Stock Code:8114

Posiflex Technology, Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021

Address: 4-8F., No. 23, Datong St., Tucheng Dist., New Taipei City 236
Telephone: (02)2268-5577

Table of contents

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors
Posiflex Technology, Inc.:

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(2), 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 $1,982,585 thousand, and $1,779,431 thousand, constituting 11.62% and 12.58% of the consolidated total assets as of September 30, 2022, and 2021, respectively; the total liabilities amounting to $256,017 thousand and $398,417 thousand, constituting 2.40% and 4.04% of the consolidated total liabilities as of September 30, 2022 and 2021, as well as the total comprehensive income amounting to $44,818 thousand, $38,371 thousand, $27,345 thousand and $19,661 thousand, constituting 6.14%, 20.17%, 1.78% and 7.41% of the total consolidated comprehensive income for the nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(4), the other equity accounted investments of the Group in its investee companies of $255,610 thousand and $252,388 thousand as of September 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of $13,982 thousand, $1,353 thousand, $4,467 thousand and $(1,513) thousand for three and nine months ended September 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review, 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 September 30, 2022 and 2021, as well as its consolidated financial performance for the three and nine months ended September 30, 2022 as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, *Interim Financial Reporting* endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' report are Chi-Lung Yu and Pei-Chi Chen.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2022

<u>Notes to Readers</u>

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 audit 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' report and consolidated financial statements, the Chinese version shall prevail.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

Posiflex Technology, Inc. and Subsidiaries

Consolidated Balance Sheets

September 30, 2022, and December 31 and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	September 30, 2022 Amount	%	December 31, 2021 Amount	%	September 30, 2021 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(1))	$ 2,048,690	12	1,934,467	13	1,766,753	13
1136	Financial assets at amortized cost－current (notes 6(2) and 8)	1,011,188	6	131,480	1	118,362	1
1150	Notes receivable (note 6(2))	15,991	-	24,876	-	27,994	-
1170	Accounts receivable, net (note 6(2))	2,234,709	14	1,661,630	11	1,459,224	10
1180	Accounts receivable－related parties (notes 6(2) and 7)	225,591	1	71,354	-	20,555	-
1210	Other receivables－related parties (note 7)	1,429	-	2,124	-	622	-
1310	Inventories (note 6(3))	3,812,836	22	3,156,942	22	2,887,606	20
1476	Other financial assets－current (notes 6(7) and 8)	19,510	-	20,167	-	17,391	-
1479	Other current assets (note 6(8))	138,990	1	121,752	1	130,245	1
	Total current assets	9,508,934	56	7,124,792	48	6,428,752	45
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	135,790	1	111,323	1	134,001	1
1550	Investments accounted for using equity method (note 6(4))	255,610	1	252,122	2	252,388	2
1600	Property, plant and equipment (notes 6(9) and 8)	3,400,451	20	3,406,596	23	3,374,501	24
1755	Right-of-use assets (note 6(10))	262,964	2	601,345	4	609,845	5
1760	Investment property (note 6(11))	48,122	-	48,259	-	48,305	-
1805	Goodwill (note 6(13))	1,897,930	11	1,672,350	11	1,681,680	12
1821	Intangible assets (note 6(14))	986,355	6	991,639	7	1,025,462	7
1840	Deferred tax assets	508,741	3	507,770	4	462,391	3
1975	Net defined benefit asset－non-current	30,084	-	29,310	-	28,376	-
1980	Other financial assets－non-current (notes 6(7) and 8)	27,155	-	30,250	-	30,168	-
1990	Other non-current assets (note 6(8))	5,488	-	8,952	-	69,935	1
	Total non-current assets	7,558,690	44	7,659,916	52	7,717,052	55
	Total assets	$ 17,067,624	100	14,784,708	100	14,145,804	100

	Liabilities and Equity	September 30, 2022 Amount	%	December 31, 2021 Amount	%	September 30, 2021 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6(15))	$ 1,093,510	7	459,448	3	396,472	3
2120	Current financial liabilities at fair value through profit or loss (note (2))	2,883	-	-	-	-	-
2130	Contract liabilities－current (note 6(26))	392,968	2	502,988	4	438,620	3
2150	Notes payable	18,613	-	28,083	-	24,033	-
2170	Accounts payable	1,025,715	6	1,165,626	8	896,082	6
2180	Payables to related parties (note 7)	182,771	1	60,988	-	45,780	-
2200	Other payables (note 6(16))	720,558	4	579,588	4	505,595	4
2230	Current tax liabilities	237,324	1	193,933	2	87,541	1
2250	Provisions－current (note 6(17))	119,977	1	73,346	1	71,919	1
2280	Lease liabilities－current (note 6(18))	60,716	-	56,863	-	57,815	-
2320	Current portion of long-term liabilities (note 6(19))	322,559	2	498,896	3	497,130	4
2399	Other current liabilities	42,921	-	54,968	-	21,314	-
	Total current liabilities	4,220,515	24	3,674,727	25	3,042,301	22
	Non-current liabilities:						
2527	Contract liabilities-non-current (note 6(26))	118,118	1	133,955	1	120,594	1
2540	Long-term borrowings (note 6(19))	1,126,033	7	1,140,590	8	1,317,938	9
2570	Deferred tax liabilities	40,082	-	34,568	-	33,003	-
2580	Lease liabilities－non-current (note 6(18))	382,058	2	714,413	5	720,817	5
2635	Preference share liabilities－non-current (note 6(20))	4,595,089	27	4,595,089	31	4,594,640	33
2640	Net defined benefit liability, non-current	19,273	-	19,988	-	24,168	-
2645	Guarantee deposits received (notes 7 and 9)	152,880	1	1,847	-	1,691	-
	Total non-current liabilities	6,433,533	38	6,640,450	45	6,812,851	48
	Total liabilities	10,654,048	62	10,315,177	70	9,855,152	70
	Equity (notes 6(23) and (24)):						
	Equity attributable to parent company shareholders:						
3110	Ordinary share	754,728	4	749,218	5	749,218	5
3200	Capital surplus	947,933	6	857,762	6	857,448	6
3300	Retained earnings	2,139,938	13	1,695,709	11	1,512,518	11
3400	Other equity	(32,692)	-	(473,697)	(3)	(446,931)	(3)
	Total equity attributable to parent company shareholders	3,809,907	23	2,828,992	19	2,672,253	19
36XX	Non-controlling interests	2,603,669	15	1,640,539	11	1,618,399	11
	Total equity	6,413,576	38	4,469,531	30	4,290,652	30
	Total liabilities and equity	$ 17,067,624	100	14,784,708	100	14,145,804	100

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three and Nine Months Ended September 30, 2022 and 2021

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue** (notes 6(26) and 7)	$ 3,547,807	100	2,334,608	100	9,122,303	100	6,430,431	100
5000	**Operating costs** (notes 6(3), (21), (24), (27), 7 and 12)	2,297,125	65	1,485,653	64	5,908,573	65	4,130,650	64
5900	**Gross profit**	1,250,682	35	848,955	36	3,213,730	35	2,299,781	36
5910	Unrealized gain (loss) from sales	53	-	5	-	61	-	(33)	-
5900	**Realized gross profit**	1,250,735	35	848,960	36	3,213,791	35	2,299,748	36
6000	**Operating expenses** (notes 6(2), (21), (24), (27), 7 and 12):								
6100	Selling expenses	299,850	8	228,276	10	833,078	9	669,271	10
6200	Administrative expenses	247,839	7	183,674	8	686,984	7	577,687	9
6300	Research and development expenses	149,612	4	127,431	5	403,656	4	371,008	6
6450	Expected credit loss (gain)	19,891	1	(2,669)	-	51,724	1	(16,761)	-
	Total operating expenses	717,192	20	536,712	23	1,975,442	21	1,601,205	25
6900	**Net operating income**	533,543	15	312,248	13	1,238,349	14	698,543	11
7000	**Non-operating income and expenses** (notes 6(28) and 7):								
7100	Interest income	4,603	-	1,384	-	9,399	-	3,779	-
7010	Other income	9,145	-	6,222	-	23,710	-	22,390	-
7020	Other gains and losses	96,739	3	(839)	-	197,615	2	(55,178)	(1)
7050	Finance costs	(54,259)	(1)	(55,499)	(2)	(160,024)	(2)	(169,602)	(2)
7060	Share of profit (loss) of associates accounted for using equity method (note 6(4))	13,982	-	1,353	-	4,467	-	(1,513)	-
	Total non-operating income and expenses	70,210	2	(47,379)	(2)	75,167	-	(200,124)	(3)
7900	**Income before income tax**	603,753	17	264,869	11	1,313,516	14	498,419	8
7950	**Income tax expenses** (note 6(22))	151,817	4	68,774	3	345,318	4	137,207	2
8200	**Net income**	451,936	13	196,095	8	968,198	10	361,212	6
8300	**Other comprehensive income:**								
8310	**Items that will not be reclassified subsequently to profit or loss**								
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(8,319)	-	2,990	-	24,467	-	5,397	-
8320	Shares of other comprehensive income of associates accounted for using equity method	301	-	-	-	(711)	-	853	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(22))	-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(8,018)	-	2,990	-	23,756	-	6,250	-
8360	**Items that may be reclassified subsequently to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	308,782	9	(9,050)	-	586,467	7	(108,478)	(2)
8370	Shares of other comprehensive income of associates accounted for using equity method	3,325	-	(69)	-	7,949	-	(453)	-
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(22))	27,312	1	(292)	-	54,223	1	(6,921)	-
	Total items that may be reclassified subsequently to profit or loss	284,795	8	(8,827)	-	540,193	6	(102,010)	(2)
8300	**Other comprehensive income (loss), net**	276,777	8	(5,837)	-	563,949	6	(95,760)	(2)
8500	**Total comprehensive income**	**$ 728,713**	**21**	**190,258**	**8**	**1,532,147**	**16**	**265,452**	**4**
	Profit attributable to:								
	Owners of parent	$ 321,496	9	158,583	6	782,322	8	285,109	5
	Non-controlling interests	130,440	4	37,512	2	185,876	2	76,103	1
		$ 451,936	**13**	**196,095**	**8**	**968,198**	**10**	**361,212**	**6**
	Comprehensive income attributable to:								
	Owners of parent	$ 519,814	15	154,654	7	1,223,327	13	205,693	3
	Non-controlling interests	208,899	6	35,604	1	308,820	3	59,759	1
		$ 728,713	**21**	**190,258**	**8**	**1,532,147**	**16**	**265,452**	**4**
	Earnings per share (New Taiwan Dollars) (note 6(25))								
9750	Basic earnings per share	**$**	**4.27**		**2.12**		**10.41**		**3.81**
9850	Diluted earnings per share	**$**	**3.35**		**1.88**		**8.37**		**3.80**

