

**PRIMAX ELECTRONICS LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
for the Three Months Ended  
March 31, 2024 and 2023**

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

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## Independent Auditors' Review Report

To the Board of Directors of PRIMAX ELECTRONICS LTD.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$12,075,189 thousand and NT\$11,743,232 thousand, constituting 24.8% and 25.5% of the consolidated total assets; and the total liabilities amounting to NT\$6,952,761 thousand and NT\$5,966,376 thousand, constituting 24.6% and 22.1% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively; as well as the total comprehensive income amounting to NT\$186,251 thousand and NT\$49,687 thousand, constituting 15.5% and 7.6% of the consolidated comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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\$14,719,528 thousand and NT\$16,819,141 thousand, constituting 30.3% and 36.6% of the related consolidated total assets as of March 31, 2024 and 2023, respectively; as well as the operating revenue amounting to NT\$4,276,101 thousand and NT\$5,863,400 thousand, constituting 31.3% and 39.9% of the related consolidated operating revenue for the three months ended March 31, 2024 and 2023, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Horng, Shyh-Gang and Fu, Hung-Wen.

KPMG

Taipei, Taiwan (Republic of China)

May 8, 2024

### **Notes to Readers**

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

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

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

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****March 31, 2024, December 31 and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 13,087,012	27	10,904,683	24	7,158,094	16	2100	Short-term borrowings (notes 6(m) and 8)	\$ 2,270,357	5	756,252	2	1,373,111	3
1110	Current financial assets at fair value through profit or loss (note 6(b))	246,720	1	379,608	1	162,027	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	541,192	1	992,339	2	657,140	1
1137	Current financial assets at amortized cost (note 6(d))	33,649	-	30,234	-	140,000	-	2170	Notes and accounts payable	11,932,939	25	12,135,123	26	12,299,733	27
1170	Accounts receivable, net (notes 6(e) and (v))	11,469,588	24	11,481,787	25	13,085,506	29	2201	Salaries payable	874,596	2	1,310,137	3	807,679	2
1180	Accounts receivable from related parties, net (notes 6(e), (v) and 7)	81,776	-	70,606	-	57,140	-	2219	Other payables	4,010,633	8	3,976,418	9	4,198,014	9
1200	Other receivables (notes 6(e) and (f))	1,699,238	3	1,556,671	3	1,943,235	4	2280	Current lease liabilities (note 6(o))	229,214	-	225,189	-	202,859	1
1310	Inventories (note 6(g))	7,742,314	16	7,996,397	17	8,626,871	19	2320	Long-term borrowings, current portion (notes 6(n) and 8)	74,667	-	16,667	-	-	-
1470	Other current assets	604,323	1	516,388	1	865,450	2	2365	Current refund liabilities	2,442,545	5	2,239,016	5	1,923,147	4
		<u>34,964,620</u>	<u>72</u>	<u>32,936,374</u>	<u>71</u>	<u>32,038,323</u>	<u>70</u>	2399	Other current liabilities (note 6(v))	<u>2,120,832</u>	<u>4</u>	<u>1,985,860</u>	<u>4</u>	<u>1,907,767</u>	<u>4</u>
										<u>24,496,975</u>	<u>50</u>	<u>23,637,001</u>	<u>51</u>	<u>23,369,450</u>	<u>51</u>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>							
1511	Non-current financial assets at fair value through profit or loss, designated as upon initial recognition (note 6(b))	19,930	-	12,048	-	2,933	-	2540	Long-term borrowings (notes 6(n) and 8)	633,312	1	691,312	2	464,000	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	283,779	1	290,285	1	342,814	1	2580	Non-current lease liabilities (note 6(o))	1,534,303	3	1,559,401	3	1,694,978	4
1600	Property, plant and equipment (notes 6(i) and 8)	7,811,899	16	7,740,909	17	8,220,354	18	2630	Long-term deferred revenue (note 6(i))	572,274	1	606,265	1	763,737	2
1755	Right-of-use assets (note 6(j))	1,872,999	4	1,891,531	4	2,124,568	4	2670	Other non-current liabilities	<u>1,059,358</u>	<u>3</u>	<u>962,565</u>	<u>2</u>	<u>693,545</u>	<u>1</u>
1760	Investment property (notes 6(k) and 8)	664,838	1	649,515	1	32,785	-		<b>Total liabilities</b>	<u>28,296,222</u>	<u>58</u>	<u>27,456,544</u>	<u>59</u>	<u>26,985,710</u>	<u>59</u>
1780	Intangible assets (note 6(l))	2,016,311	4	2,013,589	4	2,099,708	4	<b>Equity attributable to owners of parent:</b>							
1840	Deferred tax assets	704,080	1	699,981	1	764,530	2	3110	Ordinary shares (note 6(s))	4,629,318	9	4,629,738	10	4,594,343	10
1990	Other non-current assets (note 8)	319,749	1	318,888	1	361,651	1	3200	Capital surplus (note 6(s))	2,356,575	5	2,359,753	5	2,181,959	5
		<u>13,693,585</u>	<u>28</u>	<u>13,616,746</u>	<u>29</u>	<u>13,949,343</u>	<u>30</u>	3310	Legal reserve (note 6(s))	2,274,414	5	2,274,414	5	1,999,217	4
								3320	Special reserve (note 6(s))	754,918	1	754,918	2	1,217,130	3
								3350	Unappropriated retained earnings (note 6(s))	8,892,546	18	8,311,190	18	7,987,990	17
								3400	Other equity interest	<u>(698,438)</u>	<u>(1)</u>	<u>(1,316,504)</u>	<u>(3)</u>	<u>(956,607)</u>	<u>(2)</u>
										<u>18,209,333</u>	<u>37</u>	<u>17,013,509</u>	<u>37</u>	<u>17,024,032</u>	<u>37</u>
								36XX	<b>Non-controlling interests (note 6(h))</b>	<u>2,152,650</u>	<u>5</u>	<u>2,083,067</u>	<u>4</u>	<u>1,977,924</u>	<u>4</u>
									<b>Total equity</b>	<u>20,361,983</u>	<u>42</u>	<u>19,096,576</u>	<u>41</u>	<u>19,001,956</u>	<u>41</u>
<b>Total assets</b>		<u>\$ 48,658,205</u>	<u>100</u>	<u>46,553,120</u>	<u>100</u>	<u>45,987,666</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 48,658,205</u>	<u>100</u>	<u>46,553,120</u>	<u>100</u>	<u>45,987,666</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
**Consolidated Statement of Comprehensive Income**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<b>For the three months ended March 31</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (notes 6(v) and 7)</b>	\$ 13,648,735	100	14,677,047	100
5000	<b>Operating costs (notes 6(g), (o), (q), (w) and 12)</b>	<u>11,473,305</u>	<u>84</u>	<u>12,485,937</u>	<u>85</u>
	<b>Gross profit from operation</b>	<u>2,175,430</u>	<u>16</u>	<u>2,191,110</u>	<u>15</u>
	<b>Operating expenses (notes 6(e), (o), (q), (t), (w) and 12):</b>				
6100	Selling expenses	387,595	3	422,510	3
6200	Administrative expenses	487,486	4	510,204	3
6300	Research and development expenses	718,498	5	723,461	5
6450	Expected credit loss (gain on reversal)	<u>(5,548)</u>	<u>-</u>	<u>(36,786)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>1,588,031</u>	<u>12</u>	<u>1,619,389</u>	<u>11</u>
	<b>Net operating income</b>	<u>587,399</u>	<u>4</u>	<u>571,721</u>	<u>4</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	122,066	1	32,289	-
7010	Other income (note 6(x))	25,677	-	3,039	-
7020	Other gains and losses (notes 6(y) and 12)	51,248	-	140,147	1
7050	Finance costs (note 6(o))	<u>(29,404)</u>	<u>-</u>	<u>(34,911)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>169,587</u>	<u>1</u>	<u>140,564</u>	<u>1</u>
	<b>Profit before tax</b>	756,986	5	712,285	5
7950	<b>Less: Income tax expenses (note 6(r))</b>	<u>151,521</u>	<u>1</u>	<u>138,989</u>	<u>1</u>
	<b>Profit</b>	<u>605,465</u>	<u>4</u>	<u>573,296</u>	<u>4</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(12,765)	-	(21,003)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(12,765)</u>	<u>-</u>	<u>(21,003)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operation's financial statements	607,321	4	97,292	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>607,321</u>	<u>4</u>	<u>97,292</u>	<u>-</u>
8300	<b>Other comprehensive income after tax</b>	<u>594,556</u>	<u>4</u>	<u>76,289</u>	<u>-</u>
	<b>Comprehensive income</b>	<u>\$ 1,200,021</u>	<u>8</u>	<u>649,585</u>	<u>4</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 581,356	4	554,882	4
8620	Non-controlling interests (note 6(h))	<u>24,109</u>	<u>-</u>	<u>18,414</u>	<u>-</u>
		<u>\$ 605,465</u>	<u>4</u>	<u>573,296</u>	<u>4</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 1,133,616	8	621,633	4
8720	Non-controlling interests (note 6(h))	<u>66,405</u>	<u>-</u>	<u>27,952</u>	<u>-</u>
		<u>\$ 1,200,021</u>	<u>8</u>	<u>649,585</u>	<u>4</u>
	<b>Earnings per share (note 6(u))</b>				
9710	<b>Basic earnings per share (NT dollars)</b>	<u>\$ 1.28</u>		<u>1.23</u>	
9810	<b>Diluted earnings per share (NT dollars)</b>	<u>\$ 1.26</u>		<u>1.22</u>	

See accompanying notes to consolidated financial statements.

