Stock Code:8114

# Posiflex Technology, Inc. and Subsidiaries

## Consolidated Financial Statements

**With Independent Auditors' Review Report**
**For the Nine Months Ended September 30, 2024 and 2023**

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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 September 30, 2024, and 2023, and the related consolidated statements of comprehensive income for the three and nine months ended September 30, 2024 and 2023 as well as the consolidated statement of changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, 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 $1,717,774 thousand and $1,805,126 thousand, constituting 10.33% and 11.80% of the consolidated total assets as of September 30, 2024 and 2023, respectively, the total liabilities amounting to $503,584 thousand and $493,760 thousand, constituting 5.18% and 5.59% of the consolidated total liabilities as of September 30, 2024 and 2023, as well as the total comprehensive income (loss) amounting to $(7,487) thousand, $(11,448) thousand, $(23,092) thousand and $(10,662) thousand, constituting (1.71)%, (2.80)%, (1.81)% and (1.24)% of the total consolidated comprehensive income for the three and nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(4), the other equity accounted investments of the Group in its investee companies of $236,915 thousand and $250,105 thousand as of September 30, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of $(3,907) thousand, $(690) thousand, $(9,298) thousand and $384 thousand for the three and nine months ended September 30, 2024 and 2023, 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 reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 7, 2024

**Notes to Readers**

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

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

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

# Posiflex Technology, Inc. and Subsidiaries

## Consolidated Balance Sheets

## September 30, 2024, and December 31 and September 30, 2023

**(Expressed in Thousands of New Taiwan Dollars)**

| | | September 30, 2024 | | December 31, 2023 | | September 30, 2023 | |
|---|---|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | $ 3,235,520 | 20 | 3,097,569 | 21 | 2,921,092 | 19 |
| 1110 | Financial assets at fair value through profit or loss－current (note 6(2)) | 968 | - | 1,165 | - | - | - |
| 1136 | Financial assets at amortized cost－current (notes 6(2) and 8) | 125,642 | 1 | 90,000 | 1 | 105,000 | 1 |
| 1150 | Notes receivable (note 6(2)) | 11,716 | - | 1,782 | - | 10,226 | - |
| 1170 | Accounts receivable, net (note 6(2)) | 1,951,898 | 12 | 1,266,221 | 8 | 1,432,243 | 9 |
| 1180 | Accounts receivable－related parties (notes 6(2) and 7) | 30,437 | - | 32,695 | - | 18,395 | - |
| 1210 | Other receivables－related parties (note 7) | 1,473 | - | 1,214 | - | 2,101 | - |
| 1310 | Inventories (note 6(3)) | 3,194,811 | 19 | 2,489,181 | 17 | 2,780,322 | 18 |
| 1476 | Other financial assets－current (notes 6(6) and 8) | 48,503 | - | 31,107 | - | 24,725 | - |
| 1479 | Other current assets (note 6(8)) | 205,182 | 1 | 124,132 | 1 | 150,578 | 1 |
| | **Total current assets** | 8,806,150 | 53 | 7,135,066 | 48 | 7,444,682 | 48 |
| | **Non-current assets:** | | | | | | |
| 1510 | Financial assets at fair value through profit or loss－non-current (note 6(2)) | 31,650 | - | - | - | - | - |
| 1517 | Financial assets at fair value through other comprehensive income－non-current (note 6(2)) | 128,367 | 1 | 131,042 | 1 | 119,788 | 1 |
| 1535 | Financial assets at amortized cost－non-current (notes 6(2) and 8) | 476,583 | 3 | 462,353 | 3 | 485,919 | 3 |
| 1550 | Investments accounted for using equity method (note 6(4)) | 236,966 | 2 | 244,119 | 2 | 250,105 | 2 |
| 1600 | Property, plant and equipment (notes 6(9) and 8) | 3,305,644 | 20 | 3,306,517 | 22 | 3,329,867 | 22 |
| 1755 | Right-of-use assets (note 6(10)) | 309,103 | 2 | 270,094 | 2 | 284,541 | 2 |
| 1760 | Investment property (note 6(11)) | 47,758 | - | 47,894 | - | 47,940 | - |
| 1805 | Goodwill (note 6(13)) | 1,887,642 | 11 | 1,835,781 | 12 | 1,926,467 | 13 |
| 1821 | Intangible assets (note 6(14)) | 795,486 | 5 | 824,622 | 6 | 866,484 | 6 |
| 1840 | Deferred tax assets | 529,086 | 3 | 526,352 | 4 | 463,598 | 3 |
| 1975 | Net defined benefit asset－non-current | 40,485 | - | 39,522 | - | 38,827 | - |
| 1980 | Other financial assets－non-current (notes 6(6) and 8) | 23,242 | - | 23,488 | - | 24,497 | - |
| 1990 | Other non-current assets (note 6(8)) | 6,019 | - | 16,883 | - | 11,881 | - |
| | **Total non-current assets** | 7,818,031 | 47 | 7,728,667 | 52 | 7,849,914 | 52 |
| | **Total assets** | **$ 16,624,181** | **100** | **14,863,733** | **100** | **15,294,596** | **100** |