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owner of parent												
	Share capital			Retained earnings				Other equity					
	Ordinary share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2021	$ 749,218	-	766,835	740,978	196,319	404,439	1,341,736	(303,812)	(65,647)	(369,459)	2,488,330	141,486	2,629,816
Net income for the period	-	-	-	-	-	285,109	285,109	-	-	-	285,109	76,103	361,212
Other comprehensive income for the period	-	-	-	-	-	-	-	(84,829)	5,413	(79,416)	(79,416)	(16,344)	(95,760)
Total comprehensive income for the period	-	-	-	-	-	285,109	285,109	(84,829)	5,413	(79,416)	205,693	59,759	265,452
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	12,174	-	(12,174)	-	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	173,141	(173,141)	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	(112,383)	(112,383)	-	-	-	(112,383)	-	(112,383)
Share-based payment transactions	-	-	5,309	-	-	-	-	-	-	-	5,309	1,064	6,373
Changes in equity of associates and joint ventures accounted for using equity method	-	-	1,418	-	-	-	-	-	-	-	1,418	-	1,418
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(1,944)	(1,944)	-	1,944	1,944	-	(24)	(24)
Partial disposal of interests in subsidiaries	-	-	83,886	-	-	-	-	-	-	-	83,886	1,416,114	1,500,000
Balance as of September 30, 2021	**$ 749,218**	**-**	**857,448**	**753,152**	**369,460**	**389,906**	**1,512,518**	**(388,641)**	**(58,290)**	**(446,931)**	**2,672,253**	**1,618,399**	**4,290,652**
Balance as of January 1, 2022	$ 749,218	-	857,762	753,152	369,460	573,097	1,695,709	(398,104)	(75,593)	(473,697)	2,828,992	1,640,539	4,469,531
Net income for the period	-	-	-	-	-	782,322	782,322	-	-	-	782,322	185,876	968,198
Other comprehensive income for the period	-	-	-	-	-	-	-	417,248	23,757	441,005	441,005	122,944	563,949
Total comprehensive income for the period	-	-	-	-	-	782,322	782,322	417,248	23,757	441,005	1,223,327	308,820	1,532,147
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	46,636	-	(46,636)	-	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	104,237	(104,237)	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	(338,093)	(338,093)	-	-	-	(338,093)	-	(338,093)
Changes in equity of associates distributed to common shareholders accounted for using equity method	-	-	515	-	-	-	-	-	-	-	515	582	1,097
Share-based payment transactions	-	-	5,132	-	-	-	-	-	-	-	5,132	1,071	6,203
Exercise of employee stock options	3,210	2,300	44,902	-	-	-	-	-	-	-	50,412	-	50,412
Partial disposal of interests in subsidiaries	-	-	39,622	-	-	-	-	-	-	-	39,622	785,378	825,000
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(132,721)	(132,721)
Balance as of September 30, 2022	**$ 752,428**	**2,300**	**947,933**	**799,788**	**473,697**	**866,453**	**2,139,938**	**19,144**	**(51,836)**	**(32,692)**	**3,809,907**	**2,603,669**	**6,413,576**

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Income before income tax	$ 1,313,516	498,419
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	164,226	169,992
Amortization expenses	125,348	99,108
Expected credit loss (gain)	51,724	(16,761)
Net loss on financial assets at fair value through profit or loss	8,045	-
Interest expense	160,024	169,602
Interest income	(9,399)	(3,779)
Dividend income	(1,942)	(932)
Compensation cost arising from share-based payment transactions	6,203	6,373
Shares of loss (gain) of associates accounted for using equity method	(4,467)	1,513
Gains on disposal of property, plant and equipment	(39)	(299)
Provisions for inventory devaluation and obsolescence loss	50,259	25,196
Adjustment for other non-cash-related losses, net	(500)	1,164
Total adjustments to reconcile profit (loss)	549,482	451,177
Changes in operating assets and liabilities:		
Notes receivable	8,885	16,938
Accounts receivable (including related parties)	(785,689)	(166,702)
Inventories	(706,153)	(835,163)
Other operating assets	2,588	(21,787)
Contract liabilities	(125,857)	13,570
Notes payable	(9,470)	12,284
Accounts payable (including related parties)	(18,128)	212,325
Other payables	171,895	57,964
Net defined benefit assets/liabilities	(1,489)	(2,636)
Other operating liabilities	183,809	14,917
Total changes in operating assets and liabilities	(1,279,609)	(698,290)
Total adjustments	(730,127)	(247,113)
Cash flows generated from operations	583,389	251,306
Interest received	6,946	3,993
Interest paid (including preference share)	(198,023)	(202,104)
Income taxes paid	(334,518)	(150,408)
Net cash flows from (used in) operating activities	57,794	(97,213)

(Continued)

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	**2021**
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	79
Acquisition of financial assets at fair value through other comprehensive income	-	(34,836)
Decrease (increase) in financial assets at amortized cost	(870,550)	1,260
Proceeds from disposal of financial liability at fair value through profit or loss	(5,162)	-
Proceeds from disposal of subsidiaries	825,000	1,500,000
Acquisition of property, plant and equipment	(85,598)	(45,486)
Proceeds from disposal of property, plant and equipment	8,562	710
Acquisition of intangible assets	(9,563)	(5,658)
Decrease (Increase) in other financial assets	6,267	(489)
Increase in other non-current assets	(4,034)	(66,839)
Dividends received	9,266	933
Net cash flows from (used in) investing activities	(125,812)	1,349,674
Cash flows from financing activities:		
Increase in short-term borrowings	1,706,628	636,290
Decrease in short-term borrowings	(1,080,686)	(1,923,321)
Proceeds from long-term borrowings	825,000	25,890
Repayments of long-term borrowings	(1,023,685)	(326,979)
Increase in guarantee deposits received	1,808	1,113
Repayment of the principal portion of lease liabilities	(47,389)	(46,240)
Cash dividends paid	(338,093)	(112,383)
Payments of non-controlling cash dividends	(132,721)	-
Exercise of employee share options	50,412	-
Change in non-controlling interests	-	(24)
Net cash flows used in financing activities	(38,726)	(1,745,654)
Effect of exchange rate changes on cash and cash equivalents	220,967	(29,993)
Net increase (decrease) in cash and cash equivalents	114,223	(523,186)
Cash and cash equivalents at beginning of period	1,934,467	2,289,939
Cash and cash equivalents at end of period	$ **2,048,690**	**1,766,753**

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards

Posiflex Technology, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, except for per share information and unless otherwise specified)

1. Company History

Posiflex Technology, Inc. (the "Company") was founded in New Taipei City, Republic of China (R.O.C.), on August 11, 1984. The registered address of the Company's office is 4-8F., No. 23, Datong St., Tucheng Dist., New Taipei City 236, Taiwan, R.O.C. The Company's ordinary shares were publicly listed on Taipei Exchange and Taiwan Stock Exchange Corporation on July 20, 2005 and November 26, 2012, respectively.

The Company and its subsidiaries (together referred to as the "Group") are engaged mainly in the manufacture and sale of industrial computers and peripheral equipment.

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2022.

3. New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

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

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the guidelines of IAS 34 *Interim Financial Reporting* (hereinafter referred to as “ IAS 34”) which are endorsed by the FSC, and do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for a complete set of the annual consolidated financial statements.
Except as described in the following paragraph, the Group’ s significant accounting policies are applied consistently for the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of consolidation

The principle of preparation of the consolidated financial statements is consistent with those of the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2021.

A. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership September 30, 2022	Percentage of Ownership December 31, 2021	Percentage of Ownership September 30, 2021	Note
The Company	Portwell Inc. (PORTWELL)	Manufacture and sale of industrial computers and peripheral equipment and information software services	55 %	70 %	70 %	Note 3
The Company	Posiflex Business Machines, Inc. (PBM)	Foreign trade	100 %	100 %	100 %	
The Company	Posiflex GmbH (PG)	Foreign trade	100 %	100 %	100 %	Note 1

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership September 30, 2022	Percentage of Ownership December 31, 2021	Percentage of Ownership September 30, 2021	Note
The Company	Posiflex International Co., Ltd. (PIC)	Foreign trade	100 %	100 %	100 %	Note 1
The Company	Posiflex Business Machines Sdn. Bhd. (PBMM)	Foreign trade	83.46 %	83.46 %	83.46 %	"
The Company	Posiflex Technologies South Cone (PTSC)	Foreign trade	100 %	100 %	100 %	"
The Company	Posiflex Technology (India) Pvt Ltd. (PTIL)	Foreign trade	51 %	51 %	51 %	"
The Company	Posiflex Technology Pte. Ltd. (PTPL)	Foreign trade	100 %	100 %	100 %	"
The Company	Posiflex Technology Japan (PJ)	Foreign trade	100 %	100 %	100 %	"
The Company	KOMING Technology Inc. (KOMING)	Foreign trade and software services	100 %	100 %	100 %	"
The Company	BonusPay Technology Inc. (BonusPay)	Software services	96 %	96 %	96 %	"
The Company	ONK Cloud Computing Technology Inc. (ONK Cloud)	Software services	99.90 %	96.67 %	96.67 %	Note 1、4
The Company	Ultra Systems Inc. (ULTRA)	Software services	51 %	51 %	51 %	Note 1
The Company	Penetek Technology Inc. (PENETEK)	Manufacture and sale of industrial computers and peripheral equipment	61.52 %	61.52 %	61.52 %	"
PIC	Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	100 %	100 %	100 %	"
PTIL	Mustek Automation Pvt Ltd. (Mustek)	Foreign trade	100 %	100 %	100 %	"
PTIL	Quinta Systems Pvt Ltd. (QUINTA)	Foreign trade	70 %	70 %	70 %	"
ONK Cloud	ONK Clouding International Ltd. (ONK International)	Investing	100 %	100 %	100 %	"
ONK International	ONK Clouding Shanghai (ONK Shanghai)	Software services	100 %	100 %	100 %	"
PBM	KIS Acquisition Corp. (KIA)	Investing	82 %	82 %	82 %	

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership September 30, 2022	Percentage of Ownership December 31, 2021	Percentage of Ownership September 30, 2021	Note
KIA	KIOSK Information Systems, Inc. (KIOSK)	Development, manufacture and sale of self-service equipment and software	100 %	100 %	100 %	
PORTWELL	American Portwell Technology, Inc. (APT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	
PORTWELL	Portwell Japan, Inc. (PJI)	Manufacture and sale of industrial computers and peripheral equipment	99 %	99 %	99 %	Note 1
PORTWELL	Portwell Development Co., Ltd. (DEVELOPMENT)	Investing	100 %	100 %	100 %	"
PORTWELL	European Portwell Technology B.V. (EPT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
PORTWELL	Portwell India Technology Private Limited (PIT)	Manufacture and sale of industrial computers and peripheral equipment	51 %	51 %	51 %	"
PORTWELL	Portwell Korea, Inc. (PKI)	Manufacture and sale of industrial computers and peripheral equipment and information software services	100 %	100 %	100 %	"
PORTWELL	GANLOT, Inc. (GANLOT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
PORTWELL	Holdwel Co., Ltd. (HOLDWEL)	Investing	83.33 %	83.33 %	83.33 %	"
APT	KIS Acquisition Corp. (KIA)	Investing	18.00 %	18.00 %	18.00 %	
HOLDWEL	MEDWEL, Inc. (MEDWEL)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	Note 1
DEVELOPMENT	Portwell Holding Ltd. (HOLDING)	Investing	100 %	100 %	100 %	"
EPT	Portwell (UK) Ltd. (PUK)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
EPT	KIOSK Embedded Systems GmbH (KES)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	Note 1, 2

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership September 30, 2022	December 31, 2021	September 30, 2021	Note
HOLDING	Welink Technology Co., Ltd. (WELINK)	Foreign trade and software services	100 %	100 %	100 %	Note 1

Note 1: The financial statements of a non-significant subsidiary have not been reviewed.
Note 2: In January 2021, the Group had gone through organizational restructuring, wherein KIOSK EU merged with PDE, resulting in PDE to be the sole surviving company. Thereafter, PDE was renamed to KIOSK Embedded Systems GmbH (KES).
Note 3: In June 2022, the Group disposed 15% of its ordinary shares in its subsidiary, PORTWELL, resulting in its shareholding ratio in PORTWELL to decrease to 55%.
Note 4: In June 2022, ONK Cloud reduced its capital to offset its accumulated losses; and on the same day, increased its capital, which were fully subscribed by the Group.