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

**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES****Consolidated Statement of Changes in Equity****For the three months ended March 31, 2024 and 2023****(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
	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			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
<b>Balance at January 1, 2023</b>	\$ 4,582,893	2,129,908	1,999,217	1,217,130	7,433,108	(812,523)	57,605	(260,244)	16,347,094	1,946,491	18,293,585
Profit	-	-	-	-	554,882	-	-	-	554,882	18,414	573,296
Other comprehensive income	-	-	-	-	-	87,754	(21,003)	-	66,751	9,538	76,289
Comprehensive income	-	-	-	-	554,882	87,754	(21,003)	-	621,633	27,952	649,585
Changes in shares of investment accounted for using equity method	-	(3,481)	-	-	-	-	-	-	(3,481)	3,481	-
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	58,786	58,786	-	58,786
Issuance of restricted stock	11,450	55,532	-	-	-	-	-	(66,982)	-	-	-
<b>Balance at March 31, 2023</b>	<b>\$ 4,594,343</b>	<b>2,181,959</b>	<b>1,999,217</b>	<b>1,217,130</b>	<b>7,987,990</b>	<b>(724,769)</b>	<b>36,602</b>	<b>(268,440)</b>	<b>17,024,032</b>	<b>1,977,924</b>	<b>19,001,956</b>
<b>Balance at January 1, 2024</b>	\$ 4,629,738	2,359,753	2,274,414	754,918	8,311,190	(1,001,150)	(15,805)	(299,549)	17,013,509	2,083,067	19,096,576
Profit	-	-	-	-	581,356	-	-	-	581,356	24,109	605,465
Other comprehensive income	-	-	-	-	-	565,025	(12,765)	-	552,260	42,296	594,556
Comprehensive income	-	-	-	-	581,356	565,025	(12,765)	-	1,133,616	66,405	1,200,021
Changes in shares of investment accounted for using equity method	-	(3,178)	-	-	-	-	-	-	(3,178)	3,178	-
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	65,386	65,386	-	65,386
Cancellation of restricted stock	(420)	-	-	-	-	-	-	420	-	-	-
<b>Balance at March 31, 2024</b>	<b>\$ 4,629,318</b>	<b>2,356,575</b>	<b>2,274,414</b>	<b>754,918</b>	<b>8,892,546</b>	<b>(436,125)</b>	<b>(28,570)</b>	<b>(233,743)</b>	<b>18,209,333</b>	<b>2,152,650</b>	<b>20,361,983</b>

See accompanying notes to consolidated financial statements.

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

## PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 756,986	712,285
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	409,466	431,614
Amortization expense	21,616	53,582
Expected credit loss (gain on reversal)	(5,548)	(36,786)
Interest expense	29,404	34,911
Net losses on financial assets and liabilities at fair value through profit or loss	294,457	495,455
Interest income	(122,066)	(32,289)
Compensation cost of share-based payment	65,386	58,786
Gain on disposal of property, plant and equipment	(24,599)	(1,371)
Gain on disposal of right-of-use assets	(21)	-
Loss on disposal of unamortized expense	13	92
<b>Total adjustments to reconcile profit</b>	<u>668,108</u>	<u>1,003,994</u>
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	379,697	396,984
Accounts receivable	(100,290)	1,262,418
Accounts receivable from related parties	(11,170)	(2,553)
Other receivables	(35,860)	29,345
Inventories	254,083	726,633
Other current assets	(87,935)	(107,493)
Other operating assets	(13,198)	(184)
<b>Changes in operating assets</b>	<u>385,327</u>	<u>2,305,150</u>
Financial liabilities at fair value through profit or loss	(992,339)	(1,016,661)
Notes and accounts payable	(202,184)	(1,738,794)
Salaries payable	(435,541)	(870,978)
Other payables	(74,535)	(304,215)
Refund liabilities	203,529	10,788
Other current liabilities	149,956	343,895
Other operating liabilities	55,156	(13,926)
<b>Changes in operating liabilities</b>	<u>(1,295,958)</u>	<u>(3,589,891)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(910,631)</u>	<u>(1,284,741)</u>
<b>Total adjustments</b>	<u>(242,523)</u>	<u>(280,747)</u>
Cash inflow generated from operations	514,463	431,538
Interest received	122,066	32,289
Interest paid	(29,404)	(34,891)
Income taxes paid	(48,057)	(49,640)
<b>Net cash flows from operating activities</b>	<u>559,068</u>	<u>379,296</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(6,259)	(12,709)
Increase in financial assets measured at amortized cost	(3,415)	(9,977)
Acquisition of financial assets designated at fair value through profit or loss	(7,956)	(613)
Acquisition of property, plant and equipment	(335,295)	(370,875)
Proceeds from disposal of property, plant and equipment	54,209	15,906
Increase in refundable deposits	(814)	(1,265)
Acquisition of investment properties	(57)	-
Acquisition of unamortized expense	(1,519)	(3,753)
Proceeds from disposal of unamortized expense	5	-
<b>Net cash flows used in investing activities</b>	<u>(301,101)</u>	<u>(383,286)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,491,983	883,741
Increase in guarantee deposits received	2,302	7,085
Payment of lease liabilities	(61,744)	(53,093)
<b>Net cash flows from financing activities</b>	<u>1,432,541</u>	<u>837,733</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>491,821</u>	<u>39,464</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,182,329</u>	<u>873,207</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>10,904,683</u>	<u>6,284,887</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 13,087,012</u>	<u>7,158,094</u>

See accompanying notes to consolidated financial statements.



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

## PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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

#### (1) Company history

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

The consolidated financial statements of the Company as of and for the three months ended March 31, 2024, comprised the Company and subsidiaries (together referred to as “the Group”). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and related parts, as well as other electronic components. Please refer to note 14 for further information.

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

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

The consolidated financial statements were authorized for issuance by the board of directors on May 8, 2024.

#### (3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRS”) Accounting Standards 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, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

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

- (b) The impact of IFRS issued by 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 the IASB, but have yet to be endorsed by the FSC:

<u>Issue Date</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
2024.4.9	IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> </ul>	January 1, 2027

(Continued)

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

<u>Issue Date</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
2024.4.9	IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. 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 IAS21 “Lack of Exchangeability”

**(4) Summary of material 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, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI.)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development of and customer service for computer peripherals, mobile device components, and business devices	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax AE (Cayman) Holdings Ltd. (Primax AE)	Holding company	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Electronics (Singapore) Pte. Ltd. (Primax Singapore)	Sale of computer peripherals and mobile device components	100.00 %	100.00 %	100.00 %	(note 1)
The Company	Primax Security Technology Inc. (Primax Security)	Sale of computer peripherals and mobile device components	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 %	

(Continued)

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

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
TWEL	Tymphany Acoustic Technology (Huizhou) Co., Ltd (Tymphany Huizhou)	Manufacturing, R&D, design, and sales of various speaker accessories, speakers, and their components	77.01 %	77.01 %	77.01 %	
TWEL	Tymphany Acoustic Technology (Singapore) Pte. Ltd. (TYM Singapore)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	(note 2)
Tymphany Huizhou	Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	R&D, design, and sale of various speaker accessories, speakers, and their components, as well as holding business	100.00 %	100.00 %	100.00 %	
Tymphany Huizhou	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Europe, s.r.o (TYM Acoustic Europe)	Manufacturing, installation, and maintenance of various speaker accessories and their components	100.00 %	100.00 %	100.00 %	(note 1)
TYM Acoustic HK	TYP Enterprise, inc. (TYP)	Market development of and customer service for speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany HK Ltd. (TYM HK)	Holding company; sale of, market development of and customer service for various speaker accessories, speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology Limited (TYM Acoustic)	R&D and design of various speaker accessories as well as speakers and their components	100.00 %	100.00 %	100.00 %	
TYM Acoustic HK	Tymphany Acoustic Technology (Thailand) Co., Ltd (TYTH)	Manufacturing and sale of various speaker accessories, speakers, and their components	99.99 %	99.99 %	99.99 %	(note 1)
TYM HK	TYMPHANY LOGISTICS, INC (TYML)	Sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	
Tymphany Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Manufacturing, R&D, design, and sale of various speaker accessories, speakers, and their components	100.00 %	100.00 %	100.00 %	

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

Note 2: As of March 31, 2024, there is no capital injection from the Company.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

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

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

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

(Continued)

**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, 2023. Please refer to note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash on hand	\$ 2,717	2,987	3,931
Demand accounts and checking deposits	7,298,631	7,511,456	4,875,580
Time deposits	5,585,664	3,390,240	2,278,583
Repurchase agreement	200,000	-	-
	<b><u>\$ 13,087,012</u></b>	<b><u>10,904,683</u></b>	<b><u>7,158,094</u></b>

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

(i) Details of financial instruments were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Mandatorily measured at FVTPL:</b>			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 246,720	102,225	88,901
Foreign exchange swap contracts	-	277,383	73,126
Non-derivative financial assets			
Equities unlisted in foreign markets – Storm Venture Fund VII, L.P.	5,119	5,040	2,933
Equities unlisted in foreign markets – Thin Line Capital Fund II, L.P.	14,811	7,008	-
	<b><u>\$ 266,650</u></b>	<b><u>391,656</u></b>	<b><u>164,960</u></b>
Current	\$ 246,720	379,608	162,027
Non-current	19,930	12,048	2,933
	<b><u>\$ 266,650</u></b>	<b><u>391,656</u></b>	<b><u>164,960</u></b>

(Continued)

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Financial liabilities held-for-trading:</b>			
Derivative instrument not used for hedging			
Forward exchange contracts	\$ (177,756)	(985,204)	(387,772)
Foreign exchange swap contracts	<u>(363,436)</u>	<u>(7,135)</u>	<u>(269,368)</u>
	<u><b>\$ (541,192)</b></u>	<u><b>(992,339)</b></u>	<u><b>(657,140)</b></u>

- (ii) Storm Venture Fund VII, L.P increased its capital, wherein the Group participated and invested the amount of \$306 and \$613 for the three months ended March 31, 2024 and 2023, respectively.
- (iii) Thin Line Capital Fund II, L.P. increased its Capital, wherein the Group participated and invested the amount of \$7,650 for the three months ended March 31, 2024.
- (iv) The Group held the following derivative instruments as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities, without the application of edge accounting, as of March 31, 2024, December 31 and March 31, 2023:

<b>March 31, 2024</b>				
<b>Derivative financial instruments</b>	<b>Nominal amount (in thousands)</b>		<b>Maturity date</b>	<b>Predetermined rate</b>
Forward exchange contracts – buy HKD / sell USD	USD	8,000	April 29, 2024	7.814
Forward exchange contracts – buy CZK/ sell USD	USD	12,500	April 29, 2024	23.290
Forward exchange contracts – buy USD / sell TWD	USD	634,000	April 12, 2024~ October 18, 2024	30.288~31.990
Forward exchange contracts – buy TWD / sell USD	USD	60,500	April 8, 2024~ July 17, 2024	30.595~31.804
Forward exchange contracts – buy CNY/ sell USD	USD	288,000	April 3, 2024~ May 30, 2024	7.1219~7.2483
Forward exchange contracts – buy USD/ sell THB	USD	22,500	April 22, 2024~ April 29, 2024	36.000~36.350
Forward exchange contracts – buy HKD/ sell EUR	EUR	3,500	April 29, 2024	8.484
Forward exchange swap contracts – swap in TWD/ swap out USD	USD	412,000	April 12, 2024~ September 23, 2024	30.514~31.761

(Continued)



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

<b>December 31, 2023</b>				
<b>Derivative financial instruments</b>	<b>Nominal amount (in thousands)</b>		<b>Maturity date</b>	<b>Predetermined rate</b>
Forward exchange contracts – buy HKD / sell USD	USD	8,000	January 30, 2024	7.8105
Forward exchange contracts – buy CZK/ sell EUR	EUR	1,000	January 30, 2024	24.620
Forward exchange contracts – buy CZK/ sell USD	USD	9,000	January 30, 2024	22.278
Forward exchange contracts – buy USD / sell TWD	USD	643,000	January 16, 2024~ June 27, 2024	30.418~31.990
Forward exchange contracts – buy TWD / sell USD	USD	31,800	January 16, 2024~ June 20, 2024	30.739~31.315
Forward exchange contracts – buy CNY/ sell USD	USD	303,000	January 4, 2024~ March 28, 2024	7.0943~7.1756
Forward exchange contracts – buy USD/ sell THB	USD	19,000	January 22, 2024~ January 30, 2024	34.400~34.980
Forward exchange contracts – buy HKD/ sell EUR	EUR	3,500	January 30, 2024	8.6270
Foreign exchange swap contracts – swap in TWD/ swap out USD	USD	462,000	January 16, 2024~ June 24, 2024	30.457~31.761
<b>March 31, 2023</b>				
<b>Derivative financial instruments</b>	<b>Nominal amount (in thousands)</b>		<b>Maturity date</b>	<b>Predetermined rate</b>
Forward exchange contracts – buy USD / sell TWD	USD	683,000	April 10, 2023~ October 25, 2023	29.230~31.907
Forward exchange contracts – buy TWD / sell USD	USD	7,000	April 7, 2023~ April 21, 2023	30.3490~30.4330
Forward exchange contracts – buy CNY/ sell USD	USD	205,000	April 6 2023~ August 4, 2023	6.7104~7.1355
Forward exchange contracts – buy USD/ sell THB	USD	27,000	April 20, 2023~ April 28, 2023	34.045~34.230
Forward exchange contracts – buy HKD/ sell EUR	EUR	6,000	April 28, 2023	8.490
Foreign exchange swap contracts – swap in TWD/ swap out USD	USD	585,000	April 10, 2023~ October 25, 2023	29.3840~31.6960

(Continued)

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

(c) Financial assets at FVOCI

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Equity investments at FVOCI</b>			
Stocks unlisted in domestic markets— Changing Information Technology Inc.	\$ 13,446	11,093	10,156
Stocks unlisted in domestic markets— Syntronix Corp.	250	250	250
Equities unlisted in foreign markets—Grove Ventures L.P.	153,936	158,070	164,360
Equities unlisted in foreign markets—Grove Ventures II, L.P.	91,451	97,145	84,197
Equities unlisted in foreign markets— Grove Ventures III, L.P.	24,696	23,727	21,416
Stocks unlisted in foreign markets— Shenzhen Mees Hi-Tech Co., Ltd.	-	-	62,435
<b>Total</b>	<b>\$ <u>283,779</u></b>	<b><u>290,285</u></b>	<b><u>342,814</u></b>

- (i) The Group designated the investments above as equity securities as at FVOCI because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes and not for sale.
- (ii) Grove Venture, L.P executed capital increases, where the Group had participated and invested the amounts of \$6,259 in the three months ended March 31, 2024.
- (iii) Grove Ventures II, L.P. executed capital increases, where the Group had participated and invested the amounts of \$2,288 in the three months ended March 31, 2023.
- (iv) Grove Venture III, L.P. executed capital increases, where the Group had participated and invested the amounts of \$10,421 in the three months ended March 31, 2023.
- (v) The Group's investments in Grove Ventures, L.P., Grove Ventures II, L.P., and Grove Ventures III, L.P. are investments with duration. The Group's investments in the above limited partnership was designated as a financial asset at fair value through other comprehensive income at the time of the initial recognition.

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

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

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

(d) Financial assets at amortized cost

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Time deposits	<u>\$ 33,649</u>	<u>30,234</u>	<u>140,000</u>
Annual interest rates	<u>0.54%~1.53%</u>	<u>0.54%~1.53%</u>	<u>1.15%</u>
Maturity date	<u>2024.07.10~2024.12.06</u>	<u>2024.07.10</u>	<u>2023.04.20~2023.04.27</u>

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

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

(e) Accounts receivable (including related parties)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts receivable	\$ 11,533,990	11,549,203	13,152,030
Accounts receivable – related parties	81,776	70,606	57,140
Less: allowance for doubtful accounts	<u>(64,402)</u>	<u>(67,416)</u>	<u>(66,524)</u>
Total	<u>\$ 11,551,364</u>	<u>11,552,393</u>	<u>13,142,646</u>

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

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

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

	<b>March 31, 2024</b>		
	<b>Carrying amounts of accounts receivable (including related parties)</b>	<b>Lifetime ECL rate</b>	<b>Loss allowance provision of lifetime ECL</b>
Current	\$ 10,489,689	0%~0.13%	13,896
0 to 30 days past due	891,334	0%~3%	20,067
31 to 60 days past due	184,320	0%~5%	6,090
61 to 90 days past due	13,132	0%~10%	166
91 to 180 days past due	44	0%~25%	4
181 to 360 days past due	14,523	0%~80%	1,455
More than 361 days past due	22,724	0%~100%	22,724
	<b>\$ 11,615,766</b>		<b>64,402</b>
	<b>December 31, 2023</b>		
	<b>Carrying amounts of accounts receivable (including related parties)</b>	<b>Lifetime ECL rate</b>	<b>Loss allowance provision of lifetime ECL</b>
Current	\$ 10,450,695	0%~0.21%	22,061
0 to 30 days past due	1,047,527	0%~3%	17,568
31 to 60 days past due	77,561	0%~5%	3,713
61 to 90 days past due	2,631	0%~10%	213
91 to 180 days past due	5,577	0%~25%	595
181 to 360 days past due	19,330	0%~80%	6,778
More than 361 days past due	16,488	0%~100%	16,488
	<b>\$ 11,619,809</b>		<b>67,416</b>

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

	<b>March 31, 2023</b>		
	<b>Carrying amounts of accounts receivable (including related parties)</b>	<b>Lifetime ECL rate</b>	<b>Loss allowance provision of lifetime ECL</b>
Current	\$ 12,430,338	0%~0.02%	2,019
0 to 30 days past due	671,175	0%~3%	15,452
31 to 60 days past due	11,860	0%~5%	290
61 to 90 days past due	6,384	0%~10%	361
91 to 180 days past due	17,170	0%~25%	1,364
181 to 360 days past due	71,953	0%~80%	46,748
More than 361 days past due	290	0%~100%	290
	<b>\$ 13,209,170</b>		<b>66,524</b>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ 67,416	104,638
Impairment losses reversed	(5,548)	(36,786)
Effect of exchange rate changes	2,534	(1,328)
Balance on March 31	<b>\$ 64,402</b>	<b>66,524</b>

- (iv) The Group entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Group does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Group receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Group shall pay handling charges based on a fixed rate. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. As of March 31, 2024, December 31 and March 31, 2023, 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**

March 31, 2024						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
DBS Bank	\$ 1,058,232	952,409	-	1,058,232	-	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 2,500
	<u>\$ 1,058,232</u>	<u>952,409</u>	<u>-</u>	<u>1,058,232</u>		
December 31, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
DBS Bank	\$ 942,729	848,456	-	942,729	-	US\$ -
Mega International Commercial Bank	-	-	-	-	-	US\$ 2,500
	<u>\$ 942,729</u>	<u>848,456</u>	<u>-</u>	<u>942,729</u>		
March 31, 2023						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in Other Receivables	Range of Interest Rate	Guarantee (Promissory note)
		Unpaid	Paid			
HSBC Bank	\$ -	-	-	-	-	US\$ 18,000
DBS Bank	1,526,764	1,374,088	-	1,526,764	5.55%~5.80%	-
Bank of Taiwan	-	-	-	-	-	NT\$ 297,000
Mega International Commercial Bank	-	-	-	-	-	US\$ 3,750
	<u>\$ 1,526,764</u>	<u>1,374,088</u>	<u>-</u>	<u>1,526,764</u>		

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

(f) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables - factoring of accounts receivable	\$ 1,058,232	942,729	1,526,764
Other receivables - tax refund receivable	470,230	446,860	357,968
Other receivables - others	187,690	183,360	75,128
Less: allowance for doubtful accounts	(16,914)	(16,278)	(16,625)
	<u>\$ 1,699,238</u>	<u>1,556,671</u>	<u>1,943,235</u>

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ 16,278	16,540
Effect of exchange rate changes	636	85
Balance on March 31	<b>\$ 16,914</b>	<b>16,625</b>

