Stock Code:8114

Posiflex Technology, Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022

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

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Independent Auditors' Review Report

To the Board of Directors
Posiflex Technology, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Posiflex Technology, Inc. (the "Company") and its subsidiaries (together referred as the "Group") as of June 30, 2023, and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three and six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(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 $1,714,665 thousand and $1,800,803 thousand, constituting 11.30% and 10.80% of the consolidated total assets as of June 30, 2023, and 2022, respectively, the total liabilities amounting to $344,029 thousand and $489,713 thousand, constituting 3.78% and 4.46% of the consolidated total liabilities as of June 30, 2023 and 2022, as well as the total comprehensive income amounting to $(1,250) thousand, $(11,882) thousand, $786 thousand and $(17,473) thousand, constituting (0.39)%, (3.24)%, 0.17% and (2.17)% of the total consolidated comprehensive income for the three and six months ended June 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(4), the other equity accounted investments of the Group in its investee companies of $261,242 thousand and $46,186 thousand as of June 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of $(293) thousand, $(2,931) thousand, $1,074 thousand and $(19,454) thousand for the three months and six months June 30, 2023 and 2022, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 10, 2023

Notes to Readers

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

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

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2023, and December 31 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(1))	$ 2,615,015	17	2,303,346	15	2,918,378	17
1136	Financial assets at amortized cost－current (notes 6(2) and 8)	573,904	4	1,012,070	6	126,310	1
1150	Notes receivable (note 6(2))	2,609	-	10,626	-	22,753	-
1170	Accounts receivable, net (note 6(2))	1,511,021	10	1,583,858	10	1,842,829	11
1180	Accounts receivable－related parties (notes 6(2) and 7)	18,703	-	120,839	1	36,064	-
1210	Other receivables－related parties (note 7)	1,461	-	2,217	-	606	-
1310	Inventories (note 6(3))	2,920,185	20	3,280,348	21	3,784,598	23
1476	Other financial assets－current (notes 6(5) and 8)	20,030	-	16,280	-	13,347	-
1479	Other current assets (note 6(7))	155,028	1	104,720	1	159,949	1
	Total current assets	7,817,956	52	8,434,304	54	8,904,834	53
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	127,679	1	137,232	1	144,109	1
1550	Investments accounted for using equity method (note 6(4))	261,242	2	259,483	2	245,617	2
1600	Property, plant and equipment (notes 6(8) and 8)	3,330,581	22	3,365,007	21	3,393,661	20
1755	Right-of-use assets (note 6(9))	293,540	2	243,589	1	592,282	4
1760	Investment property (note 6(10))	47,986	-	48,077	-	48,168	-
1805	Goodwill (note 6(12))	1,864,454	12	1,840,856	12	1,784,303	11
1821	Intangible assets (note 6(13))	865,100	6	906,859	6	989,136	6
1840	Deferred tax assets	484,999	3	482,030	3	512,208	3
1975	Net defined benefit asset－non-current	38,521	-	37,909	-	29,831	-
1980	Other financial assets－non-current (notes 6(5) and 8)	25,797	-	27,295	-	26,412	-
1990	Other non-current assets (note 6(7))	10,531	-	15,458	-	10,075	-
	Total non-current assets	7,350,430	48	7,363,795	46	7,775,802	47
	Total assets	**$ 15,168,386**	**100**	**15,798,099**	**100**	**16,680,636**	**100**

		June 30, 2023		December 31, 2022		June 30, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(14))	$ 735,047	5	1,206,677	8	758,264	5
2120	Financial liabilities at fair value through profit or loss－current (note 6(2))	473	-	203	-	411	-
2130	Contract liabilities－current (note 6(25))	359,356	2	327,160	2	384,194	2
2150	Notes payable	12,429	-	15,297	-	18,938	-
2170	Accounts payable	719,471	5	698,859	5	1,079,323	6
2180	Payables to related parties (note 7)	16,171	-	46,710	-	151,969	1
2200	Other payables (note 6(15))	1,568,577	11	750,090	5	1,137,139	7
2230	Current tax liabilities	161,937	1	296,528	2	151,360	1
2250	Provisions－current (note 6(16))	85,821	1	117,893	1	103,246	1
2280	Lease liabilities－current (note 6(17))	67,258	-	56,831	-	62,453	-
2320	Current portion of long-term liabilities (note 6(18))	27,305	-	6,275	-	314,956	2
2399	Other current liabilities	12,922	-	31,724	-	55,012	-
	Total current liabilities	3,766,767	25	3,554,247	23	4,217,265	25
	Non-current liabilities:						
2527	Contract liabilities－non-current (note 6(25))	68,620	1	129,697	1	119,929	1
2540	Long-term borrowings (note 6(18))	66,758	-	582,288	4	1,147,313	7
2570	Deferred tax liabilities	46,898	-	46,629	-	37,736	-
2580	Lease liabilities－non-current (note 6(17))	404,000	3	365,220	2	706,659	4
2635	Preference share liabilities－non-current (note 6(19))	4,595,089	30	4,595,089	29	4,595,089	28
2640	Net defined benefit liability－non-current	13,298	-	13,672	-	19,482	-
2645	Guarantee deposits received (notes 7 and 9)	142,382	1	147,972	1	142,286	1
	Total non-current liabilities	5,337,045	35	5,880,567	37	6,768,494	41
	Total liabilities	9,103,812	60	9,434,814	60	10,985,759	66
	Equity (notes 6(22) and (23)):						
	Equity attributable to parent company shareholders:						
3110	Ordinary share	755,158	5	754,828	5	751,318	4
3140	Advance receipts for share capital	700	-	320	-	-	-
3200	Capital surplus	773,366	5	953,103	6	962,394	6
3300	Retained earnings	2,065,172	14	2,212,008	14	1,818,442	11
3400	Other equity	(130,228)	(1)	(164,267)	(1)	(231,010)	(1)
	Total equity attributable to parent company shareholders	3,464,168	23	3,755,992	24	3,301,144	20
36XX	Non-controlling interests	2,600,406	17	2,607,293	16	2,393,733	14
	Total equity	6,064,574	40	6,363,285	40	5,694,877	34
	Total liabilities and equity	**$ 15,168,386**	**100**	**15,798,099**	**100**	**16,680,636**	**100**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three and Six Months Ended June 30, 2023 and 2022

