201	Salaries payable	1,057,561	2	1,481,957	4	995,668	2
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	57,753	-	130,280	-	201,247	-	2219	Other payables	4,863,041	9	3,667,627	7	4,426,457	8
1200	Other receivables (note 6(e))	1,145,548	2	1,301,019	3	1,087,060	2	2280	Current lease liabilities (note 6(o))	211,427	-	228,720	1	235,438	-
1310	Inventories (note 6(f))	12,984,364	24	13,164,601	27	11,225,473	21	2320	Long-term borrowings, current portion (notes 6(n) and 8)	407,246	1	435,435	1	274,518	1
1470	Other current assets (note 8)	1,019,817	2	1,097,669	2	962,318	2	2365	Current refund liabilities	1,982,859	4	1,699,517	3	1,568,543	3
		<u>40,260,991</u>	<u>74</u>	<u>35,729,467</u>	<u>72</u>	<u>40,747,636</u>	<u>76</u>	2399	Other current liabilities (note 6(v))	<u>915,637</u>	<u>2</u>	<u>691,824</u>	<u>1</u>	<u>798,442</u>	<u>2</u>
										<u>32,545,863</u>	<u>60</u>	<u>28,532,224</u>	<u>58</u>	<u>33,644,293</u>	<u>63</u>
Non-current assets:								Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	351,888	1	240,397	1	147,908	-	2540	Long-term borrowings (notes 6(n) and 8)	1,554,949	3	1,025,520	2	1,146,854	2
1550	Investments accounted for using equity method (note 6(g))	14,406	-	171,567	-	368,076	1	2580	Non-current lease liabilities (note 6(o))	1,942,543	3	1,879,350	4	1,907,614	4
1600	Property, plant and equipment (notes 6(i) and 8)	7,846,019	15	7,604,823	15	6,600,702	12	2630	Long-term deferred revenue (note 6(i))	877,550	2	1,003,576	2	1,103,373	2
1755	Right-of-use assets (note 6(j))	2,390,876	4	2,380,370	5	2,433,517	5	2670	Other non-current liabilities	<u>684,190</u>	<u>1</u>	<u>591,016</u>	<u>1</u>	<u>715,903</u>	<u>1</u>
1760	Investment property (note 6(k))	33,132	-	33,363	-	33,595	-		Total liabilities	<u>37,605,095</u>	<u>69</u>	<u>33,031,686</u>	<u>67</u>	<u>38,518,037</u>	<u>72</u>
1780	Intangible assets (note 6(l))	2,206,704	4	2,256,589	5	2,316,442	4	Equity attributable to owners of parent:							
1840	Deferred tax assets	679,650	1	692,823	1	654,017	1	3110	Ordinary shares (note 6(s))	4,552,353	9	4,552,633	9	4,515,183	9
1990	Other non-current assets (note 8)	<u>327,282</u>	<u>1</u>	<u>364,799</u>	<u>1</u>	<u>288,367</u>	<u>1</u>	3200	Capital surplus (note 6(h) and (s))	1,939,774	4	1,758,780	3	1,603,138	3
		13,849,957	26	13,744,731	28	12,842,624	24	3310	Legal reserve (note 6(s))	1,999,217	4	1,769,946	4	1,769,946	3
								3320	Special reserve (note 6(s))	1,217,130	2	1,046,360	2	1,046,360	2
								3350	Unappropriated retained earnings (note 6(s))	5,944,121	11	6,492,401	13	5,315,972	10
								3400	Other equity interest	(971,611)	(2)	(1,444,608)	(3)	(1,370,637)	(3)
								36XX	Non-controlling interests (note 6(h))	<u>1,824,869</u>	<u>3</u>	<u>2,267,000</u>	<u>5</u>	<u>2,192,261</u>	<u>4</u>
									Total equity	<u>16,505,853</u>	<u>31</u>	<u>16,442,512</u>	<u>33</u>	<u>15,072,223</u>	<u>28</u>
Total assets		<u>\$ 54,110,948</u>	<u>100</u>	<u>49,474,198</u>	<u>100</u>	<u>53,590,260</u>	<u>100</u>	Total liabilities and equity		<u>\$ 54,110,948</u>	<u>100</u>	<u>49,474,198</u>	<u>100</u>	<u>53,590,260</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three and six months ended June 30, 2022 and 2021

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

	For the three months ended				For the six months ended			
	June 30		June 30		June 30		June 30	
	2022	2021	2022	2021	2022	2021	2022	2021
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (notes 6(v) and 7)	\$ 20,283,246	100	16,448,009	100	38,177,702	100	33,607,396	100
5000 Operating costs (notes 6(f), (o), (q), (w) and 12)	<u>17,536,028</u>	<u>86</u>	<u>14,257,244</u>	<u>87</u>	<u>33,178,673</u>	<u>87</u>	<u>29,268,641</u>	<u>87</u>
Gross profit from operation	<u>2,747,218</u>	<u>14</u>	<u>2,190,765</u>	<u>13</u>	<u>4,999,029</u>	<u>13</u>	<u>4,338,755</u>	<u>13</u>
Operating expenses (notes 6(o), (q), (t), (w) and 12):								
6100 Selling expenses	437,966	2	376,836	2	846,773	2	777,450	2
6200 Administrative expenses	557,110	3	479,856	3	1,076,288	3	943,360	3
6300 Research and development expenses	813,877	4	676,759	4	1,531,890	4	1,368,424	4
6450 Expected credit loss (reversal) (note 6(c))	<u>17,769</u>	<u>-</u>	<u>(259)</u>	<u>-</u>	<u>10,698</u>	<u>-</u>	<u>(259)</u>	<u>-</u>
Total operating expenses	<u>1,826,722</u>	<u>9</u>	<u>1,533,192</u>	<u>9</u>	<u>3,465,649</u>	<u>9</u>	<u>3,088,975</u>	<u>9</u>
Net operating income	<u>920,496</u>	<u>5</u>	<u>657,573</u>	<u>4</u>	<u>1,533,380</u>	<u>4</u>	<u>1,249,780</u>	<u>4</u>
Non-operating income and expenses:								
7100 Interest income	23,558	-	37,382	-	43,744	-	64,751	-
7010 Other income (note 6(x))	11,494	-	43,072	-	23,409	-	53,173	-
7020 Other gains and losses (notes 6(g), (i) and (y))	82,404	-	123,828	1	204,610	-	186,284	-
7060 Shares of loss of associates accounted for using equity method (note 6(g))	(9,420)	-	(20,456)	-	(28,083)	-	(41,097)	-
7050 Finance costs (note 6(o))	<u>(69,722)</u>	<u>-</u>	<u>(46,772)</u>	<u>-</u>	<u>(130,906)</u>	<u>-</u>	<u>(84,199)</u>	<u>-</u>
Total non-operating income and expenses	<u>38,314</u>	<u>-</u>	<u>137,054</u>	<u>1</u>	<u>112,774</u>	<u>-</u>	<u>178,912</u>	<u>-</u>
Profit before tax	<u>958,810</u>	<u>5</u>	<u>794,627</u>	<u>5</u>	<u>1,646,154</u>	<u>4</u>	<u>1,428,692</u>	<u>4</u>
7950 Less: Income tax expenses (note 6(r))	<u>201,280</u>	<u>1</u>	<u>167,299</u>	<u>1</u>	<u>345,704</u>	<u>1</u>	<u>300,040</u>	<u>1</u>
Profit	<u>757,530</u>	<u>4</u>	<u>627,328</u>	<u>4</u>	<u>1,300,450</u>	<u>3</u>	<u>1,128,652</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	16,966	-	(6,053)	-	29,340	-	23,273	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>16,966</u>	<u>-</u>	<u>(6,053)</u>	<u>-</u>	<u>29,340</u>	<u>-</u>	<u>23,273</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	(192,926)	(1)	(163,869)	(1)	410,655	1	(288,132)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>(192,926)</u>	<u>(1)</u>	<u>(163,869)</u>	<u>(1)</u>	<u>410,655</u>	<u>1</u>	<u>(288,132)</u>	<u>(1)</u>
8300 Other comprehensive income after tax	<u>(175,960)</u>	<u>(1)</u>	<u>(169,922)</u>	<u>(1)</u>	<u>439,995</u>	<u>1</u>	<u>(264,859)</u>	<u>(1)</u>
Comprehensive income	<u>\$ 581,570</u>	<u>3</u>	<u>457,406</u>	<u>3</u>	<u>1,740,445</u>	<u>4</u>	<u>863,793</u>	<u>2</u>
Profit attributable to:								
8610 Owners of parent	\$ 711,066	4	611,072	4	1,263,334	3	1,116,279	3
8620 Non-controlling interests (note 6(h))	<u>46,464</u>	<u>-</u>	<u>16,256</u>	<u>-</u>	<u>37,116</u>	<u>-</u>	<u>12,373</u>	<u>-</u>
Comprehensive income attributable to:	<u>\$ 757,530</u>	<u>4</u>	<u>627,328</u>	<u>4</u>	<u>1,300,450</u>	<u>3</u>	<u>1,128,652</u>	<u>3</u>
8710 Owners of parent	\$ 546,371	3	459,107	3	1,658,319	4	886,742	2
8720 Non-controlling interests (note 6(h))	<u>35,199</u>	<u>-</u>	<u>(1,701)</u>	<u>-</u>	<u>82,126</u>	<u>-</u>	<u>(22,949)</u>	<u>-</u>
Earnings per share (note 6(u))	<u>\$ 581,570</u>	<u>3</u>	<u>457,406</u>	<u>3</u>	<u>1,740,445</u>	<u>4</u>	<u>863,793</u>	<u>2</u>
9710 Basic earnings per share (NT dollars)	<u>\$ 1.58</u>		<u>1.37</u>		<u>2.81</u>		<u>2.50</u>	
9810 Diluted earnings per share (NT dollars)	<u>\$ 1.57</u>		<u>1.36</u>		<u>2.79</u>		<u>2.48</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Retained earnings	Unappropriated retained earnings	Exchange differences on translation of financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Unearned employee compensation				
		Legal reserve	Special reserve								
Balance at January 1, 2021	\$ 4,508,983	1,567,628	1,578,473	1,058,941	5,733,458	(1,004,528)	(41,833)	(113,289)	13,287,833	2,212,757	15,500,590
Profit	-	-	-	-	1,116,279	-	-	-	1,116,279	12,373	1,128,652
Other comprehensive income	-	-	-	-	-	(252,810)	23,273	-	(229,537)	(35,322)	(264,859)
Comprehensive income	-	-	-	-	1,116,279	(252,810)	23,273	-	886,742	(22,949)	863,793
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	191,473	-	(191,473)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	(12,581)	12,581	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,354,873)	-	-	-	(1,354,873)	-	(1,354,873)
Changes in shares of investment accounted for using equity method	-	6,002	-	-	-	-	-	-	6,002	2,453	8,455
Amortization expense of restricted stock	-	-	-	-	-	-	-	54,258	54,258	-	54,258
Cancellation of restricted stock	(1,200)	(4,384)	-	-	-	-	-	5,584	-	-	-
Issuance of restricted stock	7,400	33,892	-	-	-	-	-	(41,292)	-	-	-
Balance at June 30, 2021	\$ 4,515,183	1,603,138	1,769,946	1,046,360	5,315,972	(1,257,338)	(18,560)	(94,739)	12,879,962	2,192,261	15,072,223
Balance at January 1, 2022	\$ 4,552,633	1,758,780	1,769,946	1,046,360	6,492,401	(1,265,160)	48,029	(227,477)	14,175,512	2,267,000	16,442,512
Profit	-	-	-	-	1,263,334	-	-	-	1,263,334	37,116	1,300,450
Other comprehensive income	-	-	-	-	-	365,645	29,340	-	394,985	45,010	439,995
Comprehensive income	-	-	-	-	1,263,334	365,645	29,340	-	1,658,319	82,126	1,740,445
Appropriation and distribution of retained earnings:											
Appropriated legal reserve	-	-	229,271	-	(229,271)	-	-	-	-	-	-
Appropriated special reserve	-	-	-	170,770	(170,770)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,411,230)	-	-	-	(1,411,230)	-	(1,411,230)
Changes in shares of investment accounted for using equity method	-	191,449	-	-	-	-	-	-	191,449	(524,257)	(332,808)
Amortization expense of restricted stock	-	-	-	-	-	-	-	66,934	66,934	-	66,934
Cancellation of restricted stock	(2,280)	(19,235)	-	-	-	-	-	21,515	-	-	-
Issuance of restricted stock	2,000	8,780	-	-	-	-	-	(10,780)	-	-	-
Effect of the liquidation of equity instruments at fair value through other comprehensive income	-	-	-	-	(343)	-	343	-	-	-	-
Balance at June 30, 2022	\$ 4,552,353	1,939,774	1,999,217	1,217,130	5,944,121	(899,515)	77,712	(149,808)	14,680,984	1,824,869	16,505,853