(g) Inventories

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Raw materials	\$ 2,960,778	2,941,221	3,584,429
Semi-finished goods and work in process	1,876,334	1,853,451	1,716,021
Finished goods and merchandise	2,905,202	3,201,725	3,326,421
	<b>\$ 7,742,314</b>	<b>7,996,397</b>	<b>8,626,871</b>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Gain on inventory valuation and disposal of inventories	\$ 7,771	8,811
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(15,582)	(6,566)
Losses on physical inventories	(131)	(367)
	<b>\$ (7,942)</b>	<b>1,878</b>

(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	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>		
		March 31, 2024	December 31, 2023	March 31, 2023
Tymphany Huizhou and its subsidiaries	Hong Kong and China/Cayman Is.	22.99 %	22.99 %	22.99 %

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

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 11,176,409	10,972,844	12,533,249
Non-current assets	5,464,581	5,566,788	6,273,631
Current liabilities	(6,837,010)	(7,013,879)	(9,512,718)
Non-current liabilities	(440,562)	(465,002)	(690,751)
Net assets	<u>\$ 9,363,418</u>	<u>9,060,751</u>	<u>8,603,411</u>
Non-controlling interests	<u>\$ 2,152,650</u>	<u>2,083,067</u>	<u>1,977,924</u>
		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Operating revenue		<u>\$ 4,297,921</u>	<u>5,871,781</u>
Profit		\$ 104,866	80,097
Other comprehensive income		183,977	41,485
Comprehensive income		<u>\$ 288,843</u>	<u>121,582</u>
Profit attributable to non-controlling interests		<u>\$ 24,109</u>	<u>18,414</u>
Comprehensive income attributable to non-controlling interests		<u>\$ 66,405</u>	<u>27,952</u>
		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Cash flows used in operating activities		\$ (158,658)	(210,187)
Cash flows used in investing activities		(8,784)	(77,866)
Cash flows from (used) in financing activities		(30,268)	722,351
Effect of exchange rate changes		102,862	96,536
Net increase (decrease) in cash and cash equivalents		<u>\$ (94,848)</u>	<u>530,834</u>
Dividends paid to non-controlling interests		<u>\$ -</u>	<u>-</u>

(Continued)



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

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2024 and 2023, were as follows:

	Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
<b>Cost or deemed cost:</b>						
Balance on January 1, 2024	\$ 1,080,192	6,213,055	7,443,940	1,151,325	994,455	16,882,967
Additions	120,127	3,332	32,352	2,228	190,716	348,755
Disposals	-	(2,553)	(147,114)	(66,529)	-	(216,196)
Reclassifications	-	16,264	44,544	2,047	(63,350)	(495)
Effect of changes in exchange rate	(5,294)	147,498	222,364	30,370	9,380	404,318
Balance on March 31, 2024	<u>\$ 1,195,025</u>	<u>6,377,596</u>	<u>7,596,086</u>	<u>1,119,441</u>	<u>1,131,201</u>	<u>17,419,349</u>
Balance on January 1, 2023	\$ 1,077,437	6,714,735	7,407,901	1,176,279	459,164	16,835,516
Additions	-	14,790	24,556	9,860	279,372	328,578
Disposals	-	(9,577)	(79,448)	(4,968)	-	(93,993)
Reclassifications	-	37,463	70,187	13,189	(143,886)	(23,047)
Effect of changes in exchange rate	1,856	39,972	47,262	7,123	3,225	99,438
Balance on March 31, 2023	<u>\$ 1,079,293</u>	<u>6,797,383</u>	<u>7,470,458</u>	<u>1,201,483</u>	<u>597,875</u>	<u>17,146,492</u>
<b>Depreciation and impairments loss:</b>						
Balance on January 1, 2024	\$ -	2,481,245	5,834,955	825,858	-	9,142,058
Depreciation	-	77,082	217,105	39,119	-	333,306
Disposals	-	(2,553)	(123,451)	(53,022)	-	(179,026)
Reclassifications	-	-	(1,031)	1,020	-	(11)
Effect of changes in exchange rate	-	83,783	200,729	26,611	-	311,123
Balance on March 31, 2024	<u>\$ -</u>	<u>2,639,557</u>	<u>6,128,307</u>	<u>839,586</u>	<u>-</u>	<u>9,607,450</u>
Balance on January 1, 2023	\$ -	2,345,364	5,496,266	747,063	-	8,588,693
Depreciation	-	74,285	251,834	42,240	-	368,359
Disposals	-	(9,099)	(64,997)	(4,807)	-	(78,903)
Reclassifications	-	66	(1,996)	(66)	-	(1,996)
Effect of changes in exchange rate	-	11,909	33,809	4,267	-	49,985
Balance on March 31, 2023	<u>\$ -</u>	<u>2,422,525</u>	<u>5,714,916</u>	<u>788,697</u>	<u>-</u>	<u>8,926,138</u>
<b>Carrying amounts:</b>						
Balance on January 1, 2024	<u>\$ 1,080,192</u>	<u>3,731,810</u>	<u>1,608,985</u>	<u>325,467</u>	<u>994,455</u>	<u>7,740,909</u>
Balance on March 31, 2024	<u>\$ 1,195,025</u>	<u>3,738,039</u>	<u>1,467,779</u>	<u>279,855</u>	<u>1,131,201</u>	<u>7,811,899</u>
Balance on January 1, 2023	<u>\$ 1,077,437</u>	<u>4,369,371</u>	<u>1,911,635</u>	<u>429,216</u>	<u>459,164</u>	<u>8,246,823</u>
Balance on March 31, 2023	<u>\$ 1,079,293</u>	<u>4,374,858</u>	<u>1,755,542</u>	<u>412,786</u>	<u>597,875</u>	<u>8,220,354</u>

(i) The unamortized deferred revenue of equipment subsidy amounted to \$492,496, \$529,007 and \$683,369 were classified as long-term deferred revenue, as of March 31, 2024, December 31 and March 31, 2023, respectively.

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

(ii) As of March 31, 2024, December 31 and March 31, 2023, the Group has started the construction of Jhubei Factory in 2022, with the total costs of \$774,385, \$662,663 and \$196,416, respectively. The Group started project loan from July 26, 2023. For the three months ended March 31, 2024, the capitalized borrowing costs \$671, related to the construction of the said factory, had been calculated using a capitalization rate of 1.1%.

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

(j) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
<b>Cost:</b>					
Balance on January 1, 2024	\$ 245,823	2,549,113	56,507	-	2,851,443
Additions	-	5,060	5,518	-	10,578
Disposals	-	(45,383)	(3,184)	-	(48,567)
Lease modification	-	26,536	-	-	26,536
Effect of changes in exchange rates	9,596	10,256	51	-	19,903
Balance on March 31, 2024	<u>\$ 255,419</u>	<u>2,545,582</u>	<u>58,892</u>	<u>-</u>	<u>2,859,893</u>
Balance on January 1, 2023	\$ 371,616	2,523,498	40,756	2,106	2,937,976
Additions	-	4,967	368	-	5,335
Lease modification	-	34,205	-	-	34,205
Effect of changes in exchange rates	1,905	18,201	707	-	20,813
Balance on March 31, 2023	<u>\$ 373,521</u>	<u>2,580,871</u>	<u>41,831</u>	<u>2,106</u>	<u>2,998,329</u>
<b>Depreciation:</b>					
Balance on January 1, 2024	\$ 24,571	908,268	27,073	-	959,912
Depreciation	1,507	62,691	3,399	-	67,597
Disposals	-	(45,383)	(1,947)	-	(47,330)
Effect of changes in exchange rates	1,006	5,670	39	-	6,715
Balance on March 31, 2024	<u>\$ 27,084</u>	<u>931,246</u>	<u>28,564</u>	<u>-</u>	<u>986,894</u>
Balance on January 1, 2023	\$ 34,845	745,246	21,462	2,106	803,659
Depreciation	2,132	58,233	2,775	-	63,140
Effect of changes in exchange rates	184	6,466	312	-	6,962
Balance on March 31, 2023	<u>\$ 37,161</u>	<u>809,945</u>	<u>24,549</u>	<u>2,106</u>	<u>873,761</u>
<b>Carrying amounts:</b>					
Balance on January 1, 2024	<u>\$ 221,252</u>	<u>1,640,845</u>	<u>29,434</u>	<u>-</u>	<u>1,891,531</u>
Balance on March 31, 2024	<u>\$ 228,335</u>	<u>1,614,336</u>	<u>30,328</u>	<u>-</u>	<u>1,872,999</u>
Balance on January 1, 2023	<u>\$ 336,771</u>	<u>1,778,252</u>	<u>19,294</u>	<u>-</u>	<u>2,134,317</u>
Balance on March 31, 2023	<u>\$ 336,360</u>	<u>1,770,926</u>	<u>17,282</u>	<u>-</u>	<u>2,124,568</u>

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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>Right-of-use assets – Land</u>	<u>Total</u>
<b>Carrying amounts:</b>				
Balance on January 1, 2024	\$ <u>16,249</u>	<u>611,600</u>	<u>21,666</u>	<u>649,515</u>
Balance on March 31, 2024	\$ <u>16,249</u>	<u>626,234</u>	<u>22,355</u>	<u>664,838</u>
Balance on January 1, 2023	\$ <u>16,249</u>	<u>16,651</u>	-	<u>32,900</u>
Balance on March 31, 2023	\$ <u>16,249</u>	<u>16,536</u>	-	<u>32,785</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2024 and 2023. Please refer to 6(l) of the consolidated financial statements for the year ended December 31, 2023 for other related information.
- (ii) The fair value of the investment property was not significantly different from those disclosed in note 6(l) of the consolidated financial statements for the year ended December 31, 2023.
- (iii) The Group provided the aforementioned investment property as collateral; please refer to note 8.