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

		For the three months ended June 30,				For the six months ended June 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue** (notes 6(25) and 7)	$ 2,544,439	100	2,914,176	100	4,924,503	100	5,574,496	100
5000	**Operating costs** (notes 6(3), (20), (23), (26), 7 and 12)	1,550,890	61	1,887,561	65	3,059,834	62	3,611,448	65
5900	**Gross profit**	993,549	39	1,026,615	35	1,864,669	38	1,963,048	35
5910	Unrealized gain (loss) from sales	-	-	11	-	3	-	8	-
5900	**Realized gross profit**	993,549	39	1,026,626	35	1,864,672	38	1,963,056	35
6000	**Operating expenses** (notes 6(2), (20), (23), (26), 7 and 12):								
6100	Selling expenses	244,648	10	258,410	9	517,707	11	533,228	10
6200	Administrative expenses	232,766	9	227,149	8	468,098	9	439,145	8
6300	Research and development expenses	150,068	6	135,853	4	282,929	6	254,044	4
6450	Expected credit loss (gain)	1,115	-	23,318	1	(30,958)	(1)	31,833	-
	Total operating expenses	628,597	25	644,730	22	1,237,776	25	1,258,250	22
6900	**Net operating income**	364,952	14	381,896	13	626,896	13	704,806	13
7000	**Non-operating income and expenses** (notes 6(27) and 7):								
7100	Interest income	14,407	1	2,947	-	23,384	-	4,796	-
7010	Other income	7,051	-	7,287	-	14,237	-	14,565	-
7020	Other gains and losses	26,450	2	43,858	2	14,682	1	100,876	2
7050	Finance costs	(47,782)	(2)	(53,592)	(2)	(96,316)	(2)	(105,765)	(2)
7060	Share of profit (loss) of associates accounted for using equity method (note 6(4))	(293)	-	7,008	-	1,074	-	(9,515)	-
	Total non-operating income and expenses	(167)	1	7,508	-	(42,939)	(1)	4,957	-
7900	**Income before income tax**	364,785	15	389,404	13	583,957	12	709,763	13
7950	**Income tax expenses** (note 6(21))	118,089	5	115,620	4	173,810	4	193,501	4
8200	**Net income**	246,696	10	273,784	9	410,147	8	516,262	9
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	(10,279)	-	(34,314)	(1)	(5,142)	-	32,786	1
8320	Shares of other comprehensive income of associates accounted for using equity method	(378)	-	(621)	-	(2,936)	-	(1,012)	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(21))	-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(10,657)	-	(34,935)	(1)	(8,078)	-	31,774	1
8360	**Items that may be reclassified subsequently to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	92,730	3	139,725	5	54,574	1	277,685	5
8370	Shares of other comprehensive income of associates accounted for using equity method	1,096	-	1,776	-	681	-	4,624	-
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(21))	9,190	-	14,078	-	5,593	-	26,911	-
	Total items that may be reclassified subsequently to profit or loss	84,636	3	127,423	5	49,662	1	255,398	5
8300	**Other comprehensive income, net**	73,979	3	92,488	4	41,584	1	287,172	6
8500	**Total comprehensive income**	**$ 320,675**	**13**	**366,272**	**13**	**451,731**	**9**	**803,434**	**15**
	Profit attributable to:								
	Owners of parent	$ 135,825	6	234,073	8	226,212	4	460,826	8
	Non-controlling interests	110,871	4	39,711	1	183,935	4	55,436	1
		$ 246,696	**10**	**273,784**	**9**	**410,147**	**8**	**516,262**	**9**
	Comprehensive income attributable to:								
	Owners of parent	$ 193,965	8	305,924	10	260,251	5	703,513	13
	Non-controlling interests	126,710	5	60,348	3	191,480	4	99,921	2
		$ 320,675	**13**	**366,272**	**13**	**451,731**	**9**	**803,434**	**15**
	Earnings per share (New Taiwan Dollars) (note 6(24))								
9750	Basic earnings per share	**$**	**1.80**		**3.12**		**3.00**		**6.13**
9850	Diluted earnings per share	**$**	**1.63**		**2.55**		**2.82**		**5.03**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Six Months Ended June 30, 2023 and 2022

(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, 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	-	-	-	-	-	460,826	460,826	-	-	-	460,826	55,436	516,262
Other comprehensive income for the period	-	-	-	-	-	-	-	210,913	31,774	242,687	242,687	44,485	287,172
Total comprehensive income for the period	-	-	-	-	-	460,826	460,826	210,913	31,774	242,687	703,513	99,921	803,434
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	-	-	(97)	-	-	-	-	-	-	-	(97)	(5)	(102)
Share-based payment transactions	-	-	3,334	-	-	-	-	-	-	-	3,334	621	3,955
Exercise of employee stock options	2,100	-	17,532	-	-	-	-	-	-	-	19,632	-	19,632
Partial disposal of interests in subsidiaries	-	-	83,863	-	-	-	-	-	-	-	83,863	741,137	825,000
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(88,480)	(88,480)
Balance as of June 30, 2022	**$ 751,318**	**-**	**962,394**	**799,788**	**473,697**	**544,957**	**1,818,442**	**(187,191)**	**(43,819)**	**(231,010)**	**3,301,144**	**2,393,733**	**5,694,877**
Balance as of January 1, 2023	$ 754,828	320	953,103	799,788	473,697	938,523	2,212,008	(113,577)	(50,690)	(164,267)	3,755,992	2,607,293	6,363,285
Net income for the period	-	-	-	-	-	226,212	226,212	-	-	-	226,212	183,935	410,147
Other comprehensive income for the period	-	-	-	-	-	-	-	42,117	(8,078)	34,039	34,039	7,545	41,584
Total comprehensive income for the period	-	-	-	-	-	226,212	226,212	42,117	(8,078)	34,039	260,251	191,480	451,731
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	85,439	-	(85,439)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(309,429)	309,429	-	-	-	-	-	-	-
Cash dividends distributed to common shareholders	-	-	-	-	-	(373,048)	(373,048)	-	-	-	(373,048)	-	(373,048)
Cash distribution from capital surplus	-	-	(188,585)	-	-	-	-	-	-	-	(188,585)	-	(188,585)
Difference between consideration and carrying amount of subsidiaries shareholding acquired or disposed	-	-	(97)	-	-	-	-	-	-	-	(97)	(1)	(98)
Share-based payment transactions	-	-	3,246	-	-	-	-	-	-	-	3,246	713	3,959
Exercise of employee stock options	330	380	5,699	-	-	-	-	-	-	-	6,409	-	6,409
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(199,079)	(199,079)
Balance as of June 30, 2023	**$ 755,158**	**700**	**773,366**	**885,227**	**164,268**	**1,015,677**	**2,065,172**	**(71,460)**	**(58,768)**	**(130,228)**	**3,464,168**	**2,600,406**	**6,064,574**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2023	2022
Cash flows from operating activities:		
Income before income tax	$ 583,957	709,763
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	113,231	108,848
Amortization expenses	56,781	67,275
Expected credit loss (gain)	(30,958)	31,833
Net loss on financial assets at fair value through profit or loss	1,198	965
Interest expense	96,316	105,765
Interest income	(23,384)	(4,796)
Dividend income	(9)	(6)
Compensation cost arising from share-based payment transactions	3,959	3,955
Shares of loss (gain) of associates accounted for using equity method	(1,074)	9,515
Loss (gain) on disposal of property, plant and equipment	690	(38)
Provisions for inventory devaluation and obsolescence loss	85,858	31,240
Adjustment for other non-cash-related losses (profit), net	(610)	846
Total adjustments to reconcile profit (loss)	301,998	355,402
Changes in operating assets and liabilities:		
Notes receivable	8,017	2,123
Accounts receivable (including related parties)	205,414	(179,967)
Inventories	274,305	(658,896)
Other operating assets	(31,822)	(25,676)
Contract liabilities	(28,881)	(132,820)
Notes payable	(2,868)	(9,145)
Accounts payable (including related parties)	(9,927)	4,678
Other payables	(19,943)	45,056
Net defined benefit assets/liabilities	(986)	(1,027)
Other operating liabilities	(50,874)	169,628
Total changes in operating assets and liabilities	342,435	(786,046)
Total adjustments	644,433	(430,644)
Cash flows generated from operations	1,228,390	279,119
Interest received	19,791	4,219
Interest paid (including preference share)	(20,438)	(24,599)
Income taxes paid	(331,365)	(251,670)
Net cash flows from operating activities	896,378	7,069

(Continued)

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2023	**2022**
Cash flows from investing activities:		
Decrease in financial assets at amortized cost	445,476	9,760
Proceeds from disposal of financial assets at fair value through profit or loss	(928)	(554)
Proceeds from disposal of subsidiaries	-	825,000
Acquisition of property, plant and equipment	(40,795)	(60,846)
Proceeds from disposal of property, plant and equipment	19	8,563
Acquisition of intangible assets	(5,293)	(7,066)
Decrease in other financial assets	707	3,408
Increase in other non-current assets	(7,178)	(7,481)
Dividends received	4	-
Net cash flows from investing activities	392,012	770,784
Cash flows from financing activities:		
Increase in short-term borrowings	577,756	1,123,229
Decrease in short-term borrowings	(1,052,082)	(828,468)
Proceeds from long-term borrowings	-	825,000
Repayments of long-term borrowings	(486,813)	(942,800)
Decrease in guarantee deposits received	(7,643)	(3,946)
Repayment of the principal portion of lease liabilities	(35,353)	(27,589)
Exercise of employee share options	6,409	19,632
Net cash flows from (used in) financing activities	(997,726)	165,058
Effect of exchange rate changes on cash and cash equivalents	21,005	41,000
Net increase in cash and cash equivalents	311,669	983,911
Cash and cash equivalents at beginning of period	2,303,346	1,934,467
Cash and cash equivalents at end of period	$ **2,615,015**	**2,918,378**

See accompanying notes to consolidated financial statements.