See accompanying notes to consolidated financial statements.

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

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,646,154	1,428,692
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	822,159	892,523
Amortization expense	115,870	107,123
Expected credit loss (reversal)	10,698	(259)
Interest expense	129,453	81,078
Interest income	(43,744)	(64,751)
Compensation cost of share-based payment	82,414	62,713
Impairment losses of associates accounted for using equity method	157,740	140,000
Shares of loss of associates accounted for using equity method	28,083	41,097
Loss (gain) on disposal of property, plant and equipment	(5,800)	19,835
Reversal of impairment loss of property, plant and equipment	-	(6,986)
Loss (gain) on disposal of right-of-use assets	6,409	(6,560)
Total adjustments to reconcile profit	<u>1,303,282</u>	<u>1,265,813</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(623,619)	90,437
Notes and accounts receivable	(1,889,515)	373,120
Accounts receivable from related parties	72,527	(3,058)
Other receivables	67,261	262,302
Inventories	180,237	(978,010)
Other current assets	87,471	658,937
Other operating assets	(9,640)	57,737
Changes in operating assets	<u>(2,115,278)</u>	<u>461,465</u>
Financial liabilities at fair value through profit or loss	491,417	23,591
Notes and accounts payable	(1,824,158)	(4,445,333)
Salaries payable	(424,396)	(135,958)
Other payables	121,503	(758,290)
Refund liabilities	283,342	147,136
Other current liabilities	215,399	44,692
Other operating liabilities	(21,063)	(186,645)
Changes in operating liabilities	<u>(1,157,956)</u>	<u>(5,310,807)</u>
Total changes in operating assets and liabilities	<u>(3,273,234)</u>	<u>(4,849,342)</u>
Total adjustments	<u>(1,969,952)</u>	<u>(3,583,529)</u>
Cash outflow generated from operations	(323,798)	(2,154,837)
Interest received	43,744	64,751
Interest paid	(129,414)	(81,040)
Income taxes paid	(618,696)	(469,826)
Net cash flows used in operating activities	<u>(1,028,164)</u>	<u>(2,640,952)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(83,332)	(9,197)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	60	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	6,234
Increase in financial assets measured at amortized cost	(2,181,412)	(7,858,588)
Acquisition of property, plant and equipment	(880,366)	(1,164,227)
Proceeds from disposal of property, plant and equipment	17,456	7,357
Decrease in refundable deposits	11,030	24,558
Acquisition of unamortized expense	(19,919)	(13,139)
Proceeds from disposal of unamortized expense	1	451
Net cash flows used in investing activities	<u>(3,136,482)</u>	<u>(9,006,551)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,113,689	9,428,682
Increase in long-term borrowings	501,240	665,913
Increase in guarantee deposits received	731	1,904
Payment of lease liabilities	(121,364)	(127,209)
Repurchase shares of employee stocks ownership plan	(348,287)	-
Net cash flows from financing activities	<u>4,146,009</u>	<u>9,969,290</u>
Effect of exchange rate changes on cash and cash equivalents	<u>266,035</u>	<u>(129,856)</u>
Net increase (decrease) in cash and cash equivalents	<u>247,398</u>	<u>(1,808,069)</u>
Cash and cash equivalents at beginning of period	<u>4,839,241</u>	<u>6,935,353</u>
Cash and cash equivalents at end of period	<u>\$ 5,086,639</u>	<u>5,127,284</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
As of June 30, 2022 and 2021 Reviewed only,
not audited in accordance with generally accepted auditing standards

PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

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

(1) Company history

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

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

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

The consolidated financial statements of the Company as at and for the six months ended June 30, 2022, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

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

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

The consolidated financial statements were authorized for issuance by the board of directors on August 5, 2022.

(Continued)

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

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

- (c) The impact of IFRS issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

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

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

(Continued)

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax AE (Cayman) Holdings Ltd. (Primax AE)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Sale of computer peripherals and mobile device components	100.00 %	100.00 %	100.00 %	(note 1)
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Holding company and customer service	100.00 %	100.00 %	100.00 %	
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacturing and sale of computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	
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 %	71.43 %	71.43 %	
Tymphany Huizhou	Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sales of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphany Huizhou	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacturing, R&D, design and sales of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
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 %	
TYM Acoustic HK	Tymphany HK Ltd. (TYM HK)	Holding company; sales of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	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 sales of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 1)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sales of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
Tymphany Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

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

(c) **Employee benefits**

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

(Continued)

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

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

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

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

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

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

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 4,697	6,889	7,308
Demand accounts and checking deposits	3,660,018	4,075,538	3,487,002
Time deposits	<u>1,421,924</u>	<u>756,814</u>	<u>1,632,974</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 5,086,639</u>	<u>4,839,241</u>	<u>5,127,284</u>

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

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

(i) Details of financial instruments were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Mandatorily measured at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 779,857	75,563	109,952
Foreign exchange swap contracts	<u>-</u>	<u>80,675</u>	<u>113,369</u>
	<u>\$ 779,857</u>	<u>156,238</u>	<u>223,321</u>
Financial liabilities held-for-trading:			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (307,137)	(597,226)	(438,607)
Foreign exchange swap contracts	<u>(787,334)</u>	<u>(5,828)</u>	<u>(17,155)</u>
	<u>\$ (1,094,471)</u>	<u>(603,054)</u>	<u>(455,762)</u>

(Continued)

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

- (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 June 30, 2022, December 31 and June 30, 2021:

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

(Continued)

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

December 31, 2021

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts – buy USD / sell TWD	USD 715,000	January 5, 2022~ July 29, 2022	26.890~27.946
Forward exchange contracts – buy CNY/ sell USD	USD 150,500	January 4, 2022~ April 1, 2022	6.3832~6.4773
Forward exchange contracts – buy CNY/ sell EUR	EUR 1,900	January 6, 2022	7.215
Forward exchange contracts – buy USD/ sell THB	USD 25,000	January 24, 2022	33.480
Forward exchange contracts – buy THB/ sell USD	USD 9,000	January 12, 2022~ June 1, 2022	33.630~33.730
Forward exchange contracts – buy CZK/ sell EUR	EUR 1,000	January 25, 2022	25.485
Forward exchange swap contracts – swap in TWD/ swap out USD	USD 585,000	January 5, 2022~ July 28, 2022	27.574~28.092