(l) Intangible assets

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Technology</u>	<u>Trademarks, Patents and Copyrights</u>	<u>Total</u>
<b>Carrying amounts:</b>					
Balance on January 1, 2024	\$ <u>2,007,891</u>	<u>1,740</u>	<u>1,013</u>	<u>2,945</u>	<u>2,013,589</u>
Balance on March 31, 2024	\$ <u>2,014,095</u>	-	-	<u>2,216</u>	<u>2,016,311</u>
Balance on January 1, 2023	\$ <u>2,008,135</u>	<u>73,620</u>	<u>42,943</u>	<u>5,561</u>	<u>2,130,259</u>
Balance on March 31, 2023	\$ <u>2,005,771</u>	<u>55,650</u>	<u>32,461</u>	<u>5,826</u>	<u>2,099,708</u>

- (i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2024 and 2023. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2023 for other related information.
- (ii) The Group did not provide any of the aforementioned intangible assets as collateral.

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

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured bank loans	\$ 649,396	-	-
Unsecured bank loans	1,620,961	756,252	1,373,111
	<u>\$ 2,270,357</u>	<u>756,252</u>	<u>1,373,111</u>
Unused credit lines	<u>\$ 28,043,782</u>	<u>26,822,784</u>	<u>29,387,705</u>
Annual interest rates	<u>2.43%~6.28%</u>	<u>3.04%~3.64%</u>	<u>1.92%~5.29%</u>

For the collateral for short-term borrowings, please refer to note 8.

(n) Long-term borrowings

<u>March 31, 2024</u>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.23%~1.65%	2026~2028	\$ 707,979
Less: current portion				(74,667)
				<u>\$ 633,312</u>
Unused credit lines				<u>\$ 1,722,223</u>
<u>December 31, 2023</u>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.1%~1.65%	2026~2028	\$ 707,979
Less: current portion				(16,667)
				<u>\$ 691,312</u>
Unused credit lines				<u>\$ 2,321,407</u>
<u>March 31, 2023</u>				
	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.03%~1.52%	2026	\$ 464,000
Less: current portion				-
				<u>\$ 464,000</u>
Unused credit lines				<u>\$ 1,945,080</u>

(i) For the collateral for long-term borrowings, please refer to note 8.

(Continued)

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

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

(o) Lease liabilities

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	\$ <u>229,214</u>	<u>225,189</u>	<u>202,859</u>
Non-current	\$ <u>1,534,303</u>	<u>1,559,401</u>	<u>1,694,978</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ <u>12,917</u>	<u>14,557</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>18,364</u>	<u>24,793</u>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Rental paid in operating activities	\$ (18,364)	(24,793)
Interest on lease liabilities paid in operating activities	(12,917)	(14,557)
Payment made on lease liabilities in financing activities	(61,744)	(53,093)
Total cash outflow for leases	\$ <u>(93,025)</u>	<u>(92,443)</u>

(i) Real estate leases

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

(ii) Other leases

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

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

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

(p) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2024 and 2023. Please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2023 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, 2023 and 2022.

(ii) Defined contribution plans

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Defined benefit plans	\$ 177	189
Defined contribution plans	94,980	105,467
Total	<b>\$ 95,157</b>	<b>105,656</b>

(r) Income taxes

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Income tax expense	<b>\$ 151,521</b>	<b>138,989</b>

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

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

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

(v) Global minimum top-up tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation from January 1, 2024 and is liable for additional current taxes in relation to the group's operations in United Kingdom, The Czech Republic and Japan. The top-up tax relates to the subsidiaries' operations in Cayman Islands, where the statutory tax rate is 0 percent. This impact has been considered in determining the weighted-average annual income tax rate for the full financial year.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. Please refer to note 4(s) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2024 and 2023. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(i) Ordinary shares

As of March 31, 2024, December 31 and March 31, 2023, 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 462,932 thousand shares, 462,974 thousand shares and 459,434 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

	<b>Ordinary shares (in thousands of shares)</b>	
	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	462,974	458,289
Issuance of restricted stock	-	1,145
Cancellation of restricted stock	(42)	-
Balance on March 31	<b>462,932</b>	<b>459,434</b>

(Continued)

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Additional paid-in capital	\$ 1,106,855	1,076,639	958,145
Employee stock options	259,401	259,401	259,401
Restricted employee stock options	432,791	463,007	394,353
Long-term investments	<u>557,528</u>	<u>560,706</u>	<u>570,060</u>
	<b><u>\$ 2,356,575</u></b>	<b><u>2,359,753</u></b>	<b><u>2,181,959</u></b>

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earnings 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.

The earnings distributions for 2023 were proposed to be NT\$4(dollars) per share which amounted to \$1,851,727 during the board of directors meeting held on February 26, 2024.

The earnings distributions for 2022 were resolved to be NT\$3.9(dollars) per share which amounted to \$1,791,794 during the shareholders' meeting held on May 25, 2023.

(t) Share-based payment

Except for the following disclosure, there were no significant changes on share-based payment for the three months ended March 31, 2024 and 2023. Please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2023 for further information.

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

(Continued)



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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Restricted stock	<u>\$ 65,386</u>	<u>58,786</u>

- (u) Earnings per share

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

- (i) Basic earnings per share

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Profit attributable to owners of parent	<u>\$ 581,356</u>	<u>554,882</u>
Weighted-average number of ordinary shares (thousand shares)	<u>454,363</u>	<u>451,320</u>
Basic earnings per share (NT dollars)	<u>\$ 1.28</u>	<u>1.23</u>

- (ii) Diluted earnings per share

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Profit attributable to owners of parent	<u>\$ 581,356</u>	<u>554,882</u>
Weighted-average number of ordinary shares (diluted) (thousand shares)	<u>459,926</u>	<u>455,315</u>
Diluted earnings per share (NT dollars)	<u>\$ 1.26</u>	<u>1.22</u>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted-average number of ordinary shares on March 31 (basic)	454,363	451,320
Estimated effect of employee stock bonuses	1,071	1,491
Effect of restricted stock	<u>4,492</u>	<u>2,504</u>
Weighted-average number of ordinary shares on March 31 (diluted)	<u>459,926</u>	<u>455,315</u>

(Continued)

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

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended March 31, 2024</b>		
	<b>Computer Peripherals</b>	<b>Non-computer Peripherals</b>	<b>Total</b>
Goods sold	\$ 5,759,612	7,564,460	13,324,072
Service rendered	62,407	262,256	324,663
	<b>\$ 5,822,019</b>	<b>7,826,716</b>	<b>13,648,735</b>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Mainland China	\$ 6,153,288	5,167,962
Europe	2,527,716	3,829,738
America	4,074,272	4,408,198
Other	893,459	1,271,149
	<b>\$ 13,648,735</b>	<b>14,677,047</b>

(ii) Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Accounts receivable (including related parties)	\$ 11,615,766	11,619,809	13,209,170
Less: allowance for impairment	(64,402)	(67,416)	(66,524)
	<b>\$ 11,551,364</b>	<b>11,552,393</b>	<b>13,142,646</b>
Contract liabilities (classified as other current liabilities)	<b>\$ 489,928</b>	<b>488,099</b>	<b>841,099</b>

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

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

The amount of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$237,265 and \$303,242, respectively.

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

(w) Employee's and directors' 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 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Employee remuneration	\$ 20,757	20,998
Directors' remuneration	10,378	10,499
	<b>\$ 31,135</b>	<b>31,497</b>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors 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 2023 and 2022 were as follows:

	<b>2023</b>		
	<b>Actual earnings distributed</b>	<b>Accrued in the financial statement</b>	<b>Difference</b>
Employee remuneration–Cash	\$ 89,330	89,330	-
Director's remuneration	44,665	44,665	-

(Continued)

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

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

Information on the remuneration to employees and directors, approved in the Board of Directors’ meetings, can be accessed in the Market Observation Post System website.

(x) Other income

The details of other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Government grants	\$ 10,532	2,338
Rent income	14,876	522
Other	269	179
	<b>\$ 25,677</b>	<b>3,039</b>

(y) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net losses on financial assets/liabilities measured at FVTPL	\$ (294,457)	(495,455)
Foreign currency exchange gains, net	373,822	636,066
Net income on disposal of property, plant and equipment	24,599	1,371
Net gains on disposal of right-of-use assets	21	-
Other	(52,737)	(1,835)
	<b>\$ 51,248</b>	<b>140,147</b>

(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(aa) of the consolidated financial statements for the year ended December 31, 2023 for further information.

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

(i) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1~2 years	2~5 years	Over 5 years
<b>March 31, 2024</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 2,270,357	2,291,201	2,291,201	-	-	-
Notes and accounts payable	11,932,939	11,932,939	11,932,939	-	-	-
Other payables	2,917,691	2,917,691	2,917,691	-	-	-
Salaries payable	874,596	874,596	874,596	-	-	-
Lease liabilities	1,763,517	1,988,455	276,139	250,878	634,094	827,344
Refund liabilities	2,442,545	2,442,545	2,442,545	-	-	-
Long-term borrowings	707,979	731,490	84,925	239,503	407,062	-
Guarantee deposits	35,807	35,807	-	-	-	35,807
Derivative financial liabilities:	541,192	-	-	-	-	-
Outflow	-	14,652,073	14,652,073	-	-	-
Inflow	-	(14,110,881)	(14,110,881)	-	-	-
	<u>\$ 23,486,623</u>	<u>23,755,916</u>	<u>21,361,228</u>	<u>490,381</u>	<u>1,041,156</u>	<u>863,151</u>
<b>December 31, 2023</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 756,252	759,171	759,171	-	-	-
Notes and accounts payable	12,135,123	12,135,123	12,135,123	-	-	-
Other payables	2,999,687	2,999,687	2,999,687	-	-	-
Salaries payable	1,310,137	1,310,137	1,310,137	-	-	-
Lease liabilities	1,784,590	2,017,258	272,412	248,423	631,932	864,491
Refund liabilities	2,239,016	2,239,016	2,239,016	-	-	-
Long-term borrowings	707,979	732,135	26,686	240,064	465,385	-
Guarantee deposits	33,505	33,505	-	-	-	33,505
Derivative financial liabilities:	992,339	-	-	-	-	-
Outflow	-	2,134,469	2,134,469	-	-	-
Inflow	-	(1,142,130)	(1,142,130)	-	-	-
	<u>\$ 22,958,628</u>	<u>23,218,371</u>	<u>20,734,571</u>	<u>488,487</u>	<u>1,097,317</u>	<u>897,996</u>
<b>March 31, 2023</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 1,373,111	1,385,879	1,385,879	-	-	-
Notes and accounts payable	12,299,733	12,299,733	12,299,733	-	-	-
Other payables	3,014,965	3,014,965	3,014,965	-	-	-
Salaries payable	807,679	807,679	807,679	-	-	-
Lease liabilities	1,897,837	2,439,130	258,838	225,172	657,087	1,298,033
Refund liabilities	1,923,147	1,923,147	1,923,147	-	-	-
Long-term borrowings	464,000	482,243	6,736	83,929	391,578	-
Guarantee deposits	19,211	19,211	-	-	-	19,211
Derivative financial liabilities:	657,140	-	-	-	-	-
Outflow	-	17,856,005	17,856,005	-	-	-
Inflow	-	(17,198,865)	(17,198,865)	-	-	-
	<u>\$ 22,456,823</u>	<u>23,029,127</u>	<u>20,354,117</u>	<u>309,101</u>	<u>1,048,665</u>	<u>1,317,244</u>