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

Posiflex Technology, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

(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 August 10, 2023.

3. New Standards, Amendments and Interpretations Adopted

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

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

- 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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024
Amendments to IAS12 " International Tax Reform – Pillar Two Model Rules"	● provide companies with a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax; and ● require them to provide new disclosures.	May 23, 2023

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- IFRS16 "Requirements for Sale and Leaseback Transactions"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

4. Summary of Material 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 material accounting policies are applied consistently for the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. For related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2022.

A. List of subsidiaries in the consolidated financial statements

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

			Percentage of Ownership			
Name of Investor	**Name of Subsidiary**	**Business**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**	**Note**
The Company	Portwell Inc. (PORTWELL)	Manufacture and sale of industrial computers and peripheral equipment and information software services	55 %	55 %	55 %	
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 June 30, 2023	Percentage of Ownership December 31, 2022	Percentage of Ownership June 30, 2022	Note
The Company	Posiflex International Co., Ltd. (PIC)	Foreign trade	100 %	100 %	100 %	"
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 %	Note 2
The Company	ONK Cloud Computing Technology Inc. (ONK Cloud)	Software services	99.90 %	99.90 %	99.90 %	Notes 1, 3
The Company	Ultra Systems Inc. (ULTRA)	Software services	51.49 %	51 %	51 %	Notes 1, 3 and 4
The Company	Penetek Technology Inc. (PENETEK)	Manufacture and sale of industrial computers and peripheral equipment	61.52 %	61.52 %	61.52 %	Note 1
The Company	KIOSK Integrated Solutions, Inc. (KIOSKTW)	Software services	100 %	100 %	- %	Notes 1, 5
PIC	Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	100 %	100 %	100 %	Note 1
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

			Percentage of Ownership			
Name of Investor	**Name of Subsidiary**	**Business**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**	**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 %	18 %	18 %	"
HOLDWEL	MEDWEL, Inc. (MEDWEL)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
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 %	"
EPT	Kiosk Embedded Systems Srl (KESI)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	- %	Notes 1, 6

(Continued)

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

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership June 30, 2023	December 31, 2022	June 30, 2022	Note
HOLDING	Welink Technology Co., Ltd. (WELINK)	Foreign trade and software services	100 %	100 %	100 %	Note 1

Note 1: The financial statements of non-significant subsidiary have not been reviewed.
Note 2: In March 2023, BonusPay apply to the court for liquidation, the liquidation process has yet to be completed.
Note 3: 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.
Note 4: In March 2023, ULTRA increase its capital by cash, which were fully subscribed by the Group.
Note 5: Founded in November 2022.
Note 6: Founded in October 2022.

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 are measured by multiplying together the pretax income for the interim reporting period and the management’s best estimate of effective annual tax rate. 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.

Except for the following, 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, 2022.

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, 2022. For other information about the description of significant accounts, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	$ 1,217	1,212	1,289
Cash in bank and checking deposits	1,965,383	2,048,588	2,587,150
Time deposits	648,415	253,546	329,939
	$ 2,615,015	**2,303,346**	**2,918,378**

Please refer to note 6(28) for the disclosure of currency risk of the financial assets and liabilities.

(2) Financial assets and liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic listed companies	$ 442	328	346
Domestic emerging market shares	71,603	77,993	85,700
Domestic unlisted shares	26,005	24,871	22,761
Foreign unlisted shares	29,629	34,040	35,302
	$ 127,679	**137,232**	**144,109**

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.

B. Financial assets measured at amortized cost－current:

	June 30, 2023	December 31, 2022	June 30, 2022
Cash in bank (restricted)	$ 15,000	15,000	-
Time deposits (restricted)	543,904	535,650	66,870
Time deposits (more than 3 months)	15,000	461,420	59,440
	$ 573,904	**1,012,070**	**126,310**

(Continued)

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(28).

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

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 2,609	10,626	22,753
Accounts receivable	1,587,339	1,690,617	1,931,353
Accounts receivable－related parties	18,703	120,839	36,064
	1,608,651	1,822,082	1,990,170
Less: loss allowance	(76,318)	(106,759)	(88,524)
	$ 1,532,333	**1,715,323**	**1,901,646**

Please refer to notes 6(5) 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 were determined as follows:

	June 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,276,245	0.31%	4,001
1 to 60 days past due	224,876	2.03%	4,573
61 to 180 days past due	47,801	18.58%	8,880
More than 181 days past due	27,044	96.80%	26,179
	$ 1,575,966		**43,633**

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

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 1,409,081	0.34%	4,790
1 to 60 days past due	263,417	2.58%	6,809
61 to 180 days past due	44,056	12.56%	5,535
More than 180 days past due	45,997	65.43%	30,094
	$ 1,762,551		**47,228**

	June 30, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 1,556,138	0.34%	5,291
1 to 60 days past due	262,910	2.46%	6,473
61 to 180 days past due	126,437	25.50%	32,239
More than 181 days past due	28,745	99.43%	28,581
	$ 1,974,230		**72,584**

Note: As of June 30, 2023, December 31 and June 30, 2022, the outstanding balance of the Group’ s receivables amounted to $32,685 thousand, $59,531 thousand and $15,940 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 six months ended June 30,	
	2023	**2022**
Beginning balance	$ 106,759	55,996
Impairment loss recognized (reversed)	(30,958)	31,833
Amounts written off	-	(1,530)
Effect of exchange rate changes	517	2,225
Ending balance	**$ 76,318**	**88,524**

D. 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. The following derivatives instruments, without the application of hedge accounting, were classified as financial assets and liabilities mandatorily measured at fair value through profit or loss:

	June 30, 2023			
	Amount (thousand)		**Currency**	**Maturity Dates**
Forward exchange	USD	1,000	USD to NTD	2023.7.14~2023.7.28

	December 31, 2022			
	Amount (thousand)		**Currency**	**Maturity Dates**
Forward exchange	USD	1,500	USD to NTD	2023.1.13~2023.2.23

	June 30, 2022			
	Amount (thousand)		**Currency**	**Maturity Dates**
Forward exchange	USD	2,000	USD to NTD	2022.7.8~2022.7.22

On June 30, 2023, December 31 and June 30, 2022, the forward exchange contract amounted to $473 thousand, $203 thousand and $411 thousand, classified as current financial liabilities at fair value through profit or loss.