B. List of subsidiaries which are not included in the consolidated financial statements: None.

(3) Employee benefits

Pension cost for an interim period is calculated on a year to date basis by using the actuarially determined pension cost rate at the reporting date of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(4) Income tax

Income tax expense in the financial statements is measured and disclosed according to paragraph B12 of IAS 34 endorsed by the FSC.

Income tax expense for the period is best estimated by multiplying the pretax income for the reporting period by the effective annual tax rate as forecasted by the management. This is allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases are 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 recognized directly in equity or other comprehensive income as income tax expense.

5. Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRS(in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimations 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 estimations.

The preparation of the consolidated financial statements, as well as the major sources of accounting judgments, estimations and assumptions of uncertainty, are applied consistently with note 5 to the consolidated financial statements for the year ended December 31, 2021. Judgment of whether the Group has substantive control over its associates.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The Group holds 18.86% and 31.67% of the outstanding voting shares of both of its associates. Although the remaining shares of associates are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of associates' directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group does not have substantive control over its associates.

6. Description of Significant Accounts

Except as described below, there were no significant changes in the description of significant accounts mentioned in the consolidated financial statements for the year ended December 31, 2021. For other information about the description of significant accounts, please refer to notes 6 of the consolidated financial statements for the year ended December 31, 2021.

(1) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	$ 1,280	1,393	1,275
Cash in bank and checking deposits	1,685,739	1,550,630	1,509,220
Time deposits	361,671	382,444	256,258
	$ 2,048,690	**1,934,467**	**1,766,753**

Please refer to note 6(29) for the disclosure of currency risk of the financial assets and liabilities.

(2) Financial assets and liabilities

A. Financial assets and liabilities at fair value through profit or loss:

Derivatives:

The Group holds derivative financial instruments to hedge the foreign exchange rate risk the Group is exposed to, arising from its operating activities. No derivative financial instruments were held by the Group on December 31 and September 30, 2021. The following derivatives instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial liabilities:

	September 30, 2022		
	Amount (thousand)	**Currency**	**Maturity Dates**
Forward exchange	USD 2,500	USD to NTD	2022.10.7~2022.11.4

On September 30, 2022, the forward exchange contract amounted to $2,883 thousand, classified as current financial liabilities at fair value through profit or loss.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Financial assets at fair value through other comprehensive income－non-current:

	September 30, 2022	December 31, 2021	September 30, 2021
Domestic listed companies	$ 316	-	-
Domestic emerging market shares	78,078	37,781	46,669
Domestic unlisted shares	22,981	38,253	54,176
Foreign unlisted shares	34,415	35,289	33,156
	$ 135,790	**111,323**	**134,001**

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

The Group has invested in WELINK SOLUTIONS Inc. $34,836 thousand from January 1, 2021 to September 30, 2021.

Intellicares Co., Ltd. was liquidated in January 2021, with its remaining assets having been fully distributed in May 2021, resulting in a Group's loss of $1,345 thousand, reclassified from other comprehensive income to retained earnings, at a fair value of $79 thousand.

C. Financial assets measured at amortized cost

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits (more than 3 months)	$ 534,938	131,480	118,362
Time deposits (restricted)	476,250	-	-
	$ 1,011,188	**131,480**	**118,362**

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.

For credit risk, please refer to note 6(29).

The financial assets above had been pledged as collateral for bank borrowings; please refer to note 8.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

D. Notes receivable and accounts receivable (including related parties):

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	$ 15,991	24,876	27,994
Accounts receivable	2,347,559	1,717,626	1,505,315
Accounts receivable－related parties	225,591	71,354	20,555
	2,589,141	1,813,856	1,553,864
Less: loss allowance	(112,850)	(55,996)	(46,091)
	$ 2,476,291	**1,757,860**	**1,507,773**

Please refer to notes 6(7) and 7 for more details on other receivable excluding from the receivables above.

The Group applies the simplified approach to provide for its loss allowance used for expected credit loss (ECL), which permits the use of lifetime expected loss provision for its receivables. To measure the ECL, receivables have been grouped based on the shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

	September 30, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 2,057,412	0.37%	7,715
1 to 60 days past due	341,770	1.23%	4,193
61 to 180 days past due	108,684	21.15%	22,983
More than 181 days past due	64,784	94.88%	61,468
	$ 2,572,650		**96,359**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,458,813	0.34%	4,993
1 to 60 days past due	290,930	1.97%	5,728
61 to 180 days past due	27,063	32.51%	8,799
More than 181 days past due	21,322	97.31%	20,748
	$ 1,798,128		**40,268**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	September 30, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,244,703	0.33%	4,081
1 to 60 days past due	241,134	0.87%	2,088
61 to 180 days past due	23,047	5.89%	1,358
More than 181 days past due	29,082	77.94%	22,666
	$ 1,537,966		30,193

Note: As of September 30, 2022, December 31 and September 30, 2021, the outstanding balance of the Group's receivables amounted to $16,491 thousand, $15,728 thousand and $15,898 thousand respectively, all of which have been recognized as credit losses.

The movement in the allowance for doubtful accounts with respect to receivables was as follows:

	For the nine months ended September 30,	
	2022	2021
Beginning balance	$ 55,996	70,181
Impairment loss recognized (reversed)	51,724	(16,761)
Amounts written off	(1,519)	(5,569)
Effect of exchange rate changes	6,649	(1,760)
Ending balance	$ 112,850	46,091

(3) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	$ 1,461,937	1,399,636	1,286,627
Work-in-process and semi-finished products	508,253	486,802	362,366
Finished goods	1,842,646	1,270,504	1,238,613
	$ 3,812,836	3,156,942	2,887,606

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The details of operating costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Cost of goods sold	$ 2,278,106	1,476,874	5,858,314	4,105,454
Inventory devaluation and obsolescence loss	19,019	8,779	50,259	25,196
	$ 2,297,125	1,485,653	5,908,573	4,130,650

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any inventories as collateral for its loans.

(4) Investments accounted for using equity method

The components of investment accounted for using the equity method at the reporting date were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	$ 255,610	252,122	252,388

Aggregate information of associates accounted for using equity method that are not individually material to the Group was included in the consolidated financial statements as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Attributable to the Group:				
Net income (loss)	$ 13,982	1,353	4,467	(1,513)
Other comprehensive income	2,665	(63)	6,637	612
Total comprehensive income (loss)	$ 16,647	1,290	11,104	(901)

The investments above were accounted for using the equity method, and the shares of profit or loss, and other comprehensive income of those investments, were calculated based on the financial statements that have not been reviewed.

The Group's associate, MiTwell, Inc., participated in the cash capital increase of its subsidiary, Welink Solutions Inc., at a percentage different from its existing ownership percentage in April 2021, resulting in the Group to recognize the capital surplus of $1,418 thousand.

As of September 30, 2022, December 31 and September 30, 2021, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(5) Changes in Company's ownership interest in a subsidiary

In June 2022 and February 2021, the Group disposed 15% and 30% of its ordinary shares in PORTWELL to ASUS at the price of $825,000 thousand and $1,500,000 thousand. The following summarizes the effect of changes in equity of the parent, due to changes resulting from the disposed of the equity, in the ownership interest of its subsidiaries:

	For the nine months ended September 30	
	2022	**2021**
Carrying amount of subsidiaries disposed	$ (785,378)	(1,416,114)
Consideration transferred from the non-controlling interest	825,000	1,500,000
Capital surplus – difference between consideration and carrying amount of the acquisition and disposal of the subsidiary	$ 39,622	83,886

ONK Cloud, a subsidiary of the Group, reduced its capital to write off its accumulated losses; and on the same day, increased its capital, which was fully subscribed by the Group, resulting in a reduction of the Group's capital surplus amounting to $97 thousand.

(6) Material non-controlling interests of subsidiaries

Except for note 6(5), there were no significant changes for the Company's ownership interest in a subsidiary for the nine months ended September 30, 2022. For other related information, please refer to note 6(5) of the consolidated financial statements for the year ended December 31, 2021.

(7) Other financial assets

	September 30, 2022	December 31, 2021	September 30, 2021
Current:			
Lease receivables (note 6(9))	$ 1,564	3,877	4,649
Other receivables	15,114	13,571	10,143
Other	2,832	2,719	2,599
	$ 19,510	20,167	17,391
Non-current:			
Lease receivables (note 6(9))	$ 3,462	4,641	5,027
Guarantee deposits paid	21,801	24,454	23,980
Other	1,892	1,155	1,161
	$ 27,155	30,250	30,168

With the exception of guarantee deposits, please refer to note 8.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(8) Other current assets and other non-current assets

		September 30, 2022	December 31, 2021	September 30, 2021
Current:				
Current tax assets	$	18,366	3,779	6,927
Prepayments		52,264	51,437	52,688
Other prepayments		24,973	27,587	28,371
Overpaid business tax and refunds receivable		41,912	36,048	40,543
Other		1,475	2,901	1,716
	$	**138,990**	**121,752**	**130,245**
Non-current:				
Prepayments for deposits of equipment	$	4,673	8,137	67,226
Other		815	815	2,709
	$	**5,488**	**8,952**	**69,935**

(9) Property, plant and equipment

A. The carrying value of the property, plant and equipment of the Group were as follows:

		Land	Buildings and structures	Machinery equipment	Other equipment	Total
Carrying value:						
Balance as of January 1 2022,	$	**619,535**	**2,534,459**	**138,503**	**114,099**	**3,406,596**
Balance as of September 30, 2022	$	**622,807**	**2,475,371**	**174,093**	**128,180**	**3,400,451**
Balance as of January 1, 2021	$	**643,216**	**2,644,546**	**84,659**	**111,229**	**3,483,650**
Balance as of September 30, 2021	$	**625,133**	**2,561,074**	**69,725**	**118,569**	**3,374,501**

There were no significant additions, disposal of the Group property, plant and equipment for the for the nine months ended September 30, 2022 and 2021. Information on depreciation for the period is discussed in Note 12. Please refer to Note 6(9) of the 2021 annual consolidated financial statements for other related information.

B. Lease receivables

The Group leases out its machinery and equipment with an average lease period of 5 years.

The above machinery and equipment were pledged as collateral by the lessees.

As of September 30, 2022, December 31 and September 30, 2021, the balance of lease receivables please refer to note 6(7).

For credit risk information, please refer to note 6(29).