(Continued)

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

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2024			December 31, 2023			March 31, 2023			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<b>Financial assets</b>										
<b><u>Monetary items</u></b>										
USD:CNY	\$	514,288	7.0950	16,452,085	546,979	7.0827	16,811,402	487,830	6.8717	14,856,368
USD:HKD		195,786	7.8264	6,263,183	264,835	7.8157	8,139,702	282,964	7.8497	8,617,392
USD:TWD		320,110	31.9900	10,240,326	413,715	30.7350	12,715,538	301,934	30.4540	9,195,089
EUR:CZK		5,049	25.3204	174,761	6,326	24.6773	215,742	3,608	23.5888	119,833
USD:CZK		19,330	23.4080	618,367	17,471	22.2390	536,971	10,562	21.6330	321,655
USD:THB		36,129	36.4800	1,155,777	35,502	34.1400	1,091,140	24,052	34.0000	732,476
EUR:HKD		7,735	8.4682	267,732	7,719	8.6723	263,249	10,145	8.5609	336,946
CZK:HKD		109,426	0.3344	149,585	94,345	0.3514	130,385	78,501	0.3629	110,529
<b>Financial liabilities</b>										
<b><u>Monetary items</u></b>										
USD:CNY	\$	220,645	7.0950	7,058,419	259,769	7.0827	7,984,009	290,519	6.8717	8,847,455
USD:HKD		177,292	7.8264	5,671,574	191,851	7.8157	5,896,555	211,384	7.8497	6,437,480
USD:TWD		397,924	31.9900	12,729,605	495,314	30.7350	15,223,471	368,347	30.4540	11,217,640
EUR:CZK		5,095	25.3204	176,353	4,786	24.6773	163,222	3,533	23.5888	117,342
USD:THB		53,919	36.4800	1,724,882	52,348	34.1400	1,608,905	11,209	34.0000	341,346
EUR:HKD		3,799	8.4682	131,495	3,341	8.6723	113,941	1,493	8.5609	49,587
USD:CZK		-	23.4080	-	3,278	22.2390	100,749	6,930	21.6330	211,046

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, accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY, HKD, CZK and THB against the USD; the HKD against CZK; as well as HKD and CZK against the EUR, as of March 31, 2024 and 2023, would have increased or decreased the net profit before tax by \$391,474 and \$353,420, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$373,822 and \$636,066, respectively.

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

(iii) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, and assumed all other variables remain constant, the profit before tax would have increased or decreased by \$2,709 and \$1,902 for the three months ended March 31, 2024 and 2023, respectively. This is mainly due to borrowings and demand deposits with variable interest rates.

(iv) Other price risk

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

	<b>For the three months ended March 31</b>		<b>For the three months ended March 31</b>	
	<b>2024</b>		<b>2023</b>	
<b>Price of securities at the reporting date</b>	<b>Other comprehensive income before tax</b>	<b>Income before tax</b>	<b>Other comprehensive income before tax</b>	<b>Income before tax</b>
Increasing 10%	\$ 28,378	1,993	34,281	293
Decreasing 10%	\$ (28,378)	(1,993)	(34,281)	(293)

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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:

	March 31, 2024				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>	<u>\$ 266,650</u>	-	-	266,650	266,650
<b>Financial assets at FVOCI – non-current</b>	<u>\$ 283,779</u>	-	-	283,779	283,779
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	\$ 13,087,012				
Financial assets at amortized cost – current	33,649				
Accounts receivable (including related parties)	11,551,364				
Other receivables	1,699,238				
Refundable deposits	<u>123,219</u>				
Total	<u>\$ 26,494,482</u>				
<b>Financial liabilities at FVTPL – current</b>	<u>\$ 541,192</u>	-	-	541,192	541,192
<b>Financial liabilities measured at amortized cost:</b>					
Borrowings	\$ 2,978,336				
Notes and accounts payable	11,932,939				
Other payables	2,917,691				
Salaries payable	874,596				
Lease liabilities	1,763,517				
Refund liabilities	2,442,545				
Guarantee deposits	<u>35,807</u>				
Total	<u>\$ 22,945,431</u>				

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

	December 31, 2023				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>	<b>\$ <u>391,656</u></b>	-	-	391,656	391,656
<b>Financial assets at FVOCI – non-current</b>	<b>\$ <u>290,285</u></b>	-	-	290,285	290,285
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	\$ 10,904,683				
Financial assets at amortized cost – current	30,234				
Accounts receivable (including related parties)	11,552,393				
Other receivables	1,556,671				
Refundable deposits	<u>122,405</u>				
Total	<b>\$ <u>24,166,386</u></b>				
<b>Financial liabilities at FVTPL – current</b>	<b>\$ <u>992,339</u></b>	-	-	992,339	992,339
<b>Financial liabilities measured at amortized cost:</b>					
Borrowings	\$ 1,464,231				
Notes and accounts payable	12,135,123				
Other payables	2,999,687				
Salaries payable	1,310,137				
Lease liabilities	1,784,590				
Refund liabilities	2,239,016				
Guarantee deposits	<u>33,505</u>				
Total	<b>\$ <u>21,966,289</u></b>				

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

		March 31, 2023			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>	<b>\$ <u>164,960</u></b>	-	-	164,960	164,960
<b>Financial assets at FVOCI – non-current</b>	<b>\$ <u>342,814</u></b>	-	-	342,814	342,814
<b>Financial assets measured at amortized cost:</b>					
Cash and cash equivalents	\$ 7,158,094				
Financial assets at amortized cost – current	140,000				
Accounts receivable (including related parties)	13,142,646				
Other receivables	1,943,235				
Refundable deposits	<u>131,739</u>				
Total	<b>\$ <u>22,515,714</u></b>				
<b>Financial liabilities at FVTPL – current</b>	<b>\$ <u>657,140</u></b>	-	-	657,140	657,140
<b>Financial liabilities measured at amortized cost :</b>					
Borrowings	\$ 1,837,111				
Notes and accounts payable	12,299,733				
Other payables	3,014,965				
Salaries payable	807,679				
Lease liabilities	1,897,837				
Refund liabilities	1,923,147				
Guarantee deposits	<u>19,211</u>				
Total	<b>\$ <u>21,799,683</u></b>				

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

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

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

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

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

- a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.
  - b) Financial assets at FVTPL – non-derivative financial assets and Financial assets at FVOCI without an active market are investments in domestic or foreign non-listed stock. The estimated fair value is based on the market approach of comparable business and adjusted for the lack of liquidity. When prices are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.
- 3) In the three months ended March 31, 2024 and 2023, there were no transfers between Levels.
  - 4) Reconciliation of Level 3 fair values

	<u>For the three months ended March 31, 2024</u>			<u>For the three months ended March 31, 2023</u>		
	<u>FVTPL</u>	<u>FVOCI</u>	<u>Total</u>	<u>FVTPL</u>	<u>FVOCI</u>	<u>Total</u>
<b>Balance on January 1</b>	\$ (600,683)	290,285	(310,398)	(617,015)	350,788	(266,227)
Recognized in profit or loss	(294,457)	-	(294,457)	(495,455)	-	(495,455)
Recognized in other comprehensive income	-	(12,765)	(12,765)	-	(21,003)	(21,003)
Acquisition /disposal	620,598	6,259	626,857	620,290	12,709	632,999
Effect of changes on exchange rate	-	-	-	-	320	320
<b>Balance on March 31</b>	<u>\$ (274,542)</u>	<u>283,779</u>	<u>9,237</u>	<u>(492,180)</u>	<u>342,814</u>	<u>(149,366)</u>

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

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

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

(Continued)

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

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

(aa) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(ab) of the consolidated financial statement ended December 31, 2023.