(3) Inventories

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
Raw materials	$ 1,174,302	1,377,200	1,618,281
Work-in-process and semi-finished products	369,842	321,138	605,054
Finished goods	1,376,041	1,582,010	1,561,263
	$ 2,920,185	**3,280,348**	**3,784,598**

The details of operating costs were as follows:

	For the three months ended June 30,		**For the six months ended June 30,**	
	2023	**2022**	**2023**	**2022**
Cost of goods sold	$ 1,508,901	1,881,610	2,973,976	3,580,208
Inventory devaluation and obsolescence loss	41,989	5,951	85,858	31,240
	$ 1,550,890	**1,887,561**	**3,059,834**	**3,611,448**

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any inventories as collateral for its loans.

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

(4) Investments accounted for using equity method

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

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	$ 261,242	259,483	245,617

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 June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Attributable to the Group:				
Net income (loss)	$ (293)	7,008	1,074	(9,515)
Other comprehensive income	878	1,421	545	3,972
Total comprehensive income (loss)	$ 585	8,429	1,619	(5,543)

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.

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(5) Other financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
Current:			
Lease receivables (note 6(8))	$ 1,564	1,568	2,076
Other receivables	15,528	11,895	8,558
Other	2,938	2,817	2,713
	$ 20,030	16,280	13,347
Non-current:			
Lease receivables (note 6(8))	$ 2,291	3,071	3,856
Guarantee deposits paid	21,665	22,408	21,186
Other	1,841	1,816	1,370
	$ 25,797	27,295	26,412

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

(6) Material non-controlling interests of subsidiaries

In June 2022, the Group disposed 15% of its ordinary shares in PORTWELL to ASUS. The Group has holding PORTWELL's ownership by 55% as of June 30, 2023, December 31 and June 30, 2022, respectively. For related information, please refer to note 6(5) of the consolidated financial statement for the year ended December 31, 2022.

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

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

Details of other current and non-current assets were as follows:

		June 30, 2023	December 31, 2022	June 30, 2022
Current:				
Current tax assets	$	31,612	14,632	6,132
Prepayments		66,702	47,730	61,597
Other prepayments		26,369	23,207	32,658
Overpaid business tax and refunds receivable		28,754	10,129	57,926
Other		1,591	9,022	1,636
	$	155,028	104,720	159,949
Non-current:				
Prepayments for deposits of equipment	$	9,717	14,643	9,261
Other		814	815	814
	$	10,531	15,458	10,075

(8) 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, 2023	$	626,371	2,449,483	166,693	122,460	3,365,007
Balance as of June 30, 2023	$	618,852	2,401,400	160,398	149,931	3,330,581
Balance as of January 1, 2022	$	619,535	2,534,459	138,503	114,099	3,406,596
Balance as of June 30, 2022	$	614,524	2,491,156	172,297	115,684	3,393,661

There were no significant additions, disposal of the Group property, plant and equipment for the six month ended June 30, 2023 and 2022. Information on depreciation for the period is discussed in note 12. Please refer to note 6(9) of the 2022 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 June 30, 2023, December 31 and June 30, 2022, the balance of lease receivables please refer to note 6(5).

For credit risk information, please refer to note 6(28).

C. As of June 30, 2023, December 31 and June 30, 2022, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings, please refer to note 8.

(9) 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, 2023	$ 87,169	142,609	13,811	-	243,589
Balance as of June 30, 2023	$ 85,402	196,763	11,375	-	293,540
Balance as of January 1, 2022	$ 412,286	172,774	8,057	8,228	601,345
Balance as of June 30, 2022	$ 416,139	163,750	12,393	-	592,282

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 a change in the payments rather than the scope of the lease within IFRS16, please refer to note 6(17).

(10) Investment property

	Land	Building	Total
Balance as of January 1, 2023	$ 40,719	7,358	48,077
Balance as of June 30, 2023	$ 40,719	7,267	47,986
Balance as of January 1, 2022	$ 40,719	7,540	48,259
Balance as of June 30, 2022	$ 40,719	7,449	48,168

There were no significant addition and disposal of investment property for the six months ended June 30, 2023 and 2022. Information on depreciation for the period was discussed in note 12. Please refer to note 6(11) of the 2022 annual consolidated financial statements for the 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, 2022.

(11) 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.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	$ 1,212	701	1,195
Two to five years	2,218	175	87
Total undiscounted lease payments	$ 3,430	876	1,282

Posiflex Technology, Inc. and Subsidiaries
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For the three and six months ended June 30, 2023 and 2022, the rental income from investment properties amounted to $261 thousand, $206 thousand, $566 thousand, and $447 thousand, respectively.

(12) Goodwill

There were no significant additions, disposal, or recognition and reversal of impairment losses of goodwill for the six months ended June 30, 2023 and 2022. Please refer to note 6(13) of the 2022 annual consolidated financial statements for other related information.

(13) Intangible assets

	Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Carrying value:						
Balance as of January 1, 2023	$ 82,610	59,287	733,177	31,712	73	906,859
Balance as of June 30, 2023	$ 58,637	34,291	741,820	30,329	23	865,100
Balance as of January 1, 2022	$ 188,224	104,237	672,274	26,734	170	991,639
Balance as of June 30, 2022	$ 164,203	83,112	713,278	28,423	120	989,136

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2023 and 2022. Information on amortization for the period was discussed in note 12. Please refer to note 6(14) of the 2022 annual consolidated financial statement for other related information.

(14) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	$ 306,710	930,000	650,000
Secured bank loans	428,337	276,677	108,264
	$ 735,047	1,206,677	758,264
Range of interest rates	1.73%~9.5%	1.75%~9%	1.048%~9.5%

Please refer to note 6(28) for the disclosure of liquidity risk.

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

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(15) Other payables

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

	June 30, 2023	December 31, 2022	June 30, 2022
Payables for dividends	$ 760,712	-	426,573
Payables for salaries and bonus	359,735	371,151	256,792
Accrued dividends on preference shares	230,903	153,935	230,903
Compensation payables to directors and employees	61,017	52,155	73,797
Payables for construction	8,424	6,584	427
Others	147,786	166,265	148,647
	$ 1,568,577	**750,090**	**1,137,139**

(16) Provisions

	June 30, 2023	December 31, 2022	June 30, 2022
Advertising	$ 62,160	93,962	79,652
Warranties	23,661	23,931	23,594
	$ 85,821	**117,893**	**103,246**

There were no significant changes in provisions for the six months ended June 30, 2023 and 2022. For other related information, please refer to note 6(17) of the 2022 annual consolidated financial statements.

(17) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	**$ 67,258**	**56,831**	**62,453**
Non-current	**$ 404,000**	**365,220**	**706,659**

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$ 6,585	6,544	9,290
Non-current	235,568	238,871	564,542
	$ 242,153	**245,415**	**573,832**

For the maturity analysis, please refer to note 6(28).

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The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interests on lease liabilities	$ 3,502	3,936	6,350	11,009
Expenses relating to short-term leases	$ 826	518	1,307	995
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 308	255	607	533
Covid-19 related rent concessions (recognized as other gains and losses)	$ -	478	-	955

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

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	$ 43,617	39,171

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 six months ended June 30, 2022.

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.

(18) Long-term borrowings

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

	June 30, 2023			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Government rescue loans	JPY	-	February 2024	$ 21,500
Secured bank loans				
Bank loans	JPY	1.5%	December 2035	72,563
				94,063
Less: Current portion				(27,305)
Total				$ **66,758**

	December 31, 2022			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Government rescue loans	JPY	-	February 2024	$ 23,240
Secured bank loans				
Bank loans	NTD	1.5%	May 2027	483,750
Bank loans	JPY	1.5%	December 2035	81,573
				588,563
Less: Current portion				(6,275)
Total				$ **582,288**

	June 30, 2022			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Bank loans	NTD	1.56%	May 2024	$ 40,356
Government rescue loans	JPY	-	February 2024	21,820
Secured bank				
Bank loans	NTD	1.21%	May 2027	825,000
Bank loans	NTD	1.56%	May 2024	385,000
Bank loans	USD	3.87957%	May 2023	110,559
Bank loans	JPY	1.50%	December 2035	79,534
				1,462,269
Less: Current portion				(314,956)
Total				$ **1,147,313**

For the collateral for bank loans, please refer to note 8.