C. As of September 30, 2022, December 31 and September 30, 2021, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(10) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. The carry amount of the right-of-use assets of the Group were as below:

		Land	Buildings	Transportation equipment	Machinery equipment	Total
Carrying value:						
Balance as of January 1 2022	$	412,286	172,774	8,057	8,228	601,345
Balance as of September 30, 2022	$	88,053	160,467	14,444	-	262,964
Balance as of January 1, 2021	$	412,286	208,861	15,992	-	637,139
Balance as of September 30 2021	$	412,286	179,237	9,765	8,557	609,845

According to the Group' s lease agreement of the state-owned land, the group has an option to purchase the state-owned land. The Group decided not to purchase the land after the assessment in the third quarter of 2022, which is in compliance with the provisions of the lease modification without reducing the scope of the lease, please refer to note 6(18). As to the other leases of land, buildings and transportation equipments, there were no significant changes in right-of-use assets for the nine months ended September 30, 2022 and 2021. Please refer to note 6(10) of the 2021 annual consolidated financial statements for other related information.

(11) Investment property

		Land	Buildings	Total
Balance as of January 1 2022	$	40,719	7,540	48,259
Balance as of September 30, 2022	$	40,719	7,403	48,122
Balance as of January 1 2021	$	40,719	7,723	48,442
Balance as of September 30, 2021	$	40,719	7,586	48,305

There were no significant additions and disposal of investment property for the nine months ended September 30, 2022 and 2021. Information on depreciation for the period was discussed in note 12. Please refer to note 6(11) of the 2021 annual consolidated financial statements other related information.

The fair value of the investment property was not significantly different from those disclosed in the note 6(11) of the annual consolidated financial statements for the year ended December 31, 2021.

(12) Operating lease

The Group leases out part of its buildings and investment property. The Group has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

A maturity analyses of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Less than one year	$ 914	1,204	1,191
Two to five years	61	667	975
Total undiscounted lease payments	**$ 975**	**1,871**	**2,166**

For the three and nine months ended September 30, 2022 and September 30, 2021, the rental income from investment properties amounted to $305 thousand, $287 thousand, $752 thousand, and $842 thousand, respectively.

(13) Goodwill

There were no significant additions, disposal, or recognition and reversal of impairment losses of goodwill for the nine months ended September 30, 2022 and 2021. Please refer to note 6(13) of the 2021 annual consolidated financial statements for other related information.

(14) Intangible assets

	Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Carrying value:						
Balance as of January 1, 2022	**$ 188,224**	**104,237**	**672,274**	**26,734**	**170**	**991,639**
Balance as of September 30, 2022	**$ 130,413**	**73,384**	**754,081**	**28,380**	**97**	**986,355**
Balance as of January 1, 2021	**$ 266,288**	**154,876**	**688,354**	**28,855**	**266**	**1,138,639**
Balance as of September 30, 2021	**$ 207,135**	**116,727**	**675,691**	**25,715**	**194**	**1,025,462**

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2022 and 2021. Information on amortization for the period was discussed in note 12. Please refer to note 6(14) of the 2021 annual consolidated financial statement for other related information.

(15) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	$ 1,000,000	431,768	340,772
Secured bank loans	93,510	27,680	55,700
	$ 1,093,510	**459,448**	**396,472**
Range of interest rates	**1.32%~9.00%**	**0.82%~2.12%**	**0.89%~9.5%**

Please refer to note 6(29) for the disclosure of liquidity risk.

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

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(16) Other payables

The details of other payables of the Group were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Payables for salaries and bonus	$ 376,729	230,528	252,716
Accrued dividends on preference shares	115,452	153,935	115,452
Compensation payables to directors and employees	49,020	39,478	13,472
Payables for equipment	2,745	4,329	978
Others	176,612	151,318	122,977
	$ 720,558	**579,588**	**505,595**

(17) Provisions

	September 30, 2022	December 31, 2021	September 30, 2021
Advertising	$ 93,119	60,458	58,082
Warranties	26,858	12,888	13,837
	$ 119,977	**73,346**	**71,919**

There were no significant changes in provisions for the nine months ended September 30, 2022 and 2021. For other related information, please refer to note 6(17) of the 2021 annual consolidated financial statements for other related information.

(18) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	**$ 60,716**	**56,863**	**57,815**
Non-current	**$ 382,058**	**714,413**	**720,817**

The lease liabilities mentioned above contain the lease liabilities of the state-owned land leased by the subsidiary, PORTWELL, as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	$ 6,524	7,638	7,700
Non-current	240,515	557,723	555,166
	$ 247,039	**565,361**	**562,866**

For the maturity analysis, please refer to note 6(29).

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interests on lease liabilities	$ 8,841	7,147	19,850	21,637
Expenses relating to short-term leases	$ 241	414	1,236	1,710
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 328	372	861	1,043
Covid-19 related rent concessions (recognized as other gains and losses)	$ 477	440	1,432	1,321

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

	For the nine months ended September 30,	
Total cash outflow for leases	$ 67,904	69,309

A. Real estate leases

The Group leases land (the state-owned land) and buildings for its plants and office spaces. The leases of land typically run for a period of 20 years, and the plants and office spaces for 1 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Also, some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors, in which the lessee is not reasonably certain to use an optional extended lease term. Payments associated with the optional period are not included within lease liabilities.

The lease payment of the land contract depends on the current land price set by the local district. According to the lease agreement entered into by the Group regarding the state-owned land, the Group has an option to purchase the state-owned land in accordance with the relevant provisions of the lease. The Group decided not to purchase the land after assessment in the third quarter of 2022, so the lease liability was revalued by reasonable lease years considering the remaining lease period.

The market economy was severely affected by the Covid-19, the National Property Administration gave the lessees a 20% reduction in their rents of non-public use property under its management. Within the period from January 2020 to December 2022, resulting in group' rentals to be reduced by 20% for the nine months ended September 30, 2022 and 2021.

(Continued)

B. Other leases

The Group leases transportation equipment, with lease terms of 2 to 7 years. The Group does not have the options to purchase the assets at the end of the contract term. In addition, the Group is prohibited from sub-leasing or transferring the entire or portion of the assets without the lessor's consent.

Furthermore, the Group has elected not to recognize the right-of-use assets and lease liabilities for its printers, which qualify as short-term leases and low-value asset leases.

(19) Long-term borrowings

The details, conditions and terms of the long-term borrowings of the Group were as follows:

	September 30, 2022			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Bank loans	NTD	1.88%	May 2024	$ 40,356
Government rescue loans	JPY	-	February 2024	22,010
Secured bank loans				
Bank loans	NTD	1.36%	May 2027	804,375
Bank loans	NTD	1.88%	May 2024	385,000
Bank loans	USD	3.87957%	May 2023	118,110
Bank loans	JPY	1.5%	December 2035	78,741
				1,448,592
Less: Current portion				(322,559)
Total				**$ 1,126,033**

	December 31, 2021			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Bank loans	NTD	1%	November 2024	$ 150,000
Bank loans	NTD	1.24%	May 2024	45,860
Government rescue loans	JPY	-	February 2024	24,050
Secured bank loans				
Bank loans	NTD	1%	November 2024	750,000
Bank loans	NTD	1.24%	May 2024	437,500
Bank loans	USD	1.95975%	May 2023	141,168
Bank loans	JPY	1.5%	December 2035	90,908
				1,639,486
Less: Current portion				(498,896)
Total				**$ 1,140,590**

	September 30, 2021			
	Currency	Range of interest rates	Maturity dates	Amounts
Unsecured bank loans				
Bank loans	NTD	0.98%	November 2024	$ 162,500
Bank loans	NTD	1.25%	May 2024	51,363
Government rescue loans	JPY	-	February 2024	24,900
Secured bank				
Bank loans	NTD	0.98%	November 2024	812,500
Bank loans	NTD	1.25%	May 2024	490,000
Bank loans	USD	1.93413%	May 2023	180,468
Bank loans	JPY	1.5%	December 2035	95,803
				1,817,534
Less: Syndicated loan fee				(2,466)
Less: Current portion				(497,130)
Total				$ **1,317,938**

The Group signed the loan contracts with several banks, with some contracts containing covenants wherein the Group should maintain certain financial ratios. As of September 30, 2022, December 31 and September 30, 2021, the Group was in compliance with the loan covenants.

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

(20) Preference share liabilities

The details of the preference share liabilities of the Group were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
A preference stock	$ **4,595,089**	**4,595,089**	**4,594,640**

There were no significant issues, repurchases and repayments of preference share liabilities for the nine months ended September 30, 2022 and 2021. Information on interest expense for the period is discussed in Note6 (28). Please refer to Note6 (20) of the 2021 annual consolidated financial statements for other related information.

The Company received a declaration from the preference shareholder, Embedded City, on March 18, 2020. Accordingly, the Company should not breach the preference share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares held in part, or in whole, by cash before July 16, 2022.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

According to the declaration from the preference shareholder, Embedded City, received by the Company on August 4, 2021, the Company should not breach the preference share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares, held in part or in whole, by cash before July 16, 2023.

The Company received a declaration from the preferred shareholder, Embedded City, on May 12, 2020, wherein Embedded City should receive the preferred dividends for the year 2020. However, if the dividends allotted for the ordinary shares exceeds the total amount of the preference dividends, Embedded City will agree not to participate in the distribution of the excess portion of the dividend.

The Company received a declaration from the preference shareholder, Embedded City, on May 7, 2021, wherein Embedded City should receive the preference dividends for the year 2021. However, if the dividend allotted for the ordinary shares exceeds the total amount of the preference dividends, Embedded City will not to participate in the distribution of the excess portion of the dividend.

The Company received a declaration from the preference shareholder, Embedded City, on May 9, 2022, wherein Embedded City should receive the preference dividends for the year 2022. However, if the dividend allotted for the ordinary shares exceeds the total amount of the preference dividends, Embedded City will not to participate in the distribution of the excess portion of the dividend.

According to the declaration from the preference shareholder, Embedded City, received by the Company on August 18, 2022, the Company should not breach the preference share subscription agreement. Otherwise, Embedded City will send a written notice to the Company requiring the Company to redeem its entire unconverted preference shares, held in part or in whole, by cash before July 16, 2024.

(21) Employee benefits

Since there were no significant market fluctuations, curtailments, settlements, and no other significant one off event from the previous fiscal year, the pension costs in the financial statements were measured and disclosed based on the actuarial results determined on December 31, 2021 and 2020.

For information related to the Group's pension costs, please refer to note 12.

(22) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Current income tax expense				
Current period	$ 151,073	68,774	350,441	136,785
Adjustment for prior period	744	-	(5,123)	422
	$ 151,817	**68,774**	**345,318**	**137,207**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The amount of income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Exchange differences on translation of foreign financial statements	$ 27,312	(292)	54,223	(6,921)

B. The Company's tax returns have been examined by the tax authorities through 2020.

(23) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the nine months ended September 30, 2022 and 2021. For related information on the shareholders' equity, please refer to note 6(24) of the 2021 annual consolidated financial statements.

A. Share Capital

The Group received the amount of $50,412 thousand as subscription to the 551 thousand capital stocks executed by its employees for the nine months ended September 30, 2022, of which the amounts of $3,210 thousand, $2,300 thousand, and $44,902 thousand were recognized as share capital, advance receipts for share capital, and increase in capital surplus, respectively. As of September 30, 2022, the related registration procedures of the 321 thousand capital stocks have been completed while the remaining 230 thousand capital stocks are being processed.

B. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
Paid-in capital in excess of par value	$ 458,275	395,091	395,091
Paid-in capital in excess of the par value derived from corporate bond conversion	186,826	186,826	186,826
Share options－bonds payable	87,533	87,533	87,533
Employee share options	32,221	45,371	45,057
Conversion right－preference share	35,191	35,191	35,191
Difference between consideration and carrying amount of subsidiaries acquired or disposed	123,411	83,886	83,886
Changes in equity of investments accounted for using equity method	21,876	21,876	21,876
Others	2,600	1,988	1,988
	$ 947,933	857,762	857,448

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Retained earnings

The following are the appropriation of earnings in 2021 and 2020 which were approved during the shareholders' meeting held on June 6, 2022 and July 21, 2021, respectively:

	2021		2020	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 4.5	338,093	1.5	112,383

The preference share dividends of A shares for 2021 and 2020, each amounting to $153,935 thousand, were calculated based on an annual interest rate of 3.35%.

(24) Share-based payment

Except as described in the following paragraph, there were no significant changes in the Group share-based payment during the periods for the nine months ended September 30, 2022 and 2021. For the related information in the share-base payment, please refer to note 6(25) of the consolidated financial statements for the year ended December 31, 2021.

The Company equity settled share-based payment transactions for the nine months ended September 30, 2022 and 2021 were as follows:

	Employee share options
	Issued in 2022
Grant date	March 1, 2022
Granted units	970
Contractual life	7 years
Recipients	Employees
Vesting condition	Note 1
Price per share (NTD)	101.50
Adjusted exercise price (NTD)	97.99

Note 1: Employees are entitled to receive stocks in the second, third, and fourth year (from the grant date) of their service. The number of shares, which the employee will receive, is calculated based on the ratio of the number of given share awards respectively.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The Group used Binomial Option Pricing Model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	Issued in 2022
Share price at grant date	101.50
Exercise price	101.50
Expected volatility	25.69%
Excepted life (years)	7 years
Risk-free interest rate	0.6534%

The amount of compensation cost generated from share-based payment were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Compensation cost	$ 2,248	1,163	6,203	6,373

(25) Earnings per share

The Group's calculation of basic earnings per share and diluted earnings per share were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic earnings per share:				
Net income attributable to ordinary shareholders of the Company	$ 321,496	158,583	782,322	285,109
Weighted-average number of ordinary shares (in thousands)	75,263	74,922	75,172	74,922
Basic earnings per share	$ 4.27	2.12	10.41	3.81

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Diluted earnings per share:				
Net income attributable to ordinary shareholders of the Company (basic)	$ 321,496	158,583	782,322	285,109
Interest expense on preference shares	38,484	40,757	115,452	-
Effect of dilutive potential ordinary shares				
Net income attributable to ordinary shareholders of the Company (diluted)	**$ 359,980**	**199,340**	**897,774**	**285,109**
Weighted-average number of ordinary shares (in thousands) (basic)	75,263	74,922	75,172	74,922
Employee remuneration	292	88	342	98
Employee share options	796	-	589	-
Convertible preference shares	31,153	31,153	31,153	-
Weighted-average number of ordinary shares (in thousands) (diluted)	**107,504**	**106,163**	**107,256**	**75,020**
Diluted earnings per share	**$ 3.35**	**1.88**	**8.37**	**3.80**

(26) Revenue from contracts with customers

A. Disaggregation of revenue

	For the three months ended September 30, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 899,367	1,749,373	811,138	3,459,878
Revenue from warranty and managed services	2,057	85,872	-	87,929
	$ 901,424	**1,835,245**	**811,138**	**3,547,807**

	For the three months ended September 30, 2021			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 609,874	1,069,173	590,626	2,269,673
Revenue from warranty and managed services	1,184	63,751	-	64,935
	$ 611,058	**1,132,924**	**590,626**	**2,334,608**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2022			
	Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$ 2,445,881	4,303,887	2,129,961	8,879,729
Revenue from warranty and managed services	5,004	237,570	-	242,574
	$ **2,450,885**	**4,541,457**	**2,129,961**	**9,122,303**

	For the nine months ended September 30, 2021			
	Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$ 1,558,062	3,231,633	1,435,158	6,224,853
Revenue from warranty and managed services	3,657	201,921	-	205,578
	$ **1,561,719**	**3,433,554**	**1,435,158**	**6,430,431**

B. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Contract liabilities－current			
Sale of goods	$ 228,510	332,463	270,771
Warranty and managed services	164,458	170,525	167,849
	392,968	502,988	438,620
Contract liabilities－non-current			
Warranty and managed services	118,118	133,955	120,594
	$ **511,086**	**636,943**	**559,214**

For details on notes and accounts receivable, and loss allowance, please refer to note 6(2).

The amounts of revenue recognized for the nine month ended September 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $312,912 thousand and $218,583 thousand, respectively.

(27) Remuneration to employees and directors

According to the Articles of Association, once the Group has annual profit, it should appropriate 2%~10% of the profit to its employees, and no more than 4% to its directors as remuneration.

The remunerations to employees amounted to $15,843 thousand, $3,889 thousand, $39,216 thousand and $7,000 thousand, as well as the remunerations to directors amounted to $3,961 thousand, $1,944 thousand, $9,804 thousand and $3,500 thousand for the three and nine months ended September 30, 2022 and September 30, 2021, respectively. These amounts were calculated using the Group's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Group's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2021 and 2020, the remunerations to employees amounted to $17,466 thousand and $2,972 thousand, and the remunerations to directors amounted to $5,822 thousand and $1,486 thousand, respectively, which were both paid in cash. There were no differences between the estimated amounts and the actual amounts of remuneration. The information is available on the Market Observation Post System website.

(28) Non-operating income and expenses

A. Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Interest income from bank deposits	$ 4,399	800	8,506	2,665
Interest income on lease receivable	42	74	149	243
Other interest income	162	510	744	871
	$ 4,603	**1,384**	**9,399**	**3,779**

B. Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Rental income	$ 7,209	5,293	21,768	21,458
Dividend income	1,936	929	1,942	932
	$ 9,145	**6,222**	**23,710**	**22,390**

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

C. Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Gains on disposal of property, plant and equipment	$ 1	-	39	299
Foreign exchange gains (losses), net	100,333	(2,148)	194,342	(60,583)
Net loss on financial assets and liabilities at FVTPL	(7,080)	-	(8,045)	-
Other	3,485	1,309	11,279	5,106
	$ 96,739	**(839)**	**197,615**	**(55,178)**

D. Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest expenses on preference share liabilities	$ 38,484	40,757	115,452	122,271
Interest expenses on bank loans	6,934	7,595	24,722	25,694
Interest expenses on lease liabilities	8,841	7,147	19,850	21,637
	$ 54,259	**55,499**	**160,024**	**169,602**

(29) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For related information about the fair value on financial instruments, please refer to note 6(30) of the 2021 annual consolidated financial statements.

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The Group mainly transacts with entities with good credit ratings, domestic and foreign. Aside from granting credit facilities to customers according to procedures for granting credits, the Group also continues to obtain understanding of the credit status of its customers. As of September 30, 2022, December 31 and September 30, 2021, the Group's accounts receivable were not concentrated.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(c) Receivables and debt securities

For credit risk exposure on receivables, please refer to note 6(2). No loss allowances were recognized under other financial assets at amortized cost, including other receivables and other financial assets.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements, except for notes and accounts payable (including related parties) and other payables:

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
September 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,093,510	1,112,918	1,112,918	-	-
Lease liabilities (including current portion)	442,774	508,488	71,385	188,326	248,777
Long-term borrowings (including current portion)	1,448,592	1,504,789	342,697	1,110,059	52,033
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	152,880	152,880	-	149,225	3,655
	$ 7,732,845	**7,874,164**	**1,527,000**	**6,042,699**	**304,465**
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 459,448	463,003	463,003	-	-
Lease liabilities (including current portion)	771,276	907,902	65,710	201,552	640,640
Long-term borrowings (including current portion)	1,639,486	1,676,704	515,674	1,098,607	62,423
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	1,847	1,847	-	-	1,847
	$ 7,467,146	**7,644,545**	**1,044,387**	**5,895,248**	**704,910**

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
September 30, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 396,472	397,726	397,726	-	-
Lease liabilities (including current portion)	778,632	918,443	64,080	208,329	646,034
Long-term borrowings (including current portion)	1,815,068	1,858,812	517,283	1,274,988	66,541
Preference share liabilities	4,594,640	4,595,089	-	4,595,089	-
Guarantee deposits received	1,691	1,691	-	-	1,691
	$ 7,586,503	**7,771,761**	**979,089**	**6,078,406**	**714,266**

(Continued)

Posiflex Technology, Inc. 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.

C. Currency risk

(a) Exposure to currency risk

The Group' s financial assets and liabilities exposed to exchange rate risk were as follows:

	September 30, 2022		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 82,071	31.75	2,605,760
CNY	13,987	4.473	62,564
Investments accounted for using equity method			
USD	1,594	31.75	50,599
Financial liabilities			
Monetary items			
USD	13,241	31.75	991,914

	December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 95,043	27.68	2,630,802
CNY	22,828	4.344	99,166
Investments accounted for using equity method			
USD	2,205	27.68	61,028
Financial liabilities			
Monetary items			
USD	38,711	27.68	1,071,516

	September 30, 2021		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 77,415	27.85	2,155,997
CNY	24,570	4.305	105,774
Investments accounted for using equity method			
USD	2,336	27.85	65,070
Financial liabilities			
Monetary items			
USD	20,386	27.85	567,764

(b) 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, receivables, short-term borrowings, notes and accounts payable (including related parties), and other payables that are denominated in foreign currency.

Assuming all other variable factors remain constant, a strengthening (weakening) of 5% of the NTD against the USD and CNY, as of September 30, 2022 and 2021, would have increased (decreased) the comprehensive income $67,056 thousand and $67,761 thousand for the nine months ended September 30, 2022 and 2021, respectively.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign Gains (losses) on monetary items amounted to $100,333 thousand, $(2,148) thousand, $194,342 thousand and $(60,583) thousand for the three and nine months ended September 30, 2022 and September 30, 2021, respectively.

D. Interest rate risk

Please refer to the notes 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 liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 1%, the Group's net income would have increased or decreased by $15,253 thousand and $13,269 thousand for the nine months ended September 30, 2022 and September 30, 2021, respectively, with all other variable factors remaining constant.