(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, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(ac) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Effect of changes in exchange rate</b>	<b>Changes in lease payments</b>	<b>March 31, 2024</b>
Short-term borrowings	\$ 756,252	1,491,983	22,122	-	2,270,357
Long-term borrowings	707,979	-	-	-	707,979
Lease liabilities	1,784,590	(61,744)	4,815	35,856	1,763,517
Guarantee deposits	33,505	2,302	-	-	35,807
Total liabilities from financing activities	<b>\$ 3,282,326</b>	<b>1,432,541</b>	<b>26,937</b>	<b>35,856</b>	<b>4,777,660</b>

  

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

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(ad) Supplementary information of cash flow

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
	Acquisition of property, plant and equipment	\$ 348,755
Decrease (increase) in payables on equipment	(13,460)	42,297
Decrease in cash	<b>\$ 335,295</b>	<b>370,875</b>
	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Proceeds from disposal of property, plant and equipment	\$ 37,170	15,090
Gain on disposal of property, plant and equipment	24,599	1,371
Decrease in other receivables	8,160	-
Decrease in equipment subsidy	(736)	(555)
Decrease in advance payment	(14,984)	-
Increase in cash	<b>\$ 54,209</b>	<b>15,906</b>

**(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.

<b>Name</b>	<b>Relationship</b>
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:

	<b>Sales</b>		<b>Notes and accounts receivable</b>		
	<b>For the three months ended March 31</b>		<b>March 31,</b>	<b>December</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>31, 2023</b>	<b>2023</b>
Other related parties	<b>\$ 107,093</b>	<b>89,233</b>	<b>81,776</b>	<b>70,606</b>	<b>57,140</b>

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

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 87,982	59,686
Post-employment benefits	467	374
Share-based payments	27,401	24,397
	<b>\$ 115,850</b>	<b>84,457</b>

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

**(8) Pledged assets:**

The carrying amounts of pledged assets were as follows:

<b>Pledged assets</b>	<b>Pledged to secure</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other non-current assets – restricted assets	Guarantee letters issued by bank	\$ 3,414	3,414	3,414
Property, plant and equipment	Loan collateral	\$ 1,564,937	769,580	769,580
Investment property	Loan collateral	\$ 629,227	-	-

**(9) Commitments and contingencies:**

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Guarantee letters	\$ 69,043	62,449	55,399

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Sales of accounts receivable	\$ 376,975	76,838	959,375
Long-term borrowings	\$ 1,800,400	1,800,400	1,800,400

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Property, plant and equipment	<b>\$ 1,312,112</b>	<b>1,555,520</b>	<b>1,833,349</b>

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

Tymphany Huizhou, a subsidiary of the Group, approved the merger between both of its subsidiaries, Tymphany Dongguan and TYDC, which did not have any impact on its shareholders' equity, based on a resolution decided during the board meeting held on April 24, 2024. Both Tymphany Dongguan and TYDC were directly and indirectly, respectively, 100% owned by Tymphany Huizhou.

**(12) Other:**

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

<b>By function</b>	<b>For the three months ended March 31, 2024</b>			<b>For the three months ended March 31, 2023</b>		
	<b>Operating cost</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating cost</b>	<b>Operating expenses</b>	<b>Total</b>
<b>By item</b>						
Employee benefits						
Salaries	792,921	980,727	1,773,648	817,474	994,955	1,812,429
Labor and health insurance	37,489	65,966	103,455	40,615	70,298	110,913
Pension	51,925	43,232	95,157	59,458	46,198	105,656
Others	16,239	43,787	60,026	4,622	38,532	43,154
Depreciation	311,329	89,574	400,903	335,168	96,331	431,499
Amortization	4,718	16,898	21,616	5,624	47,958	53,582

Note: Excluding the depreciation of the investment property-buildings (classified as other gains and losses) amounted to \$8,563 and \$115 for the three months ended March 31, 2024 and 2023, respectively.

(b) Seasonality of Operation

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

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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**(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	317,197	260,320	260,320	0	Short-term loan to other parties	-	Operating capital	-	-	-	797,141	797,141

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

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

**(ii) Guarantees and endorsements for other parties:**

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of Primax HK and Primax Tech.	5,462,800	319,900	319,900	-	-	1.76 %	14,567,467	Y	N	Y
"	"	Primax Electronics (Singapore) Pte. Ltd.	Subsidiary	5,462,800	2,700,000	2,700,000	399,387	-	14.83 %	14,567,467	Y	N	N
1	Tymphony Huizhou	TYM Acoustic HK	Subsidiary	2,253,890	4,799	4,799	-	-	0.06 %	3,756,483	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**  
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- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Company Ending balance holding securities	Security type and name	Relationship with company	Account	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stocks (equities):							
	Green Rich Technology Co., Ltd.	-	Financial assets at FVOCI	359	-	3.59	-	
	Changing Information Technology Inc.	-	"	223	13,446	1.29	13,446	
	Formosoft International Inc.	-	"	11	-	0.41	-	
	Syntronix Corp.	-	"	7	250	0.02	250	
	Ricavision International Inc.	-	"	917	-	2.04	-	
	Grove Ventures L.P.	-	"	-	153,936	2.73	153,936	
	Grove Ventures II, L.P.	-	"	-	91,451	3.29	91,451	
	Grove Ventures III, L.P.	-	"	-	24,696	2.21	24,696	
	Storm Ventures Fund VII, L.P.	-	Financial assets at FVTPL	-	5,119	0.44	5,119	
	Thin Line Capital fund II, L.P.	-	"	-	14,811	7.10	14,811	
				<u>303,709</u>				
Primax Tech.	Stocks: Echo. Bahn.	-	Financial assets at FVOCI	400	-	11.90	-	
Tymphony Huizhou	Stocks: Shenzhen Mees Hi- Tech Co., Ltd.	-	Financial assets at FVOCI	556	-	10.00	-	

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Primax Singapore	Subsidiary	(Sale)	(2,983,502)	(34) %	60 days	Price agreed by both sides	The same as general selling	2,268,331	31%	Note 1
"	PCH2	The subsidiary of Primax HK	Purchase	4,524,501	66 %	"	"	The same as general purchasing	(5,784,519)	(66)%	Note 1
"	PKS1	"	Purchase	335,803	5 %	"	"	"	(690,675)	(8)%	Note 1
"	PCQ1	"	Purchase	1,385,787	19 %	"	"	"	(1,415,635)	(16)%	Note 1

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Polaris	The subsidiary of Primax Tech.	(Sale)	(782,851)	(9) %	90 days	Price agreed by both sides	The same as general selling	225,818	3%	Note 1
"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	690,354	10 %	60 days	"	The same as general purchasing	(400,401)	(5)%	Note 1
Primax Singapore	The Company	Parent	Purchase	2,983,502	100 %	"	"	"	(2,268,331)	(88)%	Note 1
PCH2	"	The parent of Primax Cayman	(Sale)	(4,524,501)	(90) %	"	"	The same as general selling	5,784,519	90%	Note 1
PKS1	"	"	(Sale)	(335,803)	(100) %	"	"	"	690,675	73%	Note 1
PCQ1	"	"	(Sale)	(1,385,787)	(74) %	"	"	"	1,415,635	78%	Note 1
Primax Thailand	"	The parent of Primax Singapore	(Sale)	(690,354)	(99) %	"	"	"	400,401	92%	Note 1
Polaris	"	The parent of Primax Tech.	Purchase	782,851	100 %	90 days	"	The same as general purchasing	(225,818)	(100)%	Note 1
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	(Sale)	(644,023)	(58) %	60 days	"	The same as general selling	642,663	58%	Note 1
"	TYM HK	The subsidiary of TYM Acoustic HK	(Sale)	(370,711)	(34) %	"	"	"	386,304	35%	Note 1
Tymphony Dongguan	"	"	(Sale)	(491,819)	(38) %	"	"	"	497,566	54%	Note 1
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	(Sale)	(523,859)	(40) %	"	"	"	220,736	24%	Note 1
TYDC	"	"	(Sale)	(239,587)	(95) %	"	"	"	246,573	93%	Note 1
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	650,823	30 %	"	"	The same as general purchasing	(653,964)	(31)%	Note 1
"	Tymphony Huizhou	Parent	Purchase	644,023	30 %	"	"	"	(642,663)	(30)%	Note 1
"	Tymphony Dongguan	The subsidiary of TYM Acoustic HK	Purchase	523,859	24 %	"	"	"	(220,736)	(10)%	Note 1
"	TYDC	The subsidiary of Tymphony Dongguan	Purchase	239,587	11 %	"	"	"	(246,573)	(12)%	Note 1
"	Specialty	The other related party	(Sale)	(107,093)	(5) %	"	"	The same as general selling	81,776	4%	Note 1
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(650,823)	(100) %	"	"	"	653,964	100%	Note 1
TYM HK	Tymphony Huizhou	The parent of TYM Acoustic HK	Purchase	370,711	21 %	"	"	The same as general purchasing	(386,304)	(21)%	Note 1
"	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	Purchase	491,819	28 %	"	"	"	(497,566)	(27)%	Note 1
"	TYTH	The subsidiary of TYM Acoustic HK	Purchase	1,010,540	57 %	"	"	"	(565,282)	(31)%	Note 1
TYTH	TYM HK	"	(Sale)	(1,010,540)	(93) %	"	"	The same as general selling	565,282	80%	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**  
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(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	2,268,331 (note 5)	5.83	-	-	603,253	-
"	Polaris	The subsidiary of Primax Tech.	225,818 (note 5)	6.07	-	-	140,620	-
"	PCH2	The subsidiary of Primax HK	389,241 (note 2&5)	3.71	-	-	-	-
"	"	"	23,849 (note 5)	(note 3)	-	-	2,528	-
PCH2	The Company	The parent of Primax Cayman	5,784,519 (note 5)	2.82	-	-	1,147,153	-
"	Primax Thailand	The subsidiary of Primax Singapore	350,899 (note 5)	(note 3)	-	-	-	-
PKS1	The Company	The parent of Primax Cayman	690,675 (note 5)	1.97	-	-	65,049	-
"	"	"	260,320 (note 5)	(note 4)	-	-	-	-
PCQ1	"	"	1,415,635 (note 5)	2.48	-	-	-	-
Primax Thailand	"	The parent of Primax Singapore	400,401 (note 5)	7.78	-	-	-	-
Tymphony Huizhou	TYM Acoustic HK	Subsidiary	642,663 (note 5)	3.34	-	-	325,514	-
"	TYM HK	The subsidiary of TYM Acoustic HK	386,304 (note 5)	2.44	-	-	-	-
Tymphony Dongguan	"	"	497,566 (note 5)	2.41	-	-	261,654	-
"	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	220,736 (note 5)	8.17	-	-	229,516	-
TYDC	"	"	246,573 (note 5)	2.04	-	-	-	-
TYM Acoustic Europe	"	Parent	653,964 (note 5)	4.13	-	-	190,640	-
TYM HK	Tymphony Dongguan	The subsidiary of Tymphony Huizhou	98,379	3.78	-	-	98,379	-
"	"	"	135,722 (note 5)	(note 3)	-	-	135,722	-
"	TYM Acoustic HK	Parent	210,408 (note 5)	(note 3)	-	-	6,392	-
TYAT	TYM HK	The subsidiary of TYM Acoustic HK	312,993 (note 5)	(note 3)	-	-	63,980	-
TYTH	"	"	565,282 (note 5)	6.72	-	-	287,908	-
"	TYM Acoustic HK	Parent	135,533	3.01	-	-	-	-

Note 1: Amounts were collected as of April 19, 2024.