(19) Preference share liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
A preference stock	$ 4,595,089	4,595,089	4,595,089

There were no significant issues, repurchases and repayments of preference share liabilities for the six months ended June 30, 2023 and 2022. Information on interest expense for the period is discussed in note 6(27). Please refer to note 6(20) of the 2022 annual consolidated financial statements for other related information.

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.

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.

The Company received a declaration from the preference shareholder, Embedded City, on May 9, 2023, wherein Embedded City should receive the preference dividends for 2023 according to the preference share subscription agreement and participate in dividend distribution declared in 2024 on ordinary shares such that Embedded City agrees on the dividend distribution for 2024 that belongs to net income in 2023, if the total amount of the preference shares (including the preference dividends and further participation in dividend distributions) reaches the adjusted net profit multiplied by the ownership proportion of preference shares of 70%, the excess of the Embedded City agrees not to continue to participate in the distribution.

The Company received a declaration from the preference shareholder, Embedded City, on May 9, 2022, wherein Embedded City should receive the preference dividends for 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.

(20) 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, 2022 and 2021.

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

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(21) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Current income tax expense				
Current period	$ 84,413	121,487	140,134	199,368
Surtax on unappropriated retained earnings	40,347	-	40,347	-
Adjustment for prior period	(6,671)	(5,867)	(6,671)	(5,867)
	$ 118,089	**115,620**	**173,810**	**193,501**

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Exchange differences on translation of foreign financial statements	**$ 9,190**	**14,078**	**5,593**	**26,911**

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

C. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the six months ended June 30, 2023 were authorized for issue, there is no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. On June 30, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

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(22) 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 six months ended June 30, 2023 and 2022. For related information on the shareholders' equity, please refer to note 6(23) of the 2022 annual consolidated financial statements.

A. Share Capital

The Group received the amount of $6,409 thousand as subscription to the $71 thousand capital stocks executed by its employees for the six months ended June 30, 2023, the related registration procedure of $1 thousand capital stocks has been completed, of which the amounts of $10 thousand, $700 thousand and $5,699 thousand were recognized as share capital, advance receipts for share capital and increase in capital surplus, respectively. In addition, the share capital of $320 thousand capital stocks which have been advance received in beginning period have completed the related registration procedure.

The Group received the amount of $19,632 thousand as subscription to the $210 thousand capital stocks executed by its employees for the six months ended June 30, 2022, of which the amounts of $2,100 thousand and $17,532 thousand were recognized as share capital and increase in capital surplus, respectively. As of June 30, 2022, the related registration procedures have been completed.

B. Capital surplus

		June 30, 2023	**December 31, 2022**	**June 30, 2022**
Paid-in capital in excess of par value	$	395,578	463,039	419,591
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		33,516	32,626	41,737
Conversion right－preference share		35,191	35,191	35,191
Difference between consideration and carrying amount of subsidiaries acquired or disposed		9,966	123,132	167,652
Changes in equity of investments accounted for using equity method		23,843	23,843	21,876
Others		913	913	1,988
	$	**773,366**	**953,103**	**962,394**

The following are the appropriation of Capital surplus in 2022, which were proposed during the shareholders' meeting held on June 9, 2023:

	2022	
	Amount per share (NTD)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 2.06	155,563
Dividends distributed to preference shareholders:		
Cash	$ 1.06	33,022

C. Retained earnings

The following are the appropriation of earnings in 2023 and 2022 which were approved during the shareholders' meeting held on June 9, 2023 and June 6, 2022, respectively:

	2023		2022	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 4.94	373,048	4.50	338,093

The preference share dividends of A shares for 2022 and 2021, each amounting to $153,935 thousand, were calculated based on an annual interest rate of 3.35%.

(23) Share-based payment

Except as described in the following paragraph, there were no significant changes in the Group’ s share-based payment for the six months ended June 30, 2023 and 2022. For related information on the share-based payment, please refer to note 6(24) of the consolidated financial statements for the year ended December 31, 2022.

The amount of compensation costs generated from share-based payment were as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Compensation cost	$ 1,761	2,251	3,959	3,955

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(24) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Basic earnings per share:				
Net income attributable to ordinary shareholders of the Company	$ **135,825**	**234,073**	**226,212**	**460,826**
Weighted-average number of ordinary shares (in thousands)	**75,524**	**75,132**	**75,520**	**75,126**
Basic earnings per share	$ **1.80**	**3.12**	**3.00**	**6.13**
Diluted earnings per share:				
Net income attributable to ordinary shareholders of the Company (basic)	$ 135,825	234,073	226,212	460,826
Interest expense on preference shares	38,484	38,484	76,968	76,968
Effect of dilutive potential ordinary shares				
Net income attributable to ordinary shareholders of the Company (diluted)	$ **174,309**	**272,557**	**303,180**	**537,794**
Weighted-average number of ordinary shares (in thousands) (basic)	75,524	75,132	75,520	75,126
Employee remuneration	50	176	202	252
Employee share options	463	410	499	337
Convertible preference shares	31,153	31,153	31,153	31,153
Weighted-average number of ordinary shares (in thousands) (diluted)	**107,190**	**106,871**	**107,374**	**106,868**
Diluted earnings per share	$ **1.63**	**2.55**	**2.82**	**5.03**

(25) Revenue from contracts with customers

A. Disaggregation of revenue

	For the three months ended June 30, 2023			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 582,624	1,442,729	427,217	2,452,570
Revenue from warranty and managed services	1,533	90,336	-	91,869
	$ **584,157**	**1,533,065**	**427,217**	**2,544,439**

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	For the three months ended June 30, 2022			
	Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$ 766,665	1,445,311	621,507	2,833,483
Revenue from warranty and managed services	1,405	79,288	-	80,693
	$ 768,070	1,524,599	621,507	2,914,176

	For the six months ended June 30, 2023			
	Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$ 1,087,550	2,713,048	956,890	4,757,488
Revenue from warranty and managed services	3,164	163,851	-	167,015
	$ 1,090,714	2,876,899	956,890	4,924,503

	For the six months ended June 30, 2022			
	Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$ 1,546,514	2,554,514	1,318,823	5,419,851
Revenue from warranty and managed services	2,947	151,698	-	154,645
	$ 1,549,461	2,706,212	1,318,823	5,574,496

B. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Contract liabilities－current			
Sale of goods	$ 192,427	178,370	210,781
Warranty and managed services	166,929	148,790	173,413
	359,356	327,160	384,194
Contract liabilities－non-current			
Warranty and managed services	68,620	129,697	119,929
	$ 427,976	456,857	504,123

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

The amounts of revenue recognized for the six months ended June 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $178,585 thousand and $206,021 thousand, respectively.

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(26) 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 $3,688 thousand, $14,384 thousand, $5,908 thousand, and $23,373 thousand, as well as the remunerations to directors amounted to $1,844 thousand, $2,997 thousand, $2,954 thousand and $5,843 thousand for the three months and six months ended June 30, 2023 and 2022, 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, 2022 and 2021, the remunerations to employees amounted to $41,724 thousand and $17,466 thousand, and the remunerations to directors amounted to $10,431 thousand and $5,822 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.