E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets at FVOCI is measured on a recurring basis. The Group's carrying amount and the fair value of financial assets (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities), were as follows:

	September 30, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 316	316	-	-	316
Domestic emerging market shares	78,078	-	41,352	36,726	78,078
Domestic unlisted stocks	22,981	-	-	22,981	22,981
Foreign unlisted stocks	34,415	-	-	34,415	34,415
	$ 135,790	**316**	**41,352**	**94,122**	**135,790**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic emerging market shares	$ 37,781	-	1,055	36,726	37,781
Domestic unlisted stocks	38,253	-	-	38,253	38,253
Foreign unlisted stocks	35,289	-	-	35,289	35,289
	$ 111,323	**-**	**1,055**	**110,268**	**111,323**

	September 30, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic emerging market shares	$ 46,668	-	46,668	-	46,668
Domestic unlisted stocks	54,176	-	-	54,176	54,176
Foreign unlisted stocks	33,157	-	-	33,157	33,157
	$ 134,001	**-**	**46,668**	**87,333**	**134,001**

(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial liabilities measured at amortized cost will be based on the latest quoted price and agreed upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(c) Valuation techniques for financial instruments that are measured at fair value

A.Non-derivative

The Group held its domestic emerging market shares, which are measured at fair value, according to standard provisions and conditions, with the fair value being measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

B.Derivative

The fair value is measured using the public quotation. When a public quotation cannot be obtained, the fair value will be based on third-party pricing information. Forward foreign exchange contracts are usually valued based on the current forward exchange rate. The Group's convertible corporate bond is measured by using the binominal tree approach, based on the volatility of the stock price, risk-free rate, etc.

(d) Transfer between level 1 and level 2:

For the nine months ended September 30, 2022, Green World Fin Tech Service Co., Ltd., which was invested by the Group, had been listed on the OTC market, an active market, resulting in the transfer of its category from the level 2 to the level 1. Consequently, there were no transfers from Level 1 financial assets to Level 2 for the nine months then ended. Furthermore, there were no transfers from one level to another for the nine months ended September 30, 2021.

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－ equity investments without an active market
Balance as of January 1, 2022	$ 110,268
Total gains and losses	
Recognized in other comprehensive income	(1,081)
Transfers to Level 2	(15,065)
Balance as of September 30, 2022	**$ 94,122**
Balance as of January 1, 2021	$ 47,942
Increase	34,836
Disposal	(79)
Total gains and losses	
Recognized in other comprehensive income	4,634
Balance as of September 30, 2021	**$ 87,333**

The gains (losses) from financial assets at FVOCI resulted from the recognition of the total gains and losses mentioned above.

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

The Group's financial instruments that use Level 3 inputs to measure their fair value include financial assets at FVOCI – equity investments.

The Group classified its equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI－equity investments without an active market	Market approach	• Price-to-book ratios as of September 30, 2022, December 31 and September 30, 2021 were 2.07, 2.07, and 2.91, respectively. • Liquidity discount as of September 30, 2022, December 31 and September 30, 2021 were 14.32%, 14.32%, and 29.54%, respectively.	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.
Financial assets at FVOCI－equity investments without an active market	Asset approach	• Net asset value. • Liquidity discount as of September 30, 2022, December 31 and September 30, 2021 were 30% .	• The higher the net asset value, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(30) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2021. For related information about the financial risk management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2021 .

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(31) Capital management

The Group' s objectives, policies and processes for capital management were consistent with those of consolidated financial statements for the year ended December 31, 2021. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2021. For related information about the capital management, please refer to note 6(32) of the consolidated financial statements for the year ended December 31, 2021.

(32) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2022	**Cash flow**	**Foreign exchange movement**	**Other changes**	**September 30, 2022**
Short-term borrowings	$ 459,448	625,942	8,120	-	1,093,510
Lease liabilities (including current portion)	771,276	(47,389)	25,987	(307,100)	442,774
Guarantee deposits received	1,847	151,033	-	-	152,880
Long-term borrowings (including current portion)	1,639,486	(198,685)	7,791	-	1,448,592
	$ 2,872,057	**530,901**	**41,898**	**(307,100)**	**3,137,756**

			Non-cash changes		
	January 1, 2021	**Cash flow**	**Foreign exchange movement**	**Other changes**	**September 30, 2021**
Short-term borrowings	$ 1,688,810	(1,287,031)	(5,307)	-	396,472
Lease liabilities (including current portion)	795,380	(46,240)	6,249	23,246	778,635
Guarantee deposits received	591	1,113	(13)	-	1,691
Long-term borrowings (including current portion)	2,129,335	(301,089)	(13,178)	-	1,815,068
	$ 4,614,116	**(1,633,247)**	**(12,249)**	**23,246**	**2,991,866**

7. Related-party Transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related parties	Relationship with the Group
MiTwell, Inc. (MiTwell)	Associate
LPK Limited (LPK)	Associate
Gridwell, Inc. (GRIDWELL)	Subsidiary of associate
POME Technology Inc. (POME)	Subsidiary of associate
WELINK SOLUTIONS Inc. (WELINK)	Subsidiary of associate
Weliot Solutions, Inc. (WELIOT)	Substantive related party
Esquarre Capital Taiwan Branch (Esquarre)	Substantive related party

(2) Significant related-party transactions

A. Operating revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
Associate	$ 38,240	49,482	233,554	124,036
Subsidiary of associate	186,604	1,069	186,713	1,086
	$ 224,844	**50,551**	**420,267**	**125,122**

The selling prices for sales to related parties were determined by the products' fair market value, and the collection terms were mainly 30 days, which were similar to those offered to third party customers.

The Group's receivables due from related parties as a result of transactions mentioned above were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate	$ 38,614	71,262	20,247
Subsidiary of associate	186,977	92	308
	$ 225,591	**71,354**	**20,555**

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

B. Purchases

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Associate	$ 233,178	55,268	485,992	107,349
Subsidiary of associate	30,862	27,027	91,739	67,918
	$ 264,040	**82,295**	**577,731**	**175,267**

The terms and pricing of purchase transactions with related parties were not significantly different from those with third party vendors.

The Group's payables to related parties as a result of transactions mentioned above were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate	$ 169,762	52,630	37,159
Subsidiary of associate	12,481	8,010	8,035
	$ 182,243	**60,640**	**45,194**

C. Property Transactions

(a) Acquisition of property, plant and equipment

The amounts of acquisition of property, plant and equipment from related parties were as follows:

	For the three months ended September 30, 2021	For the nine months ended September 30, 2021
Subsidiary of associate	**$ -**	**165**

D. Other transactions

(a) The amounts paid by the Group to its related parties for administrative and other expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Substantive related party	$ 1,500	1,558	4,500	4,558
Associate	794	752	2,662	2,117
Subsidiary of associate	112	92	662	2,629
	$ 2,406	**2,402**	**7,824**	**9,304**

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

The Group's payables as a result of transactions mentioned above were as follow:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate	$ 399	300	470
Subsidiary of associate	129	48	55
Substantive related party	-	-	61
	$ 528	**348**	**586**

(b) The Group signed lease contracts with its related parties, with lease terms based on their mutual agreements, and the related rental revenue was as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Associate	$ 1,226	806	3,679	2,163
Subsidiary of associate	99	212	523	636
Substantive related party	-	6	-	17
	$ 1,325	**1,024**	**4,202**	**2,816**

As of September 30, 2022, December 31 and September 30, 2021, the Group received the rental guaranteed deposits of $275 thousand, $275 thousand, and $117 thousand, respectively.

(c) The Group' s receivables as a result of transactions mentioned above and advance payment were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate	$ 1,200	2,032	529
Subsidiary of associate	229	92	90
Substantive related party	-	-	3
	$ 1,429	**2,124**	**622**

(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	$ 44,396	32,767	128,440	101,796
Post-employment benefits	614	2,888	1,901	4,150
Share-based payment	2,258	996	5,962	5,591
	$ 47,268	**36,651**	**136,303**	**111,537**

(Continued)

The remuneration to directors and key executives was determined by the remuneration committee, which is based on the performance of individuals and market trends.

Please refer to note 6(24) for further information on share-based payment.

8. Assets pledged as security

The carrying values of the Group's pledged assets are as follows:

Assets	Purpose of Pledged	September 30, 2022	December 31, 2021	September 30, 2021
Security deposit for loans (recognized as other financial assets－current)	Collateral for short-term bank loans	$ 2,832	2,719	2,599
Security deposit for loans (recognized as other financial assets－non-current)	Collateral for bank borrowing	1,892	1,155	1,161
Property, plant and equipment	Collateral for bank borrowing	2,315,574	2,349,492	2,373,013
Time deposits (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	547,688	62,280	62,663
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	21,801	24,454	23,980
		$ 2,889,787	**2,440,100**	**2,463,416**

The Group pledged its entire shares in KIOSK and APT as collateral for long-term borrowings as of September 30, 2022, December 31 and September 30, 2021.

9. Significant Commitments and Contingencies

Company A, a customer of the Group, provided the guarantee deposit amounting to $149,225 thousand (USD 4,700 thousand) to ensure the delivery of its order. The deposit is not deductible to the payables and shall be fully refunded to Company A after the end of the project. The deposit received by the Group had been recognized as guarantee deposits received-non-current.

10. Significant Casualty Loss: None.

11. Significant Subsequent Events:

On November 10, 2022, PBM, a subsidiary of the Company, resolved in a Board meeting to issue shares for cash in the amount of USD$8,000 thousand, all of which was fully subscribed by the Company.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

12. Other

Summaries of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By function / By item	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	125,737	397,385	523,122	93,336	316,816	410,152
Labor and health insurance	10,545	25,117	35,662	8,627	19,811	28,438
Pension	4,234	9,981	14,215	3,262	12,541	15,803
Others	11,279	13,195	24,474	11,956	7,491	19,447
Depreciation (note)	19,138	36,194	55,332	20,989	34,890	55,879
Amortization	13,135	44,938	58,073	12,598	20,168	32,766

By function / By item	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	342,180	1,106,673	1,448,853	267,661	957,011	1,224,672
Labor and health insurance	29,652	73,269	102,921	26,037	66,877	92,914
Pension	11,555	38,075	49,630	9,066	34,966	44,032
Others	34,990	34,100	69,090	30,815	31,451	62,266
Depreciation (note)	56,477	107,612	164,089	64,849	105,006	169,855
Amortization	38,760	86,588	125,348	37,889	61,219	99,108

Note: For the three and nine months ended September 30, 2022 and September 30, 2021, the deprecation expenses of the assets leased to the third parties under operating leases amounted to $46 thousand, $46 thousand, $137 thousand, and $137 thousand, respectively, recognized as deductions of rental revenue.

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

A. Loans to other parties: Please refer to Table 1.

B. Guarantees and endorsements for other parties: Please refer to Table 2.

C. Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amount $300 million or 20% of the capital stock: Please refer to Table 4.

E. Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

F. Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 5.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 6.

I. Trading in derivative instruments: Please refer to note 6(2).

J. Business relationships and significant intercompany transactions: Please refer to Table 7.

(2) Information on investees: Please refer to Table 8.

(3) Information on investment in Mainland China: Please refer to Table 9.

(i) The names of investees in Mainland China, their main businesses and products, and other information: Please refer to Table 9.

(ii) Limitation on investment in Mainland China: Please refer to Table 9.

(iii) Significant transactions:

The significant intercompany transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

(In Shares)

Shareholder's Name \ Shareholding	Shares	Percentage
Embedded City Taiwan limited	31,153,147	29.23 %

Note: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the consolidated financial statement due to the use of different calculation basis.