June 30, 2021

Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Forward exchange contracts – buy USD / sell TWD	USD 758,000	July 6, 2021~ January 27, 2022	26.890~28.076
Forward exchange contracts – buy USD / sell CNY	USD 64,000	July 8, 2021~ July 28, 2021	6.4675~6.5027
Forward exchange contracts – buy CNY/ sell USD	USD 139,500	July 7, 2021~ September 27, 2021	6.3985~6.5944
Forward exchange contracts – buy USD/ sell THB	USD 26,500	July 29, 2021	31.965~32.070
Forward exchange contracts – buy CNY/ sell EUR	EUR 2,000	July 29, 2021	7.7318~7.7347
Foreign exchange swap contracts – swap in TWD/ swap out USD	USD 631,000	July 6, 2021~ January 19, 2022	27.535~28.546

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

(Continued)

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

(c) Financial assets at FVOCI

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Equity investments at FVOCI			
Stocks unlisted in domestic markets–WK Technology Fund IV Ltd.	\$ -	60	53
Stocks unlisted in domestic markets– Changing Information Technology Inc.	9,901	8,201	6,902
Stocks unlisted in domestic markets– Syntronix Corp.	350	350	49
Equities unlisted in foreign markets–Grove Ventures L.P.	183,855	155,618	94,898
Equities unlisted in foreign markets–Grove Ventures II, L.P.	74,553	57,318	27,591
Stocks unlisted in foreign markets–WK Global Investment III Ltd.	12,507	18,850	18,415
Equities unlisted in foreign markets – Grove Ventures III, L.P.	8,323	-	-
Stocks unlisted in foreign markets– Shenzhen Mees Hi-Tech Co., Ltd.	<u>62,399</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 351,888</u>	<u>240,397</u>	<u>147,908</u>

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) Grove Venture, L.P. executed capital increases, where in the Group had participated and invested the amounts of \$2,085 and \$6,347 in the six months ended June 30, 2022 and 2021, respectively.
- (iii) Grove Ventures II, L.P. executed capital increases, where in the Group had participated and invested the amounts of \$9,972 and \$2,850 in the six months ended June 30, 2022 and 2021, respectively.
- (iv) WK Technology Fund IV Ltd. refunded the amount of \$60 and \$1,210 to the Group due to its liquidation and capital reduction in May 2022 and March 2021, respectively.
- (v) WK Global Investment III Ltd. refunded the amount of \$5,024 to the Group due to its capital reduction in June 2021.
- (vi) The Group invested \$7,756 in an unlisted company, Grove Ventures III, L.P. in January 2022.
- (vii) The Group invested \$63,519 in an unlisted company, Shenzhen Mees Hi-Tech Co., Ltd. in January 2022.

(Continued)

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

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

(d) Financial assets at amortized cost

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits	<u>\$ 3,847,156</u>	<u>1,665,744</u>	<u>8,713,826</u>
Annual interest rates	<u>0.93%~1.20%</u>	<u>1.20%~1.75%</u>	<u>0.92%~1.75%</u>
Maturity date	<u>2022.07.18~2022.09.03</u>	<u>2022.01.17~2022.03.31</u>	<u>2021.07.14~2022.3.31</u>

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

(ii) For credit risk, please refer to note (z).

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

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

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 924	1,284	875
Accounts receivable	15,381,111	13,403,026	13,246,627
Accounts receivable – related parties	57,753	130,280	201,247
Less: allowance for doubtful accounts	<u>(42,178)</u>	<u>(29,635)</u>	<u>(40,395)</u>
Total	<u>\$ 15,397,610</u>	<u>13,504,955</u>	<u>13,408,354</u>

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

(Continued)

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

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

	June 30, 2022		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 14,348,911	0%~0.05%	7,010
0 to 30 days past due	897,536	0%~3.32%	29,832
31 to 60 days past due	178,497	0%~5%	4,063
61 to 90 days past due	12,169	0%~10%	535
91 to 180 days past due	784	0%~25%	76
181 to 360 days past due	1,084	0%~80%	555
More than 361 days past due	807	0%~100%	107
	\$ 15,439,788		42,178
	December 31, 2021		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,439,211	0%~0.03%	4,072
0 to 30 days past due	953,704	0%~3%	14,476
31 to 60 days past due	101,393	0%~5.34%	5,413
61 to 90 days past due	25,164	0%~10%	1,625
91 to 180 days past due	9,412	0%~25%	1,356
181 to 360 days past due	4,768	0%~80%	2,408
More than 361 days past due	938	0%~100%	285
	\$ 13,534,590		29,635

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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	June 30, 2021		
	Carrying amounts of notes and accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 12,939,378	0%~0.08%	10,388
0 to 30 days past due	432,899	0%~3%	12,597
31 to 60 days past due	45,346	0%~8.12%	3,683
61 to 90 days past due	4,395	0%~10%	417
91 to 180 days past due	13,266	0%~64.28%	8,527
181 to 360 days past due	12,781	0%~80%	4,757
More than 361 days past due	684	0%~100%	26
	\$ 13,448,749		40,395

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

	For the six months ended June 30	
	2022	2021
Balance on January 1, 2022 and 2021	\$ 29,635	42,155
Impairment losses recognized (reversed)	10,698	(259)
Amounts written off	-	(374)
Effect of exchange rate changes	1,845	(1,127)
Balance on June 30, 2022 and 2021	\$ 42,178	40,395

- (iv) The Group entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Group does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Group receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Group shall pay handling charges based on a fixed rate. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of June 30, 2022, December 31 and June 30, 2021, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

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

June 30, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 2,116,593	15,231	1,985,985	130,608	1.230%~2.210%	US\$ 56,940
EnTie Bank	58,956	-	-	58,956	-	-
DBS Bank	1,905,288	2,854	1,711,905	193,383	1.970%~2.563%	-
Bank of Taiwan	-	-	-	-	-	NT\$ 135,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 4,080,837</u>	<u>18,085</u>	<u>3,697,890</u>	<u>382,947</u>		

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

June 30, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ 1,139,597	19,582	1,035,271	104,326	0.6%~0.811%	US\$ 56,940
EnTie Bank	118,483	-	-	118,483	-	-
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 1,258,080</u>	<u>19,582</u>	<u>1,035,271</u>	<u>222,809</u>		

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

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

(f) Inventories

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 5,836,672	5,596,206	4,770,388
Semi-finished goods and work in process	2,521,574	2,360,593	1,960,348
Finished goods and merchandise	4,626,118	5,207,802	4,494,737
	<u>\$ 12,984,364</u>	<u>13,164,601</u>	<u>11,225,473</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Reversal (losses) on inventory valuation and disposal of inventories	\$ (80,824)	(20,767)	(86,766)	16,807
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(16,351)	(27,177)	(31,158)	(56,845)
Gains (losses) on physical inventories	(1,524)	2,360	(4,017)	3,017
	<u>\$ (98,699)</u>	<u>(45,584)</u>	<u>(121,941)</u>	<u>(37,021)</u>

(g) Investments accounted for using equity method

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

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount of individually insignificant associates' equity	\$ <u>14,406</u>	<u>171,567</u>	<u>368,076</u>

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Attributable to the Group:				
Loss	\$ (9,420)	(20,456)	(28,083)	(41,097)
Other comprehensive income	1,660	(3,462)	28,662	12,870
Comprehensive income (loss)	<u>\$ (7,760)</u>	<u>(23,918)</u>	<u>579</u>	<u>(28,227)</u>

- (i) The Group did not provide any investment accounted for using equity method as collateral.
- (ii) The investments accounted for using equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.
- (iii) The revenue of AIC did not turn out as expected due to intensive industrial competition, resulting in the impairment of the intangible assets and carrying amounts related to this equity investment after the Group's evaluation. The Group evaluated the recoverable amounts of its investments accounted for using equity method, which is based on its value-in-use, for impairment testing at each reporting date. Value-in-use is based on five years of the estimated future cash flow of the Group, discounted to their present value using the yearly discount rate, which reflects the risks specific to cash generating units, by 21.70% and 12.82% and recognized impairment loss of \$157,740 and \$140,000 under other gains and losses in the six months ended June 30, 2022 and 2021, respectively.

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

(h) Material non-controlling interests of subsidiaries

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

Name of subsidiaries	Main operation place Business/Registered Country	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2022	December 31, 2021	June 30, 2021
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	22.99 %	28.57 %	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:

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 14,367,814	13,429,241	14,045,851
Non-current assets	6,208,184	6,152,529	6,107,742
Current liabilities	(11,384,297)	(10,206,489)	(10,815,558)
Non-current liabilities	(1,254,036)	(1,439,803)	(1,664,172)
Net assets	<u>\$ 7,937,665</u>	<u>7,935,478</u>	<u>7,673,863</u>
Non-controlling interests	<u>\$ 1,824,869</u>	<u>2,267,000</u>	<u>2,192,261</u>

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 7,832,194</u>	<u>4,870,533</u>	<u>13,910,493</u>	<u>10,069,447</u>
Profit	\$ 173,881	56,906	141,160	43,315
Other comprehensive income (loss)	(25,178)	(62,774)	172,210	(123,545)
Comprehensive income (loss)	<u>\$ 148,703</u>	<u>(5,868)</u>	<u>313,370</u>	<u>(80,230)</u>
Profit attributable to non-controlling interests	<u>\$ 46,464</u>	<u>16,256</u>	<u>37,116</u>	<u>12,373</u>
Comprehensive income (loss) attributable to non-controlling interests	<u>\$ 35,199</u>	<u>(1,701)</u>	<u>82,126</u>	<u>(22,949)</u>

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

	For the six months ended	
	June 30	
	2022	2021
Cash flows from (used in) operating activities	\$ 129,965	(1,497,833)
Cash flows used in investing activities	(746,925)	(3,574,030)
Cash flows from financing activities	814,200	4,341,040
Effect of exchange rate changes	85,334	(49,738)
Net increase (decrease) in cash and cash equivalents	\$ 282,574	(780,561)
Dividends paid to non-controlling interests	\$ -	-