(27) Non-operating income and expenses

A. Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Interest income from bank deposits	$ 14,370	2,638	23,308	4,107
Interest income on lease receivable	32	49	67	107
Other interest income	5	260	9	582
	$ 14,407	**2,947**	**23,384**	**4,796**

B. Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Rental income	$ 7,051	7,281	14,228	14,559
Dividend income	-	6	9	6
	$ 7,051	**7,287**	**14,237**	**14,565**

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C. Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	$ (709)	(100)	(690)	38
Foreign exchange gains (losses), net	22,887	40,405	10,111	94,009
Net loss on financial assets and liabilities at FVTPL	(1,174)	(965)	(1,198)	(965)
Other	5,446	4,518	6,459	7,794
	$ 26,450	**43,858**	**14,682**	**100,876**

D. Finance costs

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expenses on preference share liabilities	$ 38,484	38,484	76,968	76,968
Interest expenses on bank loans	5,796	8,028	12,998	14,644
Interest expenses on lease liabilities	3,502	7,080	6,350	14,153
	$ 47,782	**53,592**	**96,316**	**105,765**

(28) 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(29) of the 2022 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 June 30, 2023, December 31 and June 30, 2022, the Group's accounts receivable were not concentrated.

(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
June 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 735,047	745,569	745,569	-	-
Lease liabilities (including current portion)	471,258	519,190	72,489	209,750	236,951
Long-term borrowings (including current portion)	94,063	100,819	28,340	26,517	45,961
Preference share liabilities	4,596,089	4,595,089	-	4,595,089	-
Guarantee deposits received	142,382	142,382	-	139,522	2,860
	$ 6,038,839	**6,103,049**	**846,398**	**4,970,878**	**285,772**

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,206,677	1,228,239	1,228,239	-	-
Lease liabilities (including current portion)	422,051	483,794	67,214	172,479	244,101
Long-term borrowings (including current portion)	588,563	625,896	14,741	557,975	53,180
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	147,972	147,972	-	145,118	2,854
	$ 6,960,352	**7,080,990**	**1,310,194**	**5,470,661**	**300,135**

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	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
June 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 758,264	765,090	765,090	-	-
Lease liabilities (including current portion)	769,112	878,960	64,130	180,241	634,589
Long-term borrowings (including current portion)	1,462,269	1,516,983	333,367	1,130,374	53,242
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	142,286	142,286	-	139,684	2,602
	$ 7,727,020	**7,898,408**	**1,162,587**	**6,045,388**	**690,433**

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:

	June 30, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 50,573	31.14	1,574,849
CNY	9,130	4.282	39,093
Investments accounted for using equity method			
USD	1,594	31.14	49,629
Financial liabilities			
Monetary items			
USD	25,611	31.14	797,531
CNY	805	4.282	3,447

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	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 63,839	30.71	1,960,483
CNY	14,475	4.408	63,804
Investments accounted for using equity method			
USD	1,592	30.71	48,901
Financial liabilities			
Monetary items			
USD	22,544	30.71	692,334
CNY	696	4.408	3,066

	June 30, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 76,110	29.72	2,261,984
CNY	13,634	4.439	60,523
Investments accounted for using equity method			
USD	1,554	29.72	46,186
Financial liabilities			
Monetary items			
USD	26,252	29.72	780,215

(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 June 30, 2023 and 2022, would have increased (decreased) the comprehensive income $32,519 thousand and $61,691 thousand for the six months ended June 30, 2023 and 2022, 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 $22,887 thousand, $40,405 thousand, $10,111 thousand, and $94,009 thousand for the three months and six months ended June 30, 2023 and June 30, 2022, respectively.

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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 $3,316 thousand and $8,882 thousand for the six months ended June 30, 2023 and June 30, 2022, 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:

	June 30, 2023				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 442	442	-	-	442
Domestic emerging market shares	71,603	-	29,645	41,958	71,603
Domestic unlisted stocks	26,005	-	-	26,005	26,005
Foreign unlisted stocks	29,629	-	-	29,629	29,629
	$ 127,679	**442**	**29,645**	**97,592**	**127,679**

	December 31, 2022				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 328	328	-	-	328
Domestic emerging market shares	77,993	-	36,035	41,958	77,993
Domestic unlisted stocks	24,871	-	-	24,871	24,871
Foreign unlisted stocks	34,040	-	-	34,040	34,040
	$ 137,232	**328**	**36,035**	**100,869**	**137,232**

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	June 30, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 346	346	-	-	346
Domestic emerging market shares	85,700	-	48,974	36,726	85,700
Domestic unlisted stocks	22,761	-	-	22,761	22,761
Foreign unlisted stocks	35,302	-	-	35,302	35,302
	$ 144,109	**346**	**48,974**	**94,789**	**144,109**

(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.

(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: None.

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(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－ equity investments without an active market
Balance as of January 1, 2023	$ 100,869
Total gains and losses	
Recognized in other comprehensive income	(3,277)
Balance as of June 30, 2023	**$ 97,592**
Balance as of January 1, 2022	$ 110,268
Total gains and losses	
Recognized in other comprehensive income	(414)
Transfers to Level 2	(15,065)
Balance as of June 30, 2022	**$ 94,789**

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.

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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 June 30, 2023, December 31 and June 30, 2022 were 2.25, 2.25 and 2.07, respectively. • Liquidity discount as of June 30, 2023, December 31 and June 30, 2022 were 16.03%, 16.03% and 14.32%, 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 June 30, 2023, December 31 and June 30, 2022 were 30% .	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(29) 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, 2022. For related information about the financial risk management, please refer to note 6(30) of the consolidated financial statements for the year ended December 31, 2022.

(30) 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, 2022. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2022. For related information about the capital management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2022.

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(31) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	June 30, 2023
Short-term borrowings	$ 1,206,677	(474,326)	2,696	-	735,047
Lease liabilities (including current portion)	422,051	(35,353)	5,030	79,530	471,258
Guarantee deposits received	147,972	(7,643)	2,053	-	142,382
Long-term borrowings (including current portion)	588,563	(486,813)	(7,687)	-	94,063
	$ 2,365,263	(1,004,135)	2,092	79,530	1,442,750

	January 1, 2022	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	June 30, 2022
Short-term borrowings	$ 459,448	294,761	4,055	-	758,264
Lease liabilities (including current portion)	771,276	(27,589)	14,653	10,772	769,112
Guarantee deposits received	1,847	135,738	4,701	-	142,286
Long-term borrowings (including current portion)	1,639,486	(117,800)	(59,417)	-	1,462,269
	$ 2,872,057	285,110	(36,008)	10,772	3,131,931

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

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(2) Significant related-party transactions

A. Operating revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Associate	$ 10,865	110,574	13,480	195,314
Subsidiary of associate	14,433	36	40,719	109
	$ 25,298	**110,610**	**54,199**	**195,423**

The selling prices for sales to related parties were determined by the products' fair market value, and the collection terms were mainly 30-90 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Associate	$ 7,100	4,530	36,044
Subsidiary of associate	11,603	116,309	20
	$ 18,703	**120,839**	**36,064**

B. Purchases

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Associate	$ 21,554	192,214	72,427	252,814
Subsidiary of associate	22,196	36,673	44,998	60,877
	$ 43,750	**228,887**	**117,425**	**313,691**

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Associate	$ 9,066	42,089	132,775
Subsidiary of associate	6,569	3,937	18,198
	$ 15,635	**46,026**	**150,973**

(Continued)

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

C. 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 June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Substantive related party	$ 1,500	1,500	3,000	3,000
Associate	396	1,104	888	1,868
Subsidiary of associate	346	421	491	550
	$ 2,242	**3,025**	**4,379**	**5,418**