14. Segment information:

The Group's operating segment information and reconciliation were as follows:

	For the three months ended September 30, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 901,424**	**1,835,245**	**811,138**	**3,547,807**
Reportable segment profit	**$ 531,211**	**333,207**	**86,467**	**950,885**
Total segment assets				$ 16,812,014
Investments accounted for using equity method				255,610
Total assets				**$ 17,067,624**

	For the three months ended September 30, 2021			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 611,058**	**1,132,924**	**590,626**	**2,334,608**
Reportable segment profit	**$ 381,880**	**154,061**	**84,743**	**620,684**
Total segment assets				$ 13,893,416
Investments accounted for using equity method				252,388
Total assets				**$ 14,145,804**

	For the nine months ended September 30, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 2,450,885**	**4,541,457**	**2,129,961**	**9,122,303**
Reportable segment profit	**$ 1,365,143**	**839,144**	**176,426**	**2,380,713**
Total segment assets				$ 16,812,014
Investments accounted for using equity method				255,610
Total assets				**$ 17,067,624**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2021			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 1,561,719**	**3,433,554**	**1,435,158**	**6,430,431**
Reportable segment profit	**$ 946,559**	**513,145**	**170,773**	**1,630,477**
Total segment assets				$ 13,893,416
Investments accounted for using equity method				252,388
Total assets				**$ 14,145,804**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Loans to other parties
For the Nine Months Ended September 30, 2022

Table 1 (In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period (note 3)	Ending balance (note 3)	Actual usage amount during the period (note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (note 2)	Maximum limit of total financing amount (note 2)
													Item	Value		
0	The Company	PBM	Other receivables —related parties	Yes	343,639	-	-	1.00%	2	-	Loan repayment	-		-	761,981	1,142,972
0	The Company	PORTWELL	Other receivables —related parties	Yes	300,000	300,000	300,000	1.33%	2	-	Loan repayment	-		-	761,981	1,142,972
1	KIOSK	PBM	Other receivables —related parties	Yes	545,370	146,050	146,050	2.58%	2	-	Loan repayment	-		-	1,904,953	3,809,907
2	APT	KIOSK	Other receivables —related parties	Yes	389,550	-	-	2.58%	2	-	Loan repayment	-		-	549,447	824,170

Note 1: a. An entity which has short-term financing needs: 2

Note 2: According to the financing company’s financial management clauses, for financing to entities which have short-term financing needs, the financing limit for each borrower and the aggregate financing limit are 20% and 30%, respectively, of the financing company’s net value; for financing between foreign companies in which the Company directly or indirectly holds 100% of the voting shares, the financing limit for each borrower and the aggregate financing limit are 50% and 100%, respectively, of the financing company’s net value. Both of financing term should not exceed 5 years.

Note 3: KIOSK loaned US$4,600 thousand to PBM. The amounts in NTD were calculated using the exchange rate of US$1: NT$31.75 on September 30, 2022.

Posiflex Technology, Inc. and Subsidiaries
Guarantees and endorsements for other parties
For the Nine Months Ended September 30, 2022

Table 2 (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 (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of the reporting date (Note 4)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of the accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of the subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of the parent company	Endorsements/ guarantees to third parties on behalf of the companies in Mainland China	Note
		Name	Relationship with the Company (Note1)											
0	The Company	PORTWELL	b	7,619,814	483,359	425,356	425,356	-	11.16 %	7,619,814	Y	N	N	
0	The Company	PBM	b	7,619,814	254,000	254,000	-	-	6.67 %	7,619,814	Y	N	N	
0	The Company	PG	b	7,619,814	9,525	9,525	-	-	0.25 %	7,619,814	Y	N	N	
0	The Company	PTIL	b	7,619,814	13,811	13,811	13,811	-	0.36 %	7,619,814	Y	N	N	
0	The Company	KIOSK	b	7,619,814	142,875	142,875	142,875	71,438	3.75 %	7,619,814	Y	N	N	Note 5
0	The Company	KIOSK and APT	b	7,619,814	150,323	118,110	118,110	-	3.10 %	7,619,814	Y	N	N	Note 6
1	APT	PORTWELL	d	5,494,470	476,250	476,250	-	476,250	17.34 %	5,494,470	N	N	N	Note 7

Note 1: The Company may make endorsements/guarantees for the following companies:

a. A company which has business transactions with the Company
b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: According to the Company’s guarantee of the endorsement:

a. Limit for the total endorsements/ guarantees amount shall not exceed 200% of the latest financial statements of the Company’s net assets. The amount of endorsements/ guarantees for any single entity shall not exceed 200% of the latest financial statements of the Company’s net assets.

b. The total amount of endorsements/ guarantees of the Company and its subsidiaries shall not exceed 200% of the latest financial statements of the Company’s net assets. The amount of endorsements/ guarantees of the Company and its subsidiaries for any single entity shall not exceed 200% of the latest financial statements of the Company’s net assets.

c. Besides the restrictions mentioned in the two paragraphs above, the Company makes endorsements/guarantees for another entity due to their business transactions, wherein the amount of endorsements/ guarantees for the individual entity shall not exceed the total amount of transactions between the Company and the entity in recent year (the higher of the purchase or sales amount between the parties).

d. Limit for the total endorsements/ guarantees amount shall not exceed 200% of the latest financial statements of APT’s net assets, and it shall not exceed 200% of the latest financial statements of the Company’s net assets as well. The amount of endorsements/ guarantees for any single entity shall not exceed 200% of the latest financial statements of APT’s net assets, and it shall not exceed 200% of the latest financial statements of the Company’s net assets as well.

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the net assets mentioned above refer to equity attributable to the shareholders of the Company on the balance sheet.

Note 3: The ratio of endorsements/guarantees to net assets from the financial statements of the Company for the year ended September 30, 2022.

Note 4: The highest balance and the balance at the end of the period of the endorsements/guarantees for PORTWELL were $483,359 thousand and $425,356 thousand, respectively; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PBM each amounted to US$8,000 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PG each amounted to US$300 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PTIL each amounted to US$435 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for KIOSK each amounted to US$4,500 thousand; the highest balance and the balance at the end of the period of the endorsements/guarantees for KIOSK and APT amounted to US$5,100 thousand and $3,720 thousand. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1: NT$31.75 as of September 30, 2022.

Note 5: The time deposit of US$2,250 thousand was pledged as collateral for KIOSK’s bank borrowings amounting to US$4,500 thousand.

Note 6: The property, plant and equipment of US$7,128 thousand and all shares in KIOSK and APT were pledged as collateral for bank borrowings amounting to US$3,720 thousand.

Note 7: APT pledged a certificate of deposit of US15,000 thousand as the collateral for PORTWELL's bank borrowings of $400,000 thousand.

Posiflex Technology, Inc. and Subsidiaries

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

September 30, 2022

Table 3

(In Thousands of New Taiwan Dollars/share)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WaWaWorks Inc.	-	Financial assets at fair value through other comprehensive income—non-current	7,415,874	-	18.20 %	-	
The Company	Yao Teng Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	10,000	-	0.96 %	-	
The Company	O' Pay Electronic Payment Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	932,828	41,352	1.28 %	41,352	
The Company	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	847	316	0.01 %	316	
The Company	My Ball International Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	104,651	-	2.07 %	-	
The Company	NiceRaker Inc.	-	Financial assets at fair value through other comprehensive income—non-current	500,000	-	0.48 %	-	
The Company	Hua He Tang International Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	975,000	-	19.50 %	-	
PORTWELL	AcSiP Technology Corp.	RORTWELL is a director of AcSiP Technology Corp.	Financial assets at fair value through other comprehensive income—non-current	5,180,000	36,726	14.14 %	36,726	
PORTWELL	S-SHARP Corporation	-	Financial assets at fair value through other comprehensive income—non-current	232,000	-	16.20 %	-	
PORTWELL	GRIDWELL, Inc.	-	Financial assets at fair value through other comprehensive income—non-current	400,000	-	15.04 %	-	
PORTWELL	Welink Solutions Inc.	Subsidiary of associate	Financial assets at fair value through other comprehensive income—non-current	1,935,346	22,981	9.68 %	22,981	
HOLDING	Beijing Caswell Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	-	34,415	18.00 %	34,415	

Note: For more information about the investment of subsidiaries, associates and joint ventures, please refer to Tables 8 and 9.

Posiflex Technology, Inc. and Subsidiaries

Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock

For the Nine Months Ended September 30, 2022

Table 4 (In Thousands of New Taiwan Dollars /share)

Company holding securities	Security type and name	Account name	Counter-party	Relationship	Beginning Balance		Purchases		Adjustments (Note 1)	Sales				Ending Balance	
					Shares	Amount	Shares	Amount		Shares	Price	Cost	Gain (loss) on disposal (Note 2)	Shares	Amount (Note 3)
The Company	PORTWELL	Invenstments accounted for using equity method	ASUS TECHNOLOGY INCORPORATION	Subsidiary	68,817,397	3,485,196	-	-	358,173	14,746,585	825,000	785,378	39,622	54,070,812	3,057,991

Note 1: The adjustments consisted of the investment profit for the period, capital surplus - employee share options, exchange differences on translation of foreign financial statements, unrealized gain from investments in equity at FVOCI, and earning distribution from the subsidiary of $319,822 thousand, $1,998 thousand, $200,357 thousand, $(1,792) thousand, and $(162,212) thousand, respectively.

Note 2: Please refer to note 6(5).

Note 3: The relevant transaction and ending balance were eliminated in the consolidated financial statements.

Posiflex Technology, Inc. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock

September 30, 2022

Table 5 (In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	PTIL	Subsidiary	Sale	480,796	19 %	Net 150 days from invoice date	-	-	305,495	24 %	Note
The Company	PBM	Subsidiary	Sale	371,419	15 %	Net 150 days from invoice date	-	-	338,571	26 %	Note
The Company	KIOSK	Subsidiary	Sale	100,114	4 %	Net 150 days from invoice date	-	-	134,468	12 %	Note
PORTWELL	APT	Subsidiary	Sale	1,115,890	46 %	Net 15 days from invoice date	-	-	95,273	16 %	Note
PORTWELL	PJI	Subsidiary	Sale	108,352	4 %	Net 70 days from invoice date	-	-	27,343	5 %	Note
PORTWELL	EPT	Subsidiary	Sale	103,043	4 %	Net 90 days from invoice date			45,666	8 %	Note
PORTWELL	MEDWELL	Subsidiary	Sale	151,062	6 %	Net 30 days from the end of the month	-	-	29,482	5 %	Note
PORTWELL	WELINK	Associates	Sale	186,521	8 %	Net 60 days from the end of the month	-	-	186,978	32 %	-
PORTWELL	MiTwell	Associates	Sale	184,704	8 %	Net 60 days from the end of the month	-	-	115	- %	-
EPT	MiTwell	Associates	Purchase	368,000	52 %	Net 30 or 60 days from invoice date	-	-	151,611	67 %	-

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.

Posiflex Technology, Inc. and Subsidiaries

Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock

September 30, 2022

Table 6 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance	Note
					Amount	Action taken			
The Company	PTIL	Subsidiary	305,495	1.85	22,784	Strengthen collections of receivables	22,784	-	Note 1
The Company	PBM	Subsidiary	338,571	1.60	119,766	Strengthen collections of receivables	50,800	-	Note 1
The Company	KIOSK	Subsidiary	134,468	1.13	121,373	Strengthen collections of receivables	-	-	Note 1
The Company	PORTWELL	Subsidiary	302,011	-	-	-	-	-	Note 1,2
KIOSK	PBM	Subsidiary of the Group	146,949	-	-	-	-	-	Note 1,2
PORTWELL	WELINK	Associate	186,978	2.66	-	-	66,568	-	-

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.
Note 2: Other receivables were generated from financing.