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

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

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

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the six months ended June 30, 2022 and 2021, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2022	\$ 1,065,753	3,979,270	6,666,371	1,181,926	2,372,934	15,266,254
Additions	-	10,929	105,072	40,855	663,772	820,628
Disposals	-	(46,788)	(314,321)	(11,897)	(1,929)	(374,935)
Reclassifications	-	1,209,799	295,625	11,560	(1,528,889)	(11,905)
Effect of changes in exchange rate	3,536	65,135	122,415	22,172	48,887	262,145
Balance on June 30, 2022	\$ 1,069,289	5,218,345	6,875,162	1,244,616	1,554,775	15,962,187
Balance on January 1, 2021	\$ 320,069	4,062,652	7,145,610	1,161,191	1,860,752	14,550,274
Additions	-	4,266	115,740	60,986	1,034,141	1,215,133
Disposals	-	(171,553)	(960,549)	(104,688)	(209)	(1,236,999)
Reclassifications	-	9,338	214,708	40,926	(457,289)	(192,317)
Effect of changes in exchange rate	(15,377)	(49,219)	(95,751)	(19,948)	(64,479)	(244,774)
Balance on June 30, 2021	\$ 304,692	3,855,484	6,419,758	1,138,467	2,372,916	14,091,317

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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, 2022	\$ -	2,191,333	4,780,194	689,904	-	7,661,431
Depreciation	-	87,300	502,118	87,191	-	676,609
Disposals	-	(46,779)	(300,298)	(11,401)	-	(358,478)
Reclassifications	-	-	(2,527)	-	-	(2,527)
Effect of changes in exchange rate	-	38,037	87,922	13,174	-	139,133
Balance on June 30, 2022	<u>\$ -</u>	<u>2,269,891</u>	<u>5,067,409</u>	<u>778,868</u>	<u>-</u>	<u>8,116,168</u>
Balance on January 1, 2021	\$ -	2,271,799	5,084,215	652,245	-	8,008,259
Depreciation	-	127,955	528,237	81,441	-	737,633
Impairment loss (reversal)	-	(7,403)	4,863	(4,446)	-	(6,986)
Disposals	-	(165,236)	(776,273)	(75,466)	-	(1,016,975)
Reclassifications	-	(169)	(122,989)	(10,462)	-	(133,620)
Effect of changes in exchange rate	-	(28,026)	(60,559)	(9,111)	-	(97,696)
Balance on June 30, 2021	<u>\$ -</u>	<u>2,198,920</u>	<u>4,657,494</u>	<u>634,201</u>	<u>-</u>	<u>7,490,615</u>
Carrying amounts:						
Balance on January 1, 2022	<u>\$ 1,065,753</u>	<u>1,787,937</u>	<u>1,886,177</u>	<u>492,022</u>	<u>2,372,934</u>	<u>7,604,823</u>
Balance on June 30, 2022	<u>\$ 1,069,289</u>	<u>2,948,454</u>	<u>1,807,753</u>	<u>465,748</u>	<u>1,554,775</u>	<u>7,846,019</u>
Balance on January 1, 2021	<u>\$ 320,069</u>	<u>1,790,853</u>	<u>2,061,395</u>	<u>508,946</u>	<u>1,860,752</u>	<u>6,542,015</u>
Balance on June 30, 2021	<u>\$ 304,692</u>	<u>1,656,564</u>	<u>1,762,264</u>	<u>504,266</u>	<u>2,372,916</u>	<u>6,600,702</u>

- (i) The unamortized deferred revenue of equipment subsidy amounted to \$795,766, \$922,320 and \$1,021,813 as of June 30, 2022, December 31 and June 30, 2021, respectively.
- (ii) The factory of the Group's subsidiary in China was relocated to a new site in 2021, where parts of its property, plant and equipment were disposed, resulting in the Group to measure the carrying amount by using the recoverable amount and recognized reversal of impairment loss of \$6,986, under other gains and losses for the six months ended June 30, 2021.
- (iii) The Group provided the aforementioned property, plant and equipment as collateral; please refer to note 8.

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

(j) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2022	\$ 401,900	2,689,447	20,124	2,106	3,113,577
Additions	-	155,220	16,017	-	171,237
Disposals	(17,305)	(96,433)	(1,803)	-	(115,541)
Lease modification	(18,911)	-	-	-	(18,911)
Effect of changes in exchange rates	7,618	22,375	(23)	-	29,970
Balance on June 30, 2022	<u>\$ 373,302</u>	<u>2,770,609</u>	<u>34,315</u>	<u>2,106</u>	<u>3,180,332</u>
Balance on January 1, 2021	\$ 406,195	1,773,581	30,703	5,349	2,215,828
Additions	-	74,134	3,788	-	77,922
Disposals	-	(261,402)	(16,138)	(3,243)	(280,783)
Lease modification	-	1,045,772	-	-	1,045,772
Effect of changes in exchange rates	(6,462)	(22,369)	(240)	-	(29,071)
Balance on June 30, 2021	<u>\$ 399,733</u>	<u>2,609,716</u>	<u>18,113</u>	<u>2,106</u>	<u>3,029,668</u>
Depreciation:					
Balance on January 1, 2022	\$ 39,013	678,513	13,747	1,934	733,207
Depreciation	5,031	135,250	4,909	129	145,319
Disposals	(12,747)	(84,200)	(899)	-	(97,846)
Lease modification	(1,423)	-	-	-	(1,423)
Effect of changes in exchange rates	855	9,294	50	-	10,199
Balance on June 30, 2022	<u>\$ 30,729</u>	<u>738,857</u>	<u>17,807</u>	<u>2,063</u>	<u>789,456</u>
Balance on January 1, 2021	\$ 25,790	596,500	21,645	3,841	647,776
Depreciation	7,476	141,837	4,446	900	154,659
Disposals	-	(174,074)	(16,138)	(3,243)	(193,455)
Lease modification	-	(4,703)	-	-	(4,703)
Effect of changes in exchange rates	(1,079)	(6,930)	(117)	-	(8,126)
Balance on June 30, 2021	<u>\$ 32,187</u>	<u>552,630</u>	<u>9,836</u>	<u>1,498</u>	<u>596,151</u>
Carrying amounts:					
Balance on January 1, 2022	<u>\$ 362,887</u>	<u>2,010,934</u>	<u>6,377</u>	<u>172</u>	<u>2,380,370</u>
Balance on June 30, 2022	<u>\$ 342,573</u>	<u>2,031,752</u>	<u>16,508</u>	<u>43</u>	<u>2,390,876</u>
Balance on January 1, 2021	<u>\$ 380,405</u>	<u>1,177,081</u>	<u>9,058</u>	<u>1,508</u>	<u>1,568,052</u>
Balance on June 30, 2021	<u>\$ 367,546</u>	<u>2,057,086</u>	<u>8,277</u>	<u>608</u>	<u>2,433,517</u>

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

(k) Investment property

	<u>Land</u>	<u>Buildings and other equipment</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2022	\$ <u>16,249</u>	<u>17,114</u>	<u>33,363</u>
Balance on June 30, 2022	\$ <u>16,249</u>	<u>16,883</u>	<u>33,132</u>
Balance on January 1, 2021	\$ <u>16,249</u>	<u>17,577</u>	<u>33,826</u>
Balance on June 30, 2021	\$ <u>16,249</u>	<u>17,346</u>	<u>33,595</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2022 and 2021. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2021 for other further information.
- (ii) The fair value of the investment property was not significantly different from those disclosed in the note 6(k) of the consolidated financial statements for the year ended December 31, 2021.
- (iii) The Group did not provide any of the aforementioned investment property as collateral.

(l) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
Carrying amounts:					
Balance on January 1, 2022	\$ <u>2,020,049</u>	<u>145,500</u>	<u>84,873</u>	<u>6,167</u>	<u>2,256,589</u>
Balance on June 30, 2022	\$ <u>2,031,368</u>	<u>109,559</u>	<u>63,909</u>	<u>1,868</u>	<u>2,206,704</u>
Balance on January 1, 2021	\$ <u>2,026,084</u>	<u>217,380</u>	<u>126,803</u>	<u>311</u>	<u>2,370,578</u>
Balance on June 30, 2021	\$ <u>2,021,903</u>	<u>181,440</u>	<u>105,838</u>	<u>7,261</u>	<u>2,316,442</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2022 and 2021. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2021 for other related information.
- (ii) The Group did not provide any of the aforementioned intangible assets as collateral.

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

The details of short-term borrowings were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank loans	\$ <u>6,144,518</u>	<u>2,030,829</u>	<u>10,333,741</u>
Unused credit lines	\$ <u>21,662,664</u>	<u>22,607,988</u>	<u>13,154,543</u>
Annual interest rates	<u>0.52%~7.70%</u>	<u>0.67%~4.45%</u>	<u>0.55%~1.20%</u>

(n) Long-term borrowings

June 30, 2022

	Currency	Annual interest rate	Maturity year	Amount
Unsecured bank loans	USD	2.30%~3.47%	2023	\$ 903,672
Secured bank loans	TWD	0.78%~1.11%	2026	464,000
	USD	0.95%	2024	594,523
Less: current portion				<u>(407,246)</u>
				<u>\$ 1,554,949</u>
Unused credit lines				<u>\$ 3,010,415</u>

December 31, 2021

	Currency	Annual interest rate	Maturity year	Amount
Unsecured bank loans	USD	1.37%~1.60%	2023	\$ 1,031,455
Secured bank loans	TWD	0.40%~0.85%	2026	429,500
Less: current portion				<u>(435,435)</u>
				<u>\$ 1,025,520</u>
Unused credit lines				<u>\$ 2,754,254</u>

June 30, 2021

	Currency	Annual interest rate	Maturity year	Amount
Unsecured bank loans	USD	1.37%~1.60%	2023	\$ 1,003,319
Secured bank loans	USD	0.99%	2023	\$ 418,053
Less: current portion				<u>(274,518)</u>
				<u>\$ 1,146,854</u>
Unused credit lines				<u>\$ 1,504,989</u>

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

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(ii) Please refer to note 9 for the details of the outstanding guarantee notes.