Note 2: The Company sells semi-finished products to its subsidiaries for processing and production. The finished products are then repurchased back by the Company and sold to the customers. The amount of semi-finished products sold in the three months ended March 31, 2024 was \$389,813, which was written off with related cost of goods sold, and not regarded as sales for the Company.

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

Note 4: The other receivables arise from intercompany loans.

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

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

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**PRIMAX ELECTRONICS LTD. AND SUBSIDIARIES**  
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(x) Business relationships and significant intercompany transactions:

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
0	The Company	Primax Singapore	Subsidiary	Sale	2,983,502	Price agreed by both sides	21.86 %
"	"	"	"	Accounts Receivable	2,268,331	60 days	4.66 %
"	"	PCH2	The subsidiary of Primax HK	Purchase	4,524,501	Price agreed by both sides	33.15 %
"	"	"	"	Accounts Payable	5,784,519	60 days	11.89 %
"	"	"	"	Accounts Receivable	389,241	"	0.80 %
"	"	"	"	Other Receivables	23,849	(note 2)	0.05 %
"	"	PKS1	"	Purchase	335,803	Price agreed by both sides	2.46 %
"	"	"	"	Accounts Payable	690,675	60 days	1.42 %
"	"	"	"	Other Payables	260,320	(note 3)	0.53 %
"	"	PCQ1	"	Purchase	1,385,787	Price agreed by both sides	10.15 %
"	"	"	"	Accounts Payable	1,415,635	60 days	2.91 %
"	"	Polaris	The subsidiary of Primax Tech.	Sale	782,851	Price agreed by both sides	5.74 %
"	"	"	"	Accounts Receivable	225,818	90 days	0.46 %
"	"	Primax Thailand	The subsidiary of Primax Singapore	Purchase	690,354	Price agreed by both sides	5.06 %
"	"	"	"	Accounts Payable	400,401	60 days	0.82 %
1	PCH2	"	"	Other Receivables	350,899	(note 2)	0.72 %
2	Tymphany Huizhou	TYM Acoustic HK	Subsidiary	Sale	644,023	Price agreed by both sides	4.72 %
"	"	"	"	Accounts Receivable	642,663	60 days	1.32 %
"	"	TYM HK	The subsidiary of TYM Acoustic HK	Sale	370,711	Price agreed by both sides	2.72 %
"	"	"	"	Accounts Receivable	386,304	60 days	0.79 %
3	Tymphany Dongguan	"	"	Sale	491,819	Price agreed by both sides	3.60 %
"	"	"	"	Accounts Receivable	497,566	60 days	1.02 %
"	"	"	"	Accounts Payable	98,379	"	0.20 %
"	"	"	"	Other Payables	135,722	(note 2)	0.28 %
"	"	TYM Acoustic HK	The subsidiary of Tymphany Huizhou	Sale	523,859	Price agreed by both sides	3.84 %
"	"	"	"	Accounts Receivable	220,736	60 days	0.45 %

(Continued)

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

No	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of consolidated total operating revenues or total assets
				Account name	Amount	Trading terms	
4	TYDC	TYM Acoustic HK	The subsidiary of Tymphony Huizhou	Sale	239,587	Price agreed by both sides	1.76 %
"	"	"	"	Accounts Receivable	246,573	60 days	0.51 %
5	TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	650,823	Price agreed by both sides	4.77 %
"	"	"	"	Accounts Payable	653,964	60 days	1.34 %
"	"	TYM HK	"	Other Payables	210,408	(note 2)	0.43 %
"	"	"	"	Service Expense	178,966	Price agreed by both sides	1.31 %
"	"	TYTH	"	Accounts Payable	135,533	60 days	0.99 %
6	TYM HK	TYAT	The subsidiary of TYM Acoustic HK	Other Payables	312,993	(note 2)	0.64 %
"	"	"	"	Service Expense	251,362	Price agreed by both sides	1.84 %
"	"	TYTH	"	Purchase	1,010,540	"	7.40 %
"	"	"	"	Accounts Payable	565,282	60 days	1.16 %

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

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

Note 3: The other receivables arise from intercompany loans.

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	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	8,613,474	92,323	64,976	Note 3
"	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	3,170,091	43,312	45,549	Note 3
"	Destiny BVI	Virgin Island	Holding company	30,939	30,939	1,050	100.00	5,517	1,627	1,627	Note 3
"	Destiny Japan	Japan	Market development of and customer service for computer peripherals, mobile device components, and business devices	7,032	7,032	0.50	100.00	15,004	94	94	Note 3
"	Diamond	Cayman Islands	Holding company	3,889,798	3,889,798	129,050	100.00	7,174,868	75,631	74,449	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	19,421	883	883	Note 3
"	Primax AE	Cayman Islands	Holding company	1,431,540	1,431,540	48,200	100.00	67,971	3,634	3,634	Note 3
"	Primax Singapore	Singapore	Sale of computer peripherals and mobile device components	1,181,150	1,181,150	40,100	100.00	664,430	(46,854)	(43,572)	Note 3
"	Primax Security	Taiwan	Sale of computer peripherals and mobile device components	200	-	20	100.00	200	-	-	Note 3
	Total			9,987,998	9,987,798			19,730,976	170,650	147,640	

(Continued)

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
Primax Singapore	Primax Thailand	Thailand	Manufacturing and sale of computer peripherals, mobile device components, and business devices	1,162,928	1,162,928	1,244	99.99	665,771	(46,082)	(46,082)	Note 3
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	8,651,407	92,194	92,194	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	467,033	2,797	2,797	Note 3
Diamond	TWEL	Cayman Islands	Holding company	4,083,950	4,083,950	192,251	100.00	7,232,315	77,302	75,377	Note 3
Primax AE	AIC	Cayman Islands	Holding company	1,356,995	1,356,995	30	37.00	-	(13,581)	-	Note 4
TWEL	TYM Singapore	Singapore	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	-	-	-	100.00	-	-	-	Note 3 Note 5
Tymphony Huizhou	TYM Acoustic HK	Hong Kong	R&D, design, and sales of various speaker accessories as well as speakers and their components and holding business	1,592,954	1,592,954	418,090	100.00	3,081,172	36,383	36,383	Note 3
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	856,964	(41,025)	(41,025)	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	57,870	2,022	2,022	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	42,612	1,389	1,389	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	1,041,045	67,021	67,021	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	372,806	10,468	10,468	Note 3
"	TYTH	Thailand	Manufacturing and sales of various speaker accessories, speakers, and their components	725,091	725,091	7,789	99.99	687,101	31,738	31,738	Note 3
TYM HK	TYML	USA	Sales of various speaker accessories, speakers, and their components	6,628	6,628	200	100.00	8,252	(67)	(67)	Note 3

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

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

Note 3: The subsidiary of the Company.

Note 4: The associate of the Company.

Note 5: As of March 31, 2024, there was no capital injection from the Group.

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

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2024 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024 (note 2)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
PCH2	Manufacturing and sale of computer peripherals, mobile device components, and business devices	2,010,650	Indirect investment through Primax Cayman and Primax Tech.	1,685,321	-	-	1,753,448	102,439	100%	102,439	7,904,928	-
Destiny Beijing	R&D of computer peripheral and business devices	39,830	Indirect investment through Destiny BVI.	32,272	-	-	33,590	1,627	100%	1,627	5,513	-
PKS1	Production of computer peripheral products	880,397	Indirect investment through Primax Cayman	676,170	-	-	703,780	3,079	100%	3,079	831,528	-
PCQ1	"	860,411	"	614,700	-	-	639,800	20,265	100%	20,265	2,464,673	-
Tymphany Huizhou	Manufacturing, R&D, design and sale of various speaker accessories, speakers, and their components	1,706,662	Indirect investment through Diamond	3,964,815	-	-	4,126,710	107,366	77.01%	82,680	5,785,788	-
Tymphany Dongguan	"	159,950	"	15,368	-	-	15,995	32,889	77.01%	25,327	905,495	-
TYDC	"	90,176	"	-	-	-	-	11,467	77.01%	8,831	303,487	-

Note 1: The above information on the exchange rate was as follows: HKD:TWD4.0874 ; USD:TWD 31.9900; CNY:TWD 4.5088.

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

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

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	7,745,985	9,067,565	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.

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

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of the consolidated financial statements for the three months ended March 31, 2024, are disclosed in “ Information on significant transactions”, and “ Business relationships and significant intercompany transactions”.

(d) Major shareholders:

Shareholder's Name	Unit: Shares	
	Shareholding	Percentage
Capital TIP Customized Taiwan Select High Dividend ETF Investment Account	44,597,000	9.63 %

**(14) Segment information:**

For the three months ended March 31, 2024 and 2023, the Group's segment information had no significant change. Please refer to note 14 of the consolidated financial statement for the year ended December 31, 2023 for the further information.

The Group's segment financial information was as follows:

	<u>For the three months ended March 31, 2024</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Revenue			
External revenue	\$ 5,822,019	7,826,716	13,648,735
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 5,822,019</u>	<u>7,826,716</u>	<u>13,648,735</u>
Profit before tax from segments reported	<u>\$ 405,697</u>	<u>351,289</u>	<u>756,986</u>
	<u>For the three months ended March 31, 2023</u>		
	<u>Computer Peripherals</u>	<u>Non-computer Peripherals</u>	<u>Total</u>
Revenue			
External revenue	\$ 5,264,796	9,412,251	14,677,047
Intra-group revenue	-	-	-
Total segment revenue	<u>\$ 5,264,796</u>	<u>9,412,251</u>	<u>14,677,047</u>
Profit before tax from segments reported	<u>\$ 345,556</u>	<u>366,729</u>	<u>712,285</u>