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

	June 30, 2023	December 31, 2022	June 30, 2022
Associate	$ 69	329	881
Subsidiary of associate	467	355	115
	$ 536	**684**	**996**

(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 June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Associate	$ 1,199	1,257	2,423	2,453
Subsidiary of associate	19	212	38	424
	$ 1,218	**1,469**	**2,461**	**2,877**

As of June 30, 2023, December 31 and June 30, 2022, the Group received the rental guaranteed deposits of $275 thousand, respectively.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Associate	$ 1,165	1,621	518
Subsidiary of associate	296	596	88
	$ 1,461	**2,217**	**606**

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

(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits	$ 46,078	42,823	102,379	84,044
Post-employment benefits	730	633	1,576	1,287
Share-based payment	156	2,160	2,239	3,704
	$ 46,964	45,616	106,194	89,035

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(23) 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	June 30, 2023	December 31, 2022	June 30, 2022
Security deposit for loans (recognized as other financial assets－current)	Collateral for short-term bank loans	$ 2,938	2,817	2,712
Security deposit for loans (recognized as other financial assets－non-current)	Collateral for bank borrowing	1,841	1,816	1,369
Property, plant and equipment	Collateral for bank borrowing	2,257,599	2,081,725	2,316,582
Cash in bank (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	15,000	15,000	-
Time deposits (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	543,904	535,650	66,870
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	21,665	22,408	21,186
		$ 2,842,947	2,659,416	2,408,719

(Continued)

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

9. Significant Commitments and Contingencies

Company A, a customer of the Group, provided the guarantee deposit amounting to $139,522 thousand (USD 4,480 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: None.

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 June 30, 2023			For the three months ended June 30, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	119,234	390,266	509,500	110,006	368,440	478,446
Labor and health insurance	10,001	26,064	36,065	9,893	24,308	34,201
Pension	4,441	15,420	19,861	3,815	14,211	18,026
Others	11,318	11,347	22,665	10,455	12,151	22,606
Depreciation (note)	20,831	36,195	57,026	17,787	37,247	55,034
Amortization	12,945	15,450	28,395	12,966	21,412	34,378

By function / By item	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	231,278	768,869	1,000,147	216,443	709,288	925,731
Labor and health insurance	20,988	52,986	73,974	19,107	48,152	67,259
Pension	8,322	29,145	37,467	7,321	28,094	35,415
Others	20,695	24,570	45,265	23,711	20,905	44,616
Depreciation (note)	41,689	71,451	113,140	37,339	71,418	108,757
Amortization	26,013	30,768	56,781	25,625	41,650	67,275

Note: For the three months and six month ended June 30, 2023 and June 30, 2022, the deprecation expenses of the assets leased to the third parties under operating leases amounted to $45 thousand, $45 thousand, $91 thousand and $91 thousand recognized as deductions of rental revenue.

(Continued)

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 June 30, 2023 (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: None.

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 4.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 5.

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

J. Business relationships and significant intercompany transactions: Please refer to Table 6.

(2) Information on investees: Please refer to Table 7.

(3) Information on investment in Mainland China: Please refer to Table 8.

(i) The names of investees in Mainland China, their main businesses and products, and other information: Please refer to Table 8.

(ii) Limitation on investment in Mainland China: Please refer to Table 8.

(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".

(Continued)

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

(4) Major shareholders:

(In Shares)

Shareholding / Shareholder's Name	Shares	Percentage
Embedded City Taiwan limited	31,153,147	29.18 %

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 June 30, 2023			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	$ **584,157**	**1,533,065**	**427,217**	**2,544,439**
Reportable segment profit	$ **523,866**	**185,238**	**39,797**	**748,901**
Total segment assets				$ 14,907,144
Investments accounted for using equity method				261,242
Total assets				$ **15,168,386**

	For the three months ended June 30, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	$ **768,070**	**1,524,599**	**621,507**	**2,914,176**
Reportable segment profit	$ **389,761**	**316,153**	**62,302**	**768,216**
Total segment assets				$ 16,435,019
Investments accounted for using equity method				245,617
Total assets				$ **16,680,636**

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	For the six months ended June 30, 2023			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	$ **1,090,714**	**2,876,899**	**956,890**	**4,924,503**
Reportable segment profit	$ **898,976**	**362,472**	**85,517**	**1,346,965**
Total segment assets				$ 14,907,144
Investments accounted for using equity method				261,242
Total assets				**$ 15,168,386**

	For the six months ended June 30, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	$ **1,549,461**	**2,706,212**	**1,318,823**	**5,574,496**
Reportable segment profit	$ **833,932**	**505,937**	**89,959**	**1,429,828**
Total segment assets				$ 16,435,019
Investments accounted for using equity method				245,617
Total assets				**$ 16,680,636**

(Continued)

Posiflex Technology, Inc. and Subsidiaries

Loans to other parties

For the Six Months Ended June 30, 2023

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	POSIFLEX	PORTWELL	Other receivables －related parties	Yes	300,000	300,000	300,000	1.33%	2	-	Loan repayment	-		-	692,833	1,039,250

Note 1: 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.

Posiflex Technology, Inc. and Subsidiaries

Guarantees and endorsements for other parties

For the Six Months Ended June 30, 2023

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	PBM	b	6,928,336	249,120	249,120	-	-	7.19 %	6,928,336	Y	N	N	
0	The Company	PG	b	6,928,336	9,144	-	-	-	- %	6,928,336	Y	N	N	
0	The Company	PTIL	b	6,928,336	13,546	13,546	13,546	-	0.39 %	6,928,336	Y	N	N	
0	The Company	KIOSK	b	6,928,336	186,840	186,840	155,700	90,000	5.39 %	6,928,336	Y	N	N	Note 5
1	APT	PORTWELL	d	5,768,953	467,100	467,100	100,000	468,904	16.19 %	5,768,953	N	N	N	Note 6

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 June 30, 2023.

Note 4: 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; the highest balance of the period of the endorsements/guarantees for PG 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$6,000 thousand. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1: NT$31.14 as of June 30, 2023.

Note 5: The time deposit of NT$75,000 thousand and cash in bank of NT$15,000 thousand was pledged as collateral for KIOSK’s bank borrowings amounting to US$4,500 thousand.

Note 6: The time deposit of US$15,058 thousand was pledged as collateral by APT for Portwell’s bank borrowings amounting NTD$400,000 thousand.

Posiflex Technology, Inc. and Subsidiaries

Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures)

June 30, 2023

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	29,645	1.28 %	29,645	
The Company	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	847	442	0.01 %	442	
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.	PORTWELL is a director of AcSiP Technology Corp.	Financial assets at fair value through other comprehensive income－non-current	5,180,000	41,958	14.14 %	41,958	
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	26,005	9.68 %	26,005	
HOLDING	Beijing Caswell Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	-	29,629	18.00 %	29,629	

Note: For more information about the investment of subsidiaries, associates and joint ventures, please refer to Tables 7 and 8.

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

For the Six Months Ended June 30, 2023

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	PTIL	Subsidiary	Sale	143,532	15 %	Net 150 days from invoice date			218,606	33 %	Note
PORTWELL	APT	Subsidiary	Sale	935,667	59 %	Net 15 days from invoice date	-	-	72,784	19 %	Note

Note : 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

June 30, 2023

Table 5 (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 of the Group	218,606	1.31	86,279	Strengthen collections of receivables	28,559	-	Note 1
The Company	PORTWELL	Subsidiary of the Group	545,119	-	-	-	543,319	-	Note 1,2

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.
Note 2: Other receivables were generated from financing, cash dividend and supervisors' compensation.