(o) Lease liabilities

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

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ <u>211,427</u>	<u>228,720</u>	<u>235,438</u>
Non-current	\$ <u>1,942,543</u>	<u>1,879,350</u>	<u>1,907,614</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>17,923</u>	<u>17,830</u>	<u>35,571</u>	<u>35,161</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>27,875</u>	<u>26,504</u>	<u>51,061</u>	<u>50,649</u>

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

	For the six months ended June 30	
	2022	2021
Rental paid in operating activities	\$ (51,061)	(50,649)
Interest on lease liabilities paid in operating activities	(35,571)	(35,161)
Payment made on lease liabilities in financing activities	(121,364)	(127,209)
Total cash outflow for leases	<u>\$ (207,996)</u>	<u>(213,019)</u>

(i) Real estate leases

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

(ii) Other leases

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

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

(Continued)

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

(p) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2022 and 2021. Please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

(q) Employee benefits

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

(ii) Defined contribution plans

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

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Defined benefit plans	\$ 167	106	333	211
Defined contribution plans	114,384	94,780	221,939	185,774
Total	<u>\$ 114,551</u>	<u>94,886</u>	<u>222,272</u>	<u>185,985</u>

(r) Income taxes

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

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Income tax expense	<u>\$ 201,280</u>	<u>167,299</u>	<u>345,704</u>	<u>300,040</u>

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

(iv) The Company's income tax returns have been examined by the tax authority through the years to 2019.

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

(s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2022 and 2021. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

(i) Ordinary shares

As of June 30, 2022, December 31 and June 30, 2021, the nominal ordinary shares both amounted to \$5,500,000. Par value of each share is \$10 (dollars), which means in total there were 550,000 thousand authorized common shares, of which 455,235, 455,263 and 451,518 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

	Ordinary shares	
	(in thousands of shares)	
	For the six months ended June 30	
	2022	2021
Balance on January 1	455,263	450,898
Issuance of restricted stock	200	740
Cancellation of restricted stock	(228)	(120)
Balance on June 30	455,235	451,518

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30,	December 31,	June 30,
	2022	2021	2021
Additional paid-in capital	\$ 856,697	846,187	784,225
Employee stock options	259,401	259,401	259,401
Cancellation employee stock options	242,424	263,389	173,893
Long-term investments	581,252	389,803	385,619
	\$ 1,939,774	1,758,780	1,603,138

Tymphony Huizhou, a subsidiary of the Company, repurchased shares from the employee stock ownership plan in cash and cancelled such shares for a capital reduction in May 2022, resulting in an increase of the shareholding of the Company from 71.43% to 77.1%. The Company recognized the change in its ownership interest in the subsidiary as capital surplus – long-term equity investments. Please refer to notes 6(h) and (t) for details.

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

(iii) Retained earnings

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

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

On May 26, 2022, the shareholders' meeting resolved to distribute the 2021 earnings. The appropriation of earnings for 2020 reached legal requirement through the electronic voting on May 25, 2021, and was resolved during the shareholders' meeting on July 13, 2021.

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

(t) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the six months ended June 30, 2022 and 2021. Please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2021 for further information.

After the shareholders' meeting on June 23, 2020, the Company decided to issue 3,000 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The Board of Directors' meeting resolved to issue 2,260 and 740 thousand shares on July 30, 2020 and January 22, 2021, respectively.

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

On February 14 and March 1, 2022, the Group resolved through the board of directors' and shareholders' meeting of Tymphony Huizhou to adjust the share incentive plan. As of June 30, 2022, all of the shares from the employee ownership plan were repurchased and cancelled.

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

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Employee stock options	\$ 11,235	4,213	15,480	8,455
Restricted stock	32,873	26,638	66,934	54,258
Total	<u>\$ 44,108</u>	<u>30,851</u>	<u>82,414</u>	<u>62,713</u>

- (u) 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 June 30		For the six months ended June 30	
	2022	2021	2022	2021
Profit attributable to owners of parent	\$ 711,066	611,072	1,263,334	1,116,279
Weighted-average number of ordinary shares (thousand shares)	<u>449,008</u>	<u>447,175</u>	<u>448,965</u>	<u>447,102</u>
Basic earnings per share (NT dollars)	<u>\$ 1.58</u>	<u>1.37</u>	<u>2.81</u>	<u>2.50</u>

- (ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Profit attributable to owners of parent	\$ 711,066	611,072	1,263,334	1,116,279
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>452,385</u>	<u>449,661</u>	<u>452,797</u>	<u>450,117</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.57</u>	<u>1.36</u>	<u>2.79</u>	<u>2.48</u>

(Continued)

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

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Weighted-average number of ordinary shares on June 30 (basic)	449,008	447,175	448,965	447,102
Estimated effect of employee stock bonuses	727	718	1,278	1,096
Effect of restricted stock	2,650	1,768	2,554	1,919
Weighted-average number of ordinary shares on June 30 (diluted)	<u>452,385</u>	<u>449,661</u>	<u>452,797</u>	<u>450,117</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 7,477,249	12,344,677	19,821,926
Service rendered	38,633	422,687	461,320
	<u>\$ 7,515,882</u>	<u>12,767,364</u>	<u>20,283,246</u>
	For the three months ended June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 8,116,726	7,899,006	16,015,732
Service rendered	51,466	380,811	432,277
	<u>\$ 8,168,192</u>	<u>8,279,817</u>	<u>16,448,009</u>
	For the six months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Goods sold	\$ 14,914,989	22,359,642	37,274,631
Service rendered	94,335	808,736	903,071
	<u>\$ 15,009,324</u>	<u>23,168,378</u>	<u>38,177,702</u>

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

	For the six months ended June 30, 2021			
	Computer Peripherals	Non-computer Peripherals	Total	
	\$			
Goods sold	16,779,576	15,897,452	32,677,028	
Service rendered	66,713	863,655	930,368	
	\$ 16,846,289	16,761,107	33,607,396	
	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Mainland China	\$ 7,609,325	7,980,803	15,527,528	16,635,810
Europe	4,835,504	3,515,241	9,122,099	7,321,700
America	6,000,348	3,421,306	10,013,893	7,110,720
Other	1,838,069	1,530,659	3,514,182	2,539,166
	\$ 20,283,246	16,448,009	38,177,702	33,607,396

(ii) Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021
Notes and accounts receivable (including related parties)	\$ 15,439,788	13,534,590	13,448,749
Less: allowance for impairment	(42,178)	(29,635)	(40,395)
	\$ 15,397,610	13,504,955	13,408,354
Contract liabilities (classified as other current liabilities)	\$ 325,965	196,113	278,372

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

The amount of revenue recognized for the six months ended June 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$193,089 and \$197,679, respectively.

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

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

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

Details of remuneration to employees and directors for the three and six months ended June 30, 2022 and 2021 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Employee remuneration	\$ 25,181	22,322	44,913	40,921
Directors' remuneration	<u>12,591</u>	<u>11,161</u>	<u>22,457</u>	<u>20,460</u>
	<u><u>\$ 37,772</u></u>	<u><u>33,483</u></u>	<u><u>67,370</u></u>	<u><u>61,381</u></u>

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

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings for 2021 and 2020 were as follows:

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

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

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

(x) Other income

The details of other income were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Government grants	\$ 9,163	40,714	18,825	48,014
Rent income	2,098	2,059	4,162	4,276
Other	233	299	422	883
	<u>\$ 11,494</u>	<u>43,072</u>	<u>23,409</u>	<u>53,173</u>

(y) Other gains and losses

The details of other gains and losses were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income (losses) on financial assets/liabilities measured at FVTPL	\$ 105,741	(77,127)	(314,614)	(231,839)
Reversal of impairment losses of property, plant and equipment	-	-	-	6,986
Foreign currency exchange gains, net	136,412	328,552	683,339	580,802
Net income (losses) on disposal of property, plant and equipment	6,999	(6,618)	5,800	(19,835)
Impairment losses of investments accounted for using equity method	(157,740)	(140,000)	(157,740)	(140,000)
Net gains (losses) on disposal of right-of-use assets	(6,923)	6,288	(6,409)	6,560
Other	(2,085)	12,733	(5,766)	(16,390)
	<u>\$ 82,404</u>	<u>123,828</u>	<u>204,610</u>	<u>186,284</u>

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

(z) Financial instruments

Except for the following paragraph, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2021 for further information.