| | | September 30, 2024 | | December 31, 2023 | | September 30, 2023 | |
|---|---|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | | | |
| 2100 | Short-term borrowings (notes 6(15) and 8) | $ 1,244,572 | 8 | 959,809 | 7 | 1,170,888 | 8 |
| 2120 | Financial liabilities at fair value through profit or loss－current (note 6(2)) | - | - | - | - | 438 | - |
| 2130 | Contract liabilities－current (note 6(26)) | 356,984 | 2 | 315,329 | 2 | 353,176 | 2 |
| 2150 | Notes payable | 16,802 | - | 6,275 | - | 13,091 | - |
| 2170 | Accounts payable | 1,316,528 | 8 | 741,323 | 5 | 767,207 | 5 |
| 2180 | Payables to related parties (note 7) | 27,462 | - | 11,375 | - | 20,687 | - |
| 2200 | Other payables (note 6(16)) | 1,022,218 | 6 | 702,966 | 5 | 745,530 | 5 |
| 2230 | Current tax liabilities | 174,720 | 1 | 254,538 | 2 | 223,764 | 1 |
| 2250 | Provisions－current (note 6(17)) | 66,478 | - | 83,361 | 1 | 85,546 | 1 |
| 2280 | Lease liabilities－current (note 6(18)) | 77,930 | 1 | 68,471 | - | 65,482 | - |
| 2320 | Current portion of long-term liabilities (notes 6(19) and 8) | 6,002 | - | 27,584 | - | 27,457 | - |
| 2399 | Other current liabilities | 22,203 | - | 36,781 | - | 11,896 | - |
| | **Total current liabilities** | 4,331,899 | 26 | 3,207,812 | 22 | 3,485,162 | 22 |
| | **Non-current liabilities:** | | | | | | |
| 2527 | Contract liabilities－non-current (note 6(26)) | 98,001 | 1 | 80,961 | 1 | 81,656 | 1 |
| 2540 | Long-term borrowings (notes 6(19) and 8) | 61,522 | - | 64,508 | - | 65,671 | - |
| 2570 | Deferred tax liabilities | 65,176 | - | 45,336 | - | 47,471 | - |
| 2580 | Lease liabilities－non-current (note 6(18)) | 407,787 | 2 | 378,451 | 3 | 397,424 | 3 |
| 2635 | Preference share liabilities－non-current (note 6(20)) | 4,595,089 | 28 | 4,595,089 | 31 | 4,595,089 | 30 |
| 2640 | Net defined benefit liability－non-current | 26,036 | - | 26,552 | - | 13,102 | - |
| 2645 | Guarantee deposits received (notes 7 and 9) | 137,378 | 1 | 135,162 | 1 | 139,931 | 1 |
| 2650 | Credit balance of investments accounted for using equity method (note 6(4)) | 51 | - | - | - | - | - |
| | **Total non-current liabilities** | 5,391,040 | 32 | 5,326,059 | 36 | 5,340,344 | 35 |
| | **Total liabilities** | 9,722,939 | 58 | 8,533,871 | 58 | 8,825,506 | 57 |
| | **Equity** (notes 6(23) and (24)): | | | | | | |
| | Equity attributable to parent company shareholders: | | | | | | |
| 3110 | Ordinary share | 757,568 | 5 | 755,958 | 5 | 755,958 | 5 |
| 3140 | Advance receipts for share capital | 4,140 | - | - | - | - | - |
| 3200 | Capital surplus | 819,466 | 5 | 777,122 | 5 | 775,619 | 5 |
| 3300 | Retained earnings | 2,503,408 | 15 | 2,258,244 | 15 | 2,231,694 | 15 |
| 3400 | Other equity | (75,770) | - | (174,861) | (1) | (28,999) | - |
| | **Total equity attributable to parent company shareholders** | 4,008,812 | 25 | 3,616,463 | 24 | 3,734,272 | 25 |
| 36XX | Non-controlling interests | 2,892,430 | 17 | 2,713,399 | 18 | 2,734,818 | 18 |
| | **Total equity** | 6,901,242 | 42 | 6,329,862 | 42 | 6,469,090 | 43 |
| | **Total liabilities and equity** | **$ 16,624,181** | **100** | **14,863,733** | **100** | **15,294,596** | **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 Nine Months Ended September 30, 2024 and 2023

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

| | | For the three months ended September 30, | | | | For the nine months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2024 | | 2023 | | 2024 | | 2023 | |
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 | **Operating revenue** (notes 6(26) and 7) | $ 3,597,225 | 100 | 2,542,478 | 100 | 9,001,040 | 100 | 7,466,981 | 100 |
| 5000 | **Operating costs** (notes 6(3), (21), (24), (27), 7 and 12) | 1,923,805 | 53 | 1,525,254 | 60 | 4,947,673 | 55 | 4,585,088 | 61 |
| 5900 | **Gross profit** | 1,673,420 | 47 | 1,017,224 | 40 | 4,053,367 | 45 | 2,881,893 | 39 |
| 5910 | Unrealized gain (loss) from sales | (2) | - | (5) | - | (2) | - | (2) | - |
| 5900 | **Realized gross profit** | 1,673,418 | 47 | 1,017,219 | 40 | 4,053,365 | 45 | 2,881,891 | 39 |
| 6000 | **Operating expenses** (notes 6(2), (21), (24), (27), 7 and 12): | | | | | | | | |
| 6100 | Selling expenses | 377,603 | 10 | 278,243 | 11 | 1,010,757 | 11 | 795,950 | 11 |
| 6200 | Administrative expenses | 302,076 | 8 | 271,730 | 11 | 873,723 | 10 | 739,828 | 10 |
| 6300 | Research and development expenses | 269,604 | 8 | 154,932 | 6 | 642,217 | 7 | 437,861 | 6 |
| 6450 | Expected credit loss (gain) | (1,218) | - | (19,152) | (1) | 18,639 | - | (50,110) | (1) |
| | **Total operating expenses** | 948,065 | 26 | 685,753 | 27 | 2,545,336 | 28 | 1,923,529 | 26 |
| 6900 | **Net operating income** | 725,353 | 21 | 331,466 | 13 | 1,508,029 | 17 | 958,362 | 13 |
| 7000 | **Non-operating income and expenses** (notes 6(28) and 7): | | | | | | | | |
| 7100 | Interest income | 19,218 | 1 | 10,601 | - | 62,402 | 1 | 33,985 | - |
| 7010 | Other income | 5,537 | - | 5,736 | - | 16,621 | - | 19,973 | - |
| 7020 | Other gains and losses | 14,245 | - | 41,320 | 3 | 74,184 | 1 | 56,002 | 1 |
| 7050 | Finance costs | (50,566) | (2) | (49,352) | (2) | (149,597) | (2) | (145,668) | (2) |
| 7060 | Share of profit (loss) of associates accounted for using equity method (note 6(4)) | (3,907) | - | (690) | - | (9,298) | - | 384 | - |
| | **Total non-operating income and expenses** | (15,473) | (1) | 7,615 | 1 | (5,688) | - | (35,324) | (1) |
| 7900 | **Income before income tax** | 709,880 | 20 | 339,081 | 14 | 1,502,341 | 17 | 923,038 | 12 |
| 7950 | **Income tax expenses** (note 6(22)) | 183,261 | 5 | 73,952 | 3 | 365,126 | 4 | 247,762 | 3 |
| 8200 | **Net income** | 526,619 | 15 | 265,129 | 11 | 1,137,215 | 13 | 675,276 | 9 |
| 8300 | **Other comprehensive income (loss):** | | | | | | | | |
| 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 | 1,787 | - | (6,671) | - | (141) | - | (11,813) | - |
| 8320 | Shares of other comprehensive income of associates accounted for using equity method | (433) | - | (629) | - | (1,868) | - | (3,565) | - |
| 8349 | Less: Income tax related to items that will not be reclassified subsequently (note 6(22)) | - | - | - | - | - | - | - | - |
| | **Total items that will not be reclassified subsequently to profit or loss** | 1,354 | - | (7,300) | - | (2,009) | - | (15,378) | - |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (111,658) | (4) | 194,870 | 8 | 169,999 | 1 | 249,444 | 3 |
| 8370 | Shares of other comprehensive income of associates accounted for using equity method | (1,313) | - | 1,754 | - | 1,617 | - | 2,435 | - |
| 8399 | Less: Income tax related to items that may be reclassified subsequently (note 6(22)) | (22,511) | (1) | 44,926 | 2 | 34,186 | - | 50,519 | 1 |
| | **Total items that may be reclassified subsequently to profit or loss** | (90,460) | (3) | 151,698 | 6 | 137,430 | 1 | 201,360 | 2 |
| 8300 | **Other comprehensive income, net** | (89,106) | (3) | 144,398 | 6 | 135,421 | 1 | 185,982 | 2 |
| 8500 | **Total comprehensive income** | **$ 437,513** | **12** | **409,527** | **17** | **1,272,636** | **14** | **861,258** | **11** |
| | **Profit attributable to:** | | | | | | | | |
| | Owners of parent | $ 294,668 | 8 | 166,522 | 7 | 646,078 | 8 | 392,734 | 5 |
| | Non-controlling interests | 231,951 | 7 | 98,607 | 4 | 491,137 | 5 | 282,542 | 4 |
| | | **$ 526,619** | **15** | **265,129** | **11** | **1,137,215** | **13** | **675,276** | **9** |
| | **Comprehensive income attributable to:** | | | | | | | | |
| | Owners of parent | $ 229,287 | 6 | 267,751 | 11 | 745,169 | 8 | 528,002 | 7 |
| | Non-controlling interests | 208,226 | 6 | 141,776 | 6 | 527,467 | 6 | 333,256 | 4 |
| | | **$ 437,513** | **12** | **409,527** | **17** | **1,272,636** | **14** | **861,258** | **11** |
| | **Earnings per share** (New Taiwan Dollars) (note 6(25)) | | | | | | | | |
| 9750 