Posiflex Technology, Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the Six Months Ended June 30, 2023

Table 6

(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	99,838	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
0	The Company	PBM	1	Accounts receivable	85,586	Net 150 days from invoice date	1 %
0	The Company	PTIL	1	Sales revenue	143,532	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	3 %
0	The Company	PTIL	1	Accounts receivable	218,606	Net 150 days from invoice date	1 %
0	The Company	KIOSK	1	Sales revenue	27,646	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	93,487	Net 120 days from invoice date	1 %
0	The Company	PJ	1	Sales revenue	48,185	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
0	The Company	EPT	1	Sales revenue	28,903	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	545,119	Financing, cash dividend and supervisors' compensation.	4 %

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)**
1	PORTWELL	APT	3	Sales revenue	935,667	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	19 %
1	PORTWELL	PJI	3	Sales revenue	65,247	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
1	PORTWELL	EPT	3	Sales revenue	73,332	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
1	PORTWELL	MEDWELL	3	Sales revenue	68,434	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 Six Months Ended June 30, 2023

Table 7 (In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	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	2,534,078	54,070,812	55.00 %	3,072,330	428,476	221,136	Subsidiary(Notes 1,2)
The Company	PBM	U.S.A.	Foreign trade	2,810,494	2,810,494	417,034,408	100.00 %	2,061,653	(89,306)	(89,306)	Subsidiary(Note 1)
The Company	PIC	Seychelles	Foreign trade	107,055	107,055	-	100.00 %	77,629	(11,142)	(11,142)	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 %	40,062	(843)	(518)	Subsidiary(Note 1)
The Company	KOMING	Taiwan	Foreign trade and software services	15,000	15,000	1,500,000	100.00 %	10,250	15	15	Subsidiary(Note 1)
The Company	ULTRA	Taiwan	Software services	15,200	15,000	1,040,002	51.49 %	4,853	(162)	(84)	Subsidiary(Notes 1,3)
The Company	PBMM	Malaysia	Foreign trade	7,795	7,795	801,214	83.46 %	5,589	2,559	2,147	Subsidiary(Note 1)
The Company	BonusPay	Taiwan	Software services	-	24,000	-	- %	-	(119)	(114)	Subsidiary(Notes 1, 4)
The Company	PTSC	Argentina	Foreign trade	15,151	15,151	-	100.00 %	18	(33)	(33)	Subsidiary(Note 1)
The Company	ONK Cloud	Taiwan	Software services	3,196	3,196	319,667	99.90 %	85	-	-	Subsidiary(Note 1)
The Company	PG	Germany	Foreign trade	67,989	67,989	-	100.00 %	25,611	268	268	Subsidiary(Note 1)
The Company	PTIL	India	Foreign trade	8,441	8,441	51,000	51.00 %	7,042	3,476	1,773	Subsidiary(Note 1)
The Company	PTPL	Singapore	Foreign trade	11,612	11,612	500,000	100.00 %	3,887	1,481	1,481	Subsidiary(Note 1)
The Company	PJ	Japan	Foreign trade	43,162	43,162	2,400	100.00 %	(1,370)	(3,749)	(3,749)	Subsidiary(Note 1)
The Company	LPK	Hong Kong	Foreign trade	52,403	52,403	17,500	35.00 %	49,629	121	42	Investment accounted for using the equity method
The Company	KIOSKTW	Taiwan	Software services	20,000	20,000	2,000,000	100.00 %	12,860	(7,001)	(7,001)	Subsidiary(Note 1)
ONK Cloud	ONK International	Samoa	Investing	5,027	5,027	-	100.00 %	(90)	-	-	Subsidiary(Note 1)
PBM	KIA	U.S.A.	Investing	3,295,755	3,295,755	1,012,355	82.00 %	1,869,331	13,750	(24,253)	Subsidiary (Notes 1, 2)
PTIL	MUSTEK	India	Foreign trade	48	48	-	100.00 %	509	(89)	(89)	Subsidiary (Note 1)
PTIL	QUINTA	India	Foreign trade	931	931	69,999	70.00 %	(3,839)	(6,000)	(4,200)	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 %	2,834,752	117,584	117,584	Subsidiary (Note 1)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	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 %	152,176	12,891	12,762	Subsidiary (Note 1)
PORTWELL	DEVELOPMENT	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	65,167	(3,255)	(3,255)	Subsidiary (Note 1)
PORTWELL	EPT	Netherlands	Manufacture and sale of industrial computers and peripheral equipment	208,574	208,574	45,000	100.00 %	200,644	(9,661)	(9,661)	Subsidiary (Note 1)
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	5,103	(36)	(18)	Subsidiary (Note 1)
PORTWELL	PKI	South Korea	Manufacture and sale of industrial computers and peripheral equipment	36,457	36,457	278,153	100.00 %	(1,556)	(513)	(513)	Subsidiary (Note 1)
PORTWELL	GANLOT	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	16,800	16,800	2,800,000	100.00 %	54,926	6,077	6,077	Subsidiary (Note 1)
PORTWELL	MiTwell	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	64,047	64,047	6,097,663	18.86 %	211,613	4,216	1,031	Investment accounted for using the equity method
PORTWELL	POME	Cayman Islands	Investment of intelligent technology	64,544	64,544	40,000,000	31.67 %	-	(1,618)	-	Investment accounted for using the equity method
PORTWELL	HOLDWEL	Cayman Islands	Investing	94,520	94,520	100,000,000	83.33 %	249,299	21,015	14,874	Subsidiary (Note 1)
APT	KIA	U.S.A.	Investing	525,215	525,215	222,225	18.00 %	513,530	13,750	2,475	Subsidiary (Note 1)
DEVELOPMENT	HOLDING	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	65,698	(3,255)	(3,255)	Subsidiary (Note 1)
EPT	KES	Germany	Manufacture and sale of industrial computers and peripheral equipment	59,953	59,953	1	100.00 %	75,765	2,454	2,454	Subsidiary (Note 1)
EPT	PUK	U.K.	Manufacture and sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	13,701	1,041	1,041	Subsidiary (Note 1)
EPT	KESI	Italy	Manufacture and sale of industrial computers and peripheral equipment	1,586	1,586	50,000	100.00 %	2,828	1,111	1,111	Subsidiary(Note 1)
HOLDWEL	MEDWEL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	213,646	19,341	19,341	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 consolidation.
Note 3: In March 2023, ULTRA increase its capital in cash, which were fully subscribed by the Group.
Note 4: BonusPay apply to the court for liquidation, the liquidation process has yet to be completed.

Posiflex Technology, Inc. and Subsidiaries
Information on investment in Mainland China
For the Six Months Ended June 30, 2023

Table 8 (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, 2023 (note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023 (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	108,990	(note 5)	108,990	-	-	108,990	(11,142)	100.00%	(11,142)	77,629	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	5,294	(note 5)	5,294	-	-	5,294	-	99.90 %	-	(90)	-	
Beijing Caswell Ltd.	Manufacture and sale of networking and communication equipment	118,332	(note 5)	21,300	-	-	21,300	(28,079)	18.00 %	-	29,629	-	Note 2
Welink Technology Co., Ltd.	Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade	34,254	(note 5)	-	-	-	-	(2,341)	100.00%	(2,341)	3,899	-	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$31.14 and RMB1: NT$4.282 at the end of June 30, 2023. The paid-in capitals of PBMB, ONK Clouding Shanghai, Beijing Caswell, Welink Technology were US$3,500 thousand, US$170 thousand, US$3,800 thousand, US$1,100 thousand, respectively.

Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$31.14 at the end of June 30, 2023. 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 June 30, 2023 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 1)
201,476	201,476	3,638,744

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$31.14 at the end of June 30, 2023. 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$31.14 at the end of June 30, 2023. 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.