(i) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
June 30, 2022						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 6,144,518	6,171,191	6,171,191	-	-	-
Notes and accounts payable	15,869,103	15,869,103	15,869,103	-	-	-
Other payables	3,908,101	3,908,101	3,908,101	-	-	-
Salaries payable	1,057,561	1,057,561	1,057,561	-	-	-
Lease liabilities	2,153,970	2,629,436	275,905	237,679	620,580	1,495,272
Refund liabilities	1,982,859	1,982,859	1,982,859	-	-	-
Long-term borrowings	1,962,195	2,010,953	1,033,249	506,464	471,240	-
Guarantee deposits	12,984	12,984	-	-	-	12,984
Derivative financial liabilities:	1,094,471	-	-	-	-	-
Outflow	-	23,133,335	23,133,335	-	-	-
Inflow	-	(22,038,864)	(22,038,864)	-	-	-
	<u>\$ 34,185,762</u>	<u>34,736,659</u>	<u>31,392,440</u>	<u>744,143</u>	<u>1,091,820</u>	<u>1,508,256</u>
December 31, 2021						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 2,030,829	2,042,224	2,042,224	-	-	-
Notes and accounts payable	17,693,261	17,693,261	17,693,261	-	-	-
Other payables	2,463,296	2,463,296	2,463,296	-	-	-
Salaries payable	1,481,957	1,481,957	1,481,957	-	-	-
Lease liabilities	2,108,070	2,576,992	289,193	224,087	575,004	1,488,708
Refund liabilities	1,699,517	1,699,517	1,699,517	-	-	-
Long-term borrowings	1,460,955	1,494,676	451,504	606,773	436,399	-
Guarantee deposits	12,253	12,253	-	-	-	12,253
Derivative financial liabilities:	603,054	-	-	-	-	-
Outflow	-	3,950,961	3,950,961	-	-	-
Inflow	-	(3,347,907)	(3,347,907)	-	-	-
	<u>\$ 29,553,192</u>	<u>30,067,230</u>	<u>26,724,006</u>	<u>830,860</u>	<u>1,011,403</u>	<u>1,500,961</u>

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
June 30, 2021						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 10,333,741	10,340,533	10,340,533	-	-	-
Notes and accounts payable	14,555,724	14,555,724	14,555,724	-	-	-
Other payables	3,644,220	3,644,220	3,644,220	-	-	-
Salaries payable	995,668	995,668	995,668	-	-	-
Lease liabilities	2,143,052	2,638,686	297,167	230,097	543,324	1,568,098
Refund liabilities	1,568,543	1,568,543	1,568,543	-	-	-
Long-term borrowings	1,421,372	1,454,871	291,967	771,658	391,246	-
Guarantee deposits	14,129	14,129	-	-	-	14,129
Derivative financial liabilities:	455,762	-	-	-	-	-
Outflow	-	8,850,943	8,850,943	-	-	-
Inflow	-	(8,395,181)	(8,395,181)	-	-	-
	<u>\$ 35,132,211</u>	<u>35,668,136</u>	<u>32,149,584</u>	<u>1,001,755</u>	<u>934,570</u>	<u>1,582,227</u>

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	<u>June 30, 2022</u>			<u>December 31, 2021</u>			<u>June 30, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
<u>Monetary items</u>									
USD:CNY	\$ 577,927	6.7114	17,179,453	582,084	6.3674	16,117,906	606,793	6.4601	16,911,324
USD:HKD	261,815	7.8478	7,782,726	277,722	7.7981	7,690,109	281,495	7.7638	7,845,257
USD:TWD	393,754	29.7260	11,704,724	360,652	27.6900	9,986,444	362,967	27.8700	10,115,880
EUR:CZK	7,782	24.5419	241,577	9,709	25.2143	305,028	9,413	25.3711	312,135
USD:CZK	21,700	23.5010	645,054	5,347	22.2250	148,058	6,335	21.3250	176,556
USD:THB	9,144	35.2000	271,804	29,420	33.5060	814,647	20,526	32.0350	572,062
EUR:HKD	13,284	8.1955	412,375	10,778	8.8476	338,612	8,592	9.2374	284,911
CZK:HKD	160,951	0.3339	203,587	156,010	0.3509	194,388	110,255	0.3641	144,103
Financial liabilities									
<u>Monetary items</u>									
USD:CNY	\$ 501,379	6.7114	14,903,988	458,414	6.3674	12,693,487	525,324	6.4601	14,640,782
USD:HKD	202,331	7.8478	6,014,503	213,774	7.7981	5,919,412	236,623	7.7638	6,594,689
USD:TWD	467,760	29.7260	13,904,628	453,829	27.6900	12,566,531	499,771	27.8700	13,928,627
EUR:CZK	7,289	24.5419	226,272	6,386	25.2143	200,629	7,942	25.3711	263,357
USD:THB	55,381	35.2000	1,646,261	71,455	33.5060	1,978,583	10,914	32.0350	304,173
EUR:HKD	5,984	8.1955	185,761	7,912	8.8476	248,571	6,314	9.2374	209,372
USD:CZK	14,926	23.5010	443,690	3,062	22.2250	84,787	3,476	21.3250	96,876

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, derivative financial instruments, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY, HKD, CZK and THB against the USD; the HKD against CZK; as well as HKD and CZK against the EUR, as of June 30, 2022 and 2021, would have increased or decreased the net profit before tax by \$55,810 and \$16,218, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three and six months ended June 30, 2022 and 2021, foreign exchange gain (including realized and unrealized portions) amounted to \$136,412, \$328,552, \$683,339 and \$580,802, respectively.

(iii) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have decreased or increased by \$5,433 and \$10,307 for the six months ended June 30, 2022 and 2021, respectively. This is mainly due to borrowings and demand deposits with variable interest rates.

(iv) Other price risk

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

	For the six months ended June 30	
	2022	2021
Price of securities at the reporting date	Other comprehensive income before tax	Other comprehensive income before tax
Increasing 10%	\$ 35,189	14,791
Decreasing 10%	\$ (35,189)	(14,791)

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

(v) Fair value

1) Kinds of financial instruments and fair value

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

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

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

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

		June 30, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current	\$ <u>223,321</u>	-	-	223,321	223,321
Financial assets at FVOCI – non-current	\$ <u>147,908</u>	-	-	147,908	147,908
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 5,127,284				
Financial assets at amortized cost – current	8,713,826				
Notes and accounts receivable (including related parties)	13,408,354				
Other receivables	1,087,060				
Refundable deposits	<u>94,534</u>				
Total	\$ <u>28,431,058</u>				
Financial liabilities at FVTPL – current	\$ <u>455,762</u>	-	-	455,762	455,762
Financial liabilities measured at amortized cost :					
Borrowings	\$ 11,755,113				
Notes and accounts payable	14,555,724				
Other payables	3,644,220				
Salaries payable	995,668				
Lease liabilities	2,143,052				
Refund liabilities	1,568,543				
Guarantee deposits	<u>14,129</u>				
Total	\$ <u>34,676,449</u>				

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

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

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

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

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

- a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
 - b) Financial assets at FVOCI – non-current are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.
- 3) In the six months ended June 30, 2022 and 2021, there were no transfers between Levels.
 - 4) Reconciliation of Level 3 fair values

	For the six months ended June 30, 2022			For the six months ended June 30, 2021		
	FVTPL	FVOCI	Total	FVTPL	FVOCI	Total
Balance on January 1	\$ (446,816)	240,397	(206,419)	(118,413)	121,672	3,259
Recognized in profit or loss	(314,614)	-	(314,614)	(231,839)	-	(231,839)
Recognized in other comprehensive income	-	29,340	29,340	-	23,273	23,273
Acquisition /disposal	446,816	82,151	528,967	117,811	2,963	120,774
Balance on June 30	<u>\$ (314,614)</u>	<u>351,888</u>	<u>37,274</u>	<u>(232,441)</u>	<u>147,908</u>	<u>(84,533)</u>

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

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets and liabilities at FVTPL – derivative financial instruments and financial assets at FVOCI – equity securities. The quantitative information about significant unobservable inputs was as follows:

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

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

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

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

(aa) Financial risk management

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

(ab) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(ac) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Effect of changes in exchange rate</u>	<u>Changes in lease payments</u>	<u>June 30, 2022</u>
Short-term borrowings	\$ 2,030,829	4,113,689	-	-	6,144,518
Long-term borrowings	1,460,955	501,240	-	-	1,962,195
Lease liabilities	<u>2,108,070</u>	<u>(121,364)</u>	<u>24,801</u>	<u>142,463</u>	<u>2,153,970</u>
Total liabilities from financing activities	<u>\$ 5,599,854</u>	<u>4,493,565</u>	<u>24,801</u>	<u>142,463</u>	<u>10,260,683</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Effect of changes in exchange rate</u>	<u>Changes in lease payments</u>	<u>June 30, 2021</u>
Short-term borrowings	\$ 905,059	9,428,682	-	-	10,333,741
Long-term borrowings	755,459	665,913	-	-	1,421,372
Lease liabilities	<u>1,252,919</u>	<u>(127,209)</u>	<u>(7,761)</u>	<u>1,025,103</u>	<u>2,143,052</u>
Total liabilities from financing activities	<u>\$ 2,913,437</u>	<u>9,967,386</u>	<u>(7,761)</u>	<u>1,025,103</u>	<u>13,898,165</u>

(ad) Supplementary information of cash flow

- (i) The Group acquired property, plant and equipment amounting to \$820,628 and \$1,215,133, respectively, and the payables on equipment decreased \$59,738 and increased \$50,906, respectively, generating cash outflow of \$880,366 and \$1,164,227 for the six months ended June 30, 2022 and 2021, respectively.
- (ii) For the six months ended June 30, 2022 and 2021, the Group's disposal of property, plant and equipment included the write-off of the unamortized deferred revenue of equipment subsidy amounting to \$4,801 and \$192,832, respectively.