Posiflex Technology, Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the Nine Months Ended September 30, 2022

Table 7

(In Thousands of New Taiwan Dollars)

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Note 1, 4)
0	The Company	PBM	1	Sales revenue	371,419	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	4 %
0	The Company	PBM	1	Accounts receivable－related parties	338,571	Net 150 days from invoice date	2 %
0	The Company	PTIL	1	Sales revenue	480,796	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	5 %
0	The Company	PTIL	1	Accounts receivable－related parties	305,495	Net 150 days from invoice date	2 %
0	The Company	KIOSK	1	Sales revenue	100,114	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
0	The Company	KIOSK	1	Accounts receivable－related parties	134,468	Net 150 days from invoice date	1 %
0	The Company	EPT	1	Sales revenue	75,133	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
0	The Company	PORTWELL	1	Other receivables－related parties	302,011	Loans (including interest receivables) and directors and supervisors' compensation	2 %
1	KIOSK	PBM	3	Other receivables－related parties	146,949	Loans (including interest receivables)	1 %

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Note 1, 4)
2	PORTWELL	APT	3	Sales revenue	1,115,890	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	12 %
2	PORTWELL	APT	3	Accounts receivable－related parties	95,273	Net 15 days from invoice date	1 %
2	PORTWELL	EPT	3	Sales revenue	103,043	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
2	PORTWELL	MEDWELL	3	Sales revenue	151,062	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
2	PORTWELL	PJI	3	Sales revenue	108,352	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %

Note 1: The transactions with amount that account for more than 1% of the consolidated total revenue or total assets were disclosed.

Note 2: The information of number is as follow:
1. The number 0 represents the parent company.
2. The subsidiaries are numbered in order starting from number 1.

Note 3: The types of relationships with traders are as follows:
1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

Note 4: The ratio of the transaction amount to the consolidated total sales revenue or consolidated total assets was calculated as follows:
1. For transaction amount accounted for as asset or liability, the ratio is calculated based on the ending balance of the consolidated total assets.
2. For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount of profit or loss at the end of the financial period of the consolidated total sales revenue.

Note 5: Only the sales revenue and accounts receivable from related parties were disclosed; the relative purchase and accounts payable need not be redisclosed.

Posiflex Technology, Inc. and Subsidiaries
Information on investees
For the Nine Months Ended September 30, 2022

Table 8 (In Thousands of New Taiwan Dollars/share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
The Company	PORTWELL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment and information software services.	2,534,078	3,225,190	54,070,812	55.00 %	3,057,991	556,809	319,822	Subsidiary(Note 1,2,4)
The Company	PBM	U.S.A.	Foreign trade	2,555,414	1,793,862	417,034,408	100.00 %	1,980,314	(56,168)	(56,168)	Subsidiary(Note 1,3)
The Company	PIC	Seychelles	Foreign trade	107,055	107,055	-	100.00 %	106,241	(20,015)	(20,015)	Subsidiary(Note 1)
The Company	PENETEK	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	36,910	36,910	3,691,000	61.52 %	41,423	2,970	1,827	Subsidiary(Note 1)
The Company	KOMING	Taiwan	Foreign trade and software services	15,000	15,000	1,500,000	100.00 %	10,233	-	-	Subsidiary(Note 1)
The Company	ULTRA	Taiwan	Software services	15,000	15,000	1,020,002	51.00 %	4,578	(5,760)	(2,937)	Subsidiary(Note 1)
The Company	PBMM	Malaysia	Foreign trade	7,795	7,795	801,214	83.46 %	3,123	(2,845)	(2,396)	Subsidiary(Note 1)
The Company	BonusPay	Taiwan	Software services	24,000	24,000	2,400,000	96.00 %	1,935	(1,060)	(1,017)	Subsidiary(Note 1)
The Company	PTSC	Argentina	Foreign trade	15,151	15,151	-	100.00 %	106	(107)	(107)	Subsidiary(Note 1)
The Company	ONK Cloud	Taiwan	Software services	3,196	29,000	319,667	99.90 %	80	(173)	(172)	Subsidiary(Note 1,5)
The Company	PG	Germany	Foreign trade	67,989	67,989	-	100.00 %	22,220	417	417	Subsidiary(Note 1)
The Company	PTIL	India	Foreign trade	8,441	8,441	51,000	51.00 %	12,301	(24,036)	(12,258)	Subsidiary(Note 1)
The Company	PTPL	Singapore	Foreign trade	11,612	11,612	500,000	100.00 %	249	(207)	(207)	Subsidiary(Note 1)
The Company	PJ	Japan	Foreign trade	43,162	43,162	2,400	100.00 %	5,183	(3,591)	(3,591)	Subsidiary(Note 1)
The Company	LPK	Hong Kong	Foreign trade	52,403	52,403	17,500	35.00 %	50,599	(3,765)	(1,318)	Investment accounted for using the equity method
ONK Cloud	ONK International	Samoa	Investing	5,027	5,027	-	100.00 %	(94)	558	558	Subsidiary(Note 1)
PBM	KIA	U.S.A.	Investing	3,295,755	3,295,755	1,012,355	82.00 %	1,977,385	(40,301)	(127,496)	Subsidiary (Note 1, 2)
PTIL	MUSTEK	India	Foreign trade	48	48	-	100.00 %	880	10	10	Subsidiary (Note 1)
PTIL	QUINTA	India	Foreign trade	931	931	69,999	70.00 %	6,463	(14,046)	(9,832)	Subsidiary (Note 1)
PORTWELL	APT	U.S.A.	Manufacture and sale of industrial computers and peripheral equipment	909,329	909,329	42,777,780	100.00 %	2,669,719	303,567	303,567	Subsidiary (Note 1)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
PORTWELL	PJI	Japan	Manufacture and sale of industrial computers and peripheral equipment	31,383	31,383	1,980	99.00 %	133,831	16,041	15,881	Subsidiary (Note 1)
PORTWELL	DEVELOPMENT	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	73,955	(2,484)	(2,484)	Subsidiary (Note 1)
PORTWELL	EPT	Netherland	Manufacture and sale of industrial computers and peripheral equipment	208,574	208,574	45,000	100.00 %	194,777	20,788	20,788	Subsidiary (Note 1)
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	5,297	(1,025)	(523)	Subsidiary (Note 1)
PORTWELL	PKI	South Korea	Manufacture and sale of industrial computers and peripheral equipment and information software services	36,457	36,457	278,153	100.00 %	(741)	585	585	Subsidiary (Note 1)
PORTWELL	GANLOT	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	16,800	16,800	2,800,000	100.00 %	40,893	11,094	11,094	Subsidiary (Note 1)
PORTWELL	MiTwell	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	64,047	64,047	6,097,663	18.86 %	205,011	123,731	22,808	Investment accounted for using the equity method
PORTWELL	POME	Cayman Islands	Investment of intelligent technology	64,544	64,544	40,000,000	31.67 %	-	(5,805)	(17,023)	Investment accounted for using the equity method
PORTWELL	HOLDWEL	Cayman Islands	Investing	94,520	94,520	100,000,000	83.33 %	220,043	44,979	35,145	Subsidiary (Note 1)
APT	KIA	U.S.A.	Investing	525,215	525,215	222,225	18.00 %	520,046	(40,301)	(7,254)	Subsidiary (Note 1)
DEVELOPMENT	HOLDING	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	74,312	(2,485)	(2,485)	Subsidiary (Note 1)
EPT	KES	Germany	Manufacture and sale of industrial computers and peripheral equipment	59,953	59,953	1	100.00 %	66,056	221	221	Subsidiary (Note 1)
EPT	PUK	U.K.	Manufacture and sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	12,214	1,169	1,169	Subsidiary (Note 1)
HOLDWEL	MEDWEL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	177,647	33,200	33,200	Subsidiary (Note 1)

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.
Note 2: Share of profits / losses of investee includes the amortized adjustment caused by consilidation.
Note 3: On January 20, 2022, PBM, a subsidiary of the company, resolved in its Board meeting to issue shares for cash in the amount of NTD$761,552 thousand (USD $27,350 thousand), which was fully subscribed by the Company.
Note 4: In June 2022, the Group disposed 15% of its ordinary shares in its subsidiary, PORTWELL, resulting in its shareholding ratio in PORTWELL to decrease to 55%.
Note 5: In June 2022, ONK Cloud reduced its capital to offset its accumulated losses; and on the same day, increased its capital, which were fully subscribed by the Group.

Posiflex Technology, Inc. and Subsidiaries
Information on investment in Mainland China
For the Nine Months Ended September 30, 2022

Table 9

(In Thousands of New Taiwan Dollars)

(1) 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 (note 3)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022 (note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022 (note 4)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 1)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	111,125	(note 5)	111,125	-	-	111,125	(20,015)	100.00%	(20,015)	106,241	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	5,398	(note 5)	5,398	-	-	5,398	558	99.90 %	558	(94)	-	
Beijing Caswell Ltd.	Manufacture and sale of networking and communication equipment	120,650	(note 5)	21,717	-	-	21,717	(15,101)	18.00 %	-	34,415	-	Note 2
Welink Technology Co., Ltd.	Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade	34,925	(note 5)	-	-	-	-	(3,401)	100.00%	(3,401)	6,268	-	Note 2

Note 1: The investment income (losses) recognized was based on the financial statements from the investee company, which had not been reviewed.

Note 2: The beginning investment amounts of Welink Technology were RMB 174 thousand and US$900 thousand; and the beginning investment amounts of Beijing Caswell were US$180 thousand. All investment capitals were remitted through third regions.

Note 3: The amounts with NTD were calculated based on the exchange rate of US$1: NT$31.75 and RMB1: NT$4.4730 at the end of September 30, 2022. The paid-in capitals of PBMB, ONK Clouding Shanghai, Beijing Caswell, and Welink Technology were US$3,500 thousand, US$170 thousand, US$3,800 thousand, and US$1,100 thousand, respectively.

Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$31.75 at the end of September 30, 2022. The cumulative investment amount from Taiwan at the beginning and the end of the period were US$3,500 thousand for PBMB, US$170 thousand for ONK Clouding Shanghai and US$684 thousand for Beijing Caswell.

Note 5: Investments in companies in Mainland China through the existing companies in the third regions.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of September 30, 2022 (Note 2)	**Investment Amounts Authorized by Investment Commission, MOEA (Note 3)**	**Upper Limit on Investment (Note 1)**
205,423	205,423	3,848,146

Note 1: According to Directions Governing the Examination of Investment or Technical Cooperation in Mainland China, the upper limit of investment in mainland China is the higher between 60% of the total equity or total consolidated equity.

Note 2: The amount with NTD was calculated based on the exchange rate of US$1: NT$31.75 at the end of September 30, 2022. The amount of accumulated investments included that of the Company of US$3,670 thousand and PORTWELL of US$2,800 thousand.

Note 3: The amount with NTD was calculated based on the exchange rate of US$1: NT$31.75 at the end of September 30, 2022. The investment amounts authorized by Investment Commission, MOEA included those of the Company of US$3,670 thousand, and PORTWELL of US$2,800 thousand.