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

(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 June 30</u>		<u>For the six months ended June 30</u>		<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>			
Other related parties	\$ <u>61,520</u>	<u>252,296</u>	<u>104,627</u>	<u>482,287</u>	<u>57,753</u>	<u>130,280</u>	<u>201,247</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 June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Short-term employee benefits	\$ 53,073	39,732	88,992
Post-employment benefits	334	348	658	698
Share-based payments	<u>21,705</u>	<u>18,968</u>	<u>35,191</u>	<u>33,305</u>
	<u>\$ 75,112</u>	<u>59,048</u>	<u>124,841</u>	<u>116,508</u>

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

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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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets at amortized cost – current	Guarantee letters issued by bank	\$ <u>-</u>	<u>4,349</u>	<u>4,314</u>
Other current assets – restricted assets	Accounts receivable factoring	\$ <u>9,619</u>	<u>-</u>	<u>-</u>
Other non-current assets – restricted assets	Guarantee letters issued by bank	\$ <u>3,414</u>	<u>3,414</u>	<u>-</u>
Property, plant and equipment	Loan collateral	\$ <u>1,534,689</u>	<u>769,580</u>	<u>788,457</u>

(9) Commitments and contingencies:

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Guarantee letters	\$ <u>28,120</u>	<u>27,078</u>	<u>28,096</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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Sales of accounts receivable	\$ <u>1,939,071</u>	<u>1,815,507</u>	<u>1,691,431</u>
Long-term borrowings	\$ <u>5,070,260</u>	<u>4,846,300</u>	<u>3,065,700</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Property, plant and equipment	\$ <u>241,896</u>	<u>360,673</u>	<u>571,177</u>

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By item	By function	For the three months ended June 30, 2022			For the three months ended June 30, 2021		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
Salaries		1,023,876	1,083,433	2,107,309	915,380	879,353	1,794,733
Labor and health insurance		40,299	54,920	95,219	35,698	45,875	81,573
Pension		69,438	45,113	114,551	56,469	38,417	94,886
Others		19,709	60,818	80,527	22,663	52,531	75,194
Depreciation		337,414	78,198	415,612	361,348	70,870	432,218
Amortization		5,857	52,358	58,215	1,516	50,684	52,200

By item	By function	For the six months ended June 30, 2022			For the six months ended June 30, 2021		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits							
Salaries		1,994,758	2,067,643	4,062,401	1,827,378	1,820,196	3,647,574
Labor and health insurance		77,255	120,634	197,889	66,610	99,721	166,331
Pension		132,648	89,624	222,272	109,686	76,299	185,985
Others		56,047	110,590	166,637	54,819	91,152	145,971
Depreciation		670,696	151,232	821,928	745,364	146,928	892,292
Amortization		11,440	104,430	115,870	7,369	99,754	107,123

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	PKS1	The Company	Other receivables	Y	217,399	-	-	0	Short-term loan to other parties	-	Operating capital	-	-	-	795,628	795,628
2	TYM Acoustic Europe	Tymphony Dongguan	"	"	14,490	-	-	0	"	-	"	-	-	-	124,089	248,178

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

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	4,404,295	297,260	297,260	4,064	-	2.02 %	11,744,787	Y	N	Y
"	"	Primax Singapore	Subsidiary	4,404,295	2,700,000	2,700,000	616,333	-	18.39 %	11,744,787	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK.	"	1,778,923	4,459	4,459	-	-	0.08 %	2,964,871	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.

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

(iii) Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note	
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Shares: Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-		
	Changing Information Technology Inc.	-	"	223	9,901	1.39	9,901		
	Formosoft International Inc.	-	"	11	-	0.41	-		
	Syntronix Corp.	-	"	7	350	0.02	350		
	Ricavision International Inc.	-	"	917	-	2.04	-		
	Grove Ventures L.P.	-	"	-	183,855	2.73	183,855		
	Grove Ventures II, L.P.	-	"	-	74,553	3.31	74,553		
	Grove Ventures III, L.P.	-	"	-	8,323	2.22	8,323		
						<u>276,982</u>			
	Primax Tech.	Shares: Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
WK Global Investment III Ltd.		-	"	181	12,507	1.32	12,507		
					<u>12,507</u>				
Tymphony Huizhou	Shares: Shenzhen Mees Hi- Tech Co., Ltd.	-	"	556	<u>62,399</u>	10.00	62,399		

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD\$300 million or 20% of the Company's paid-in capital: None
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD\$300 million or 20% of the Company's issued capital: None
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD\$300 million or 20% of the Company's issued capital: None

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD\$100 million or 20% of the Company's issued capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	(Sale)	(6,178,822)	(28) %	60 days	Price agreed by both side	The same as general selling	2,901,593	27%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	12,950,052	68 %	"	"	The same as general purchasing	(5,660,829)	(61)%	Note 1
"	PKS1	"	Purchase	1,130,405	6 %	"	"	"	(909,701)	(10)%	Note 1
"	PCQ1	"	Purchase	4,157,811	22 %	"	"	"	(2,327,314)	(25)%	Note 1
"	Polaris	The subsidiary of Primax Tech.	(Sale)	(2,014,749)	(9) %	90 days	"	The same as general selling	509,941	5%	Note 1
"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	656,231	3 %	60 days	"	The same as general purchasing	(88,477)	(1)%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(129,216)	(1) %	"	"	The same as general selling	77,646	1%	Note 1
Primax Singapore	The Company	Parent	Purchase	6,178,822	94 %	"	"	The same as general purchasing	(2,901,593)	(92)%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	419,696	6 %	"	"	"	(251,473)	(8)%	Note 1
PCH2	The Company	The parent of Primax Cayman	(Sale)	(12,950,052)	(85) %	"	"	The same as general selling	5,660,829	87%	Note 1
"	Primax Singapore	The subsidiary of the Company	(Sale)	(419,696)	(3) %	"	"	"	251,473	4%	Note 1
PKS1	The Company	The parent of Primax Cayman	(Sale)	(1,130,405)	(100) %	"	"	"	909,701	100%	Note 1
PCQ1	"	"	(Sale)	(4,157,811)	(76) %	"	"	"	2,327,314	83%	Note 1
Primax Thailand	The Company	The parent of Primax Singapore	(Sale)	(656,231)	(96) %	"	"	"	88,477	96%	Note 1
Polaris	The Company	The parent of Primax Tech.	Purchase	2,014,749	100 %	90 days	"	The same as general purchasing	(509,941)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(2,078,400)	(47) %	60 days	"	The same as general selling	550,841	40%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(2,006,120)	(45) %	"	"	"	652,796	47%	Note 1
"	"	"	Purchase	129,272	4 %	"	"	The same as general purchasing	(136,007)	(8)%	Note 1
"	TYM Acoustic Europe	"	(Sale)	(158,647)	(4) %	"	"	The same as general selling	96,468	7%	Note 1
Tymphony Dongguan	TYM HK	"	Purchase	192,201	6 %	"	"	The same as general purchasing	(104,661)	(6)%	Note 1
"	"	"	(Sale)	(3,248,631)	(84) %	"	"	The same as general selling	1,209,282	77%	Note 1
"	TYM Acoustic Europe	"	(Sale)	(130,772)	(3) %	"	"	"	56,542	4%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(149,390)	(4) %	"	"	"	49,574	3%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	(Sale)	(149,807)	(4) %	"	"	"	156,858	10%	Note 1

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PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES
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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
TYDC	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(830,953)	(45) %	60 days	Price agreed by both side	The same as general selling	356,157	29%	Note 1
"	"	"	Purchase	137,784	9 %	"	"	The same as general purchasing	(97,572)	(9)%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(936,994)	(51) %	"	"	The same as general selling	783,385	64%	Note 1
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,363,463	30 %	90 days	"	The same as general purchasing	(650,899)	(32)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	2,078,400	45 %	60 days	"	"	(550,841)	(27)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	149,390	3 %	"	"	"	(49,574)	(2)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	936,994	20 %	"	"	"	(783,385)	(38)%	Note 1
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(1,363,463)	(75) %	90 days	"	The same as general selling	650,899	97%	Note 1
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	158,647	10 %	60 days	"	The same as general purchasing	(96,468)	(16)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	130,772	8 %	"	"	"	(56,542)	(9)%	Note 1
TYM HK	The Company	The parent of Tymphony Huizhou	Purchase	129,216	1 %	"	"	"	(77,646)	(3)%	Note 1
"	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	2,006,120	23 %	"	"	"	(652,796)	(27)%	Note 1
"	"	"	(Sale)	(129,272)	(1) %	"	"	The same as general selling	136,007	7%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	3,248,631	37 %	"	"	The same as general purchasing	(1,209,282)	(49)%	Note 1
"	"	"	(Sale)	(192,201)	(2) %	"	"	The same as general selling	104,661	5%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	830,953	10 %	"	"	The same as general purchasing	(356,157)	(14)%	Note 1
"	"	"	(Sale)	(137,784)	(2) %	"	"	The same as general selling	97,572	5%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	2,406,761	28 %	"	"	The same as general purchasing	(99,786)	(4)%	Note 1
TYTH	TYM HK	"	(Sale)	(2,406,761)	(100) %	"	"	The same as general selling	99,786	100%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	149,807	7 %	"	"	The same as general purchasing	(156,858)	(12)%	Note 1

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

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

(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	2,901,593 (note 4)	5.16	-	-	1,126,078	-
"	Polaris	The subsidiary of Primax Tech.	509,941 (note 4)	8.66	-	-	190,701	-
"	PCH2	The subsidiary of Primax HK.	387,516 (note 2) (note 4)	4.72	-	-	110,725	-
"	"	"	68,417 (note 4)	(note 3)	-	-	18,923	-
PCH2	The Company	The parent of Primax Cayman	5,660,829 (note 4)	4.48	-	-	2,686,371	-
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	123,075 (note 4)	(note 3)	-	-	30,689	-
"	Primax Thailand	The subsidiary of Primax Singapore	119,504 (note 4)	(note 3)	-	-	19,203	-
"	Primax Singapore	The subsidiary of the Company	251,473 (note 4)	4.57	-	-	103,333	-
PKS1	The Company	The parent of Primax Cayman	909,701 (note 4)	2.37	-	-	81,551	-
PCQ1	"	"	2,327,314 (note 4)	3.26	-	-	260,513	-
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	550,841 (note 4)	6.77	-	-	240,236	-
"	TYM HK	The subsidiary of TYM Acoustic HK	652,796 (note 4)	5.18	-	-	386,707	-
Tymphony Dongguan	"	"	1,209,282 (note 4)	5.25	-	-	478,641	-
"	"	"	1,078 (note 4)	(note 3)	-	-	-	-
"	TYTH	"	156,858 (note 4)	1.88	-	-	1,375	-
"	"	"	4,265 (note 4)	(note 3)	-	-	-	-
TYDC	TYM HK	"	356,157 (note 4)	3.20	-	-	-	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	783,385 (note 4)	3.90	-	-	144,576	-
TYM Acoustic Europe	"	Parent	650,899 (note 4)	5.05	-	-	405,559	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	104,661 (note 4)	3.92	-	-	-	-
"	"	"	1,945,248 (note 4)	(note 3)	-	-	1,056,021	-
"	TYDC	The subsidiary of Tymphony Dongguan	97,572 (note 4)	3.77	-	-	18,648	-
"	"	"	653,946 (note 4)	(note 3)	-	-	-	-
"	Tymphony Huizhou	The parent of TYM Acoustic HK	136,007 (note 4)	2.79	-	-	259	-
"	"	"	3,395 (note 4)	(note 3)	-	-	3,395	-

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

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the six months ended June 30, 2022 was \$629,167, which was written off with related cost of goods sold, and not regarded as sales for the Company.

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

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

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

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

(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
0	The Company	Primax Singapore	Subsidiary	Sales	6,178,822	Price agreed by both sides	16.18 %
"	"	"	"	Accounts Receivable	2,901,593	60 days	5.36 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	12,950,052	Price agreed by both sides	33.92 %
"	"	"	"	Accounts Payable	5,660,829	60 days	10.46 %
"	"	"	"	Accounts Receivable	387,516	"	0.72 %
"	"	"	"	Other Receivable	68,417	(Note 2)	0.13 %
"	"	PKS1	"	Purchase	1,130,405	Price agreed by both sides	2.96 %
"	"	"	"	Accounts Payable	909,701	60 days	1.68 %
"	"	PCQ1	"	Purchase	4,157,811	Price agreed by both sides	10.89 %
"	"	"	"	Accounts payable	2,327,314	60 days	4.30 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	2,014,749	Price agreed by both sides	5.28 %
"	"	"	"	Accounts Receivable	509,941	90 days	0.94 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	656,231	Price agreed by both sides	1.72 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	129,216	Price agreed by both sides	0.34 %
1	PCH2	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Other Receivable	123,075	(Note 2)	0.23 %
"	"	"	"	Service Revenue	171,401	Price agreed by both sides	0.45 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Other Receivable	119,504	(Note 2)	0.22 %
"	"	Primax Singapore	The subsidiary of the Company	Sale	419,696	Price agreed by both sides	1.10 %
"	"	"	"	Account Receivable	251,473	60 days	0.46 %
2	Tymphony Huizhou	TYM Acoustic HK	Subsidiary	Sale	2,078,400	Price agreed by both sides	5.44 %
"	"	"	"	Accounts Receivable	550,841	60 days	1.02 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	2,006,120	Price agreed by both sides	5.25 %
"	"	"	"	Accounts Receivable	652,796	60 days	1.21 %
"	"	"	"	Purchase	129,272	Price agreed by both sides	0.34 %

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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	
2	Tymphony Huizhou	TYM HK	"	Accounts Payable	136,007	60 days	0.25 %
"	"	"	"	Other Payable	3,395	(Note 2)	0.01 %
"	"	TYM Acoustic Europe	"	Sale	158,647	Price agreed by both sides	0.42 %
3	Tymphony Dongguan	TYM HK	The subsidiary of TYM Acoustic HK	Sale	3,248,631	Price agreed by both sides	8.51 %
"	"	"	"	Accounts Receivable	1,209,282	60 days	2.23 %
"	"	"	"	Other Receivable	1,078	(Note 2)	- %
"	"	"	"	Purchase	192,201	Price agreed by both sides	0.50 %
"	"	"	"	Accounts Payable	104,661	60 days	0.19 %
"	"	"	"	Other payable	1,945,248	(Note 2)	3.59 %
"	"	TYTH	"	Sale	149,807	Price agreed by both sides	0.39 %
"	"	"	"	Accounts Receivable	156,858	60 days	0.29 %
"	"	"	"	Other Receivable	4,265	(Note 2)	0.01 %
"	"	TYM Acoustic Europe	"	Sale	130,772	Price agreed by both sides	0.34 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	149,390	"	0.39 %
4	TYDC	TYM HK	The subsidiary of TYM Acoustic HK	Sale	830,953	"	2.18 %
"	"	"	"	Accounts Receivable	356,157	60 days	0.66 %
"	"	"	"	Purchase	137,784	Price agreed by both sides	0.36 %
"	"	"	"	Accounts Payable	97,572	60 days	0.18 %
"	"	"	"	Other Payable	653,946	(Note 2)	1.21 %
"	"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	936,994	Price agreed by both sides	2.45 %
"	"	"	"	Accounts Receivable	783,385	60 days	1.45 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	1,363,463	Price agreed by both sides	3.57 %
"	"	"	"	Accounts Payable	650,899	90 days	1.20 %
"	"	"	"	Service Expense	386,898	Price agreed by both sides	1.01 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Service Expense	519,803	"	1.36 %
"	"	TYTH	"	Purchase	2,406,761	"	6.30 %

Note 1: Disclosure of the amounts was exceeding of NT\$100 million.

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	7,399,181	443,534	457,340	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	2,740,196	90,833	81,528	Note 3
"	Destiny BVI.	Virgin Island	Holding company	30,939	30,939	1,050	100.00	6,303	12,461	12,461	Note 3
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	14,748	163	163	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	6,066,549	105,823	104,779	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	14,515	618	618	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	74,181	(181,936)	(181,936)	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	904,150	40,100	100.00	728,138	(21,629)	(21,647)	Note 3
	Total			9,987,798	9,710,798			17,043,811	449,867	453,306	
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	885,928	1,244	99.99	739,155	(18,209)	(18,209)	Note 3
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	7,512,100	443,141	443,141	Note 3
Primax Tech.	Polaris	USA	Sale and purchase of computer peripherals, mobile device components, and business devices	52,680	52,680	1,600	100.00	411,997	3,588	3,588	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	6,144,171	142,760	105,375	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	14,406	(67,210)	(28,083)	Note 4
Tymphony Hui Zhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories, speakers, and their components, as well as holding business	1,592,954	1,592,954	418,090	100.00	2,628,937	(15,444)	(15,444)	Note 3

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
TYM Acoustic HK	TYM HK	Hong Kong	Holding company: sales of, market development of and customer service for various speaker accessories, speakers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	1,269,023	(318,721)	(318,721)	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	25,900	2,222	2,222	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	33,008	3,276	3,276	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	812,616	(1,127)	(1,127)	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	152,433	(48,675)	(48,675)	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	486,742	(1,766)	(1,766)	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	9,352	(995)	(995)	Note 3

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

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

Note 3: The subsidiary of the Company.

Note 4: The associate of the Company.

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Indirect investment through Primax Cayman	Accumulated outflow of investment from Taiwan as of January 1, 2022 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,975,153	Indirect investment through Primax Cayman and Primax Tech.	1,519,324	-	-	1,628,099	245,125	100%	245,125	6,828,205	-
Destiny Beijing	R&D of computer peripheral and business devices	39,126	Indirect investment through Destiny BVL	29,075	-	-	31,212	12,461	100%	12,461	6,299	-
PKS1	Production of computer peripheral products	864,854	Indirect investment through Primax Cayman	609,180	-	-	653,972	23,798	100%	23,798	834,402	-

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Indirect investment through Primax Cayman	Accumulated outflow of investment from Taiwan as of January 1, 2022 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCQ1	Production of computer peripheral products	845,221	Indirect investment through Primax Cayman	553,800	-	-	594,520	254,329	100%	254,329	2,048,794	-
Tymphany Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,676,532	Indirect investment through Diamond	3,572,010	-	-	3,834,654	192,672	77.01%	141,312	4,566,532	-
Tymphany Dongguan	"	148,630	"	13,845	-	-	14,863	35,202	77.01%	23,837	645,541	-
TYDC	"	88,584	"	-	-	-	-	22,770	77.01%	16,451	153,972	-

Note 1: The above information on the exchange rate is as follows: HKD:TWD3.7878 ; USD:TWD 29.7260; CNY:TWD 4.4292.

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

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

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,196,531	8,424,580	None (note)

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

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

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the six months ended June 30, 2022, are disclosed in " Information on significant transactions", and " Business relationships and significant intercompany transactions".

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

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

(14) Segment information:

For the three and six months ended June 30, 2022 and 2021, the Group's segment information has no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2021 for the further information.

The Group's segment financial information was as follows:

	For the three months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 7,515,882	12,767,364	20,283,246
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 7,515,882</u>	<u>12,767,364</u>	<u>20,283,246</u>
Profit before tax from segments reported	<u>\$ 449,742</u>	<u>509,068</u>	<u>958,810</u>
	For the three months ended June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 8,168,192	8,279,817	16,448,009
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 8,168,192</u>	<u>8,279,817</u>	<u>16,448,009</u>
Profit before tax from segments reported	<u>\$ 567,475</u>	<u>227,152</u>	<u>794,627</u>
	For the six months ended June 30, 2022		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 15,009,324	23,168,378	38,177,702
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 15,009,324</u>	<u>23,168,378</u>	<u>38,177,702</u>
Profit before tax from segments reported	<u>\$ 931,461</u>	<u>714,693</u>	<u>1,646,154</u>
	For the six months ended June 30, 2021		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	\$ 16,846,289	16,761,107	33,607,396
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 16,846,289</u>	<u>16,761,107</u>	<u>33,607,396</u>
Profit before tax from segments reported	<u>\$ 1,096,102</u>	<u>332,590</u>	<u>1,428,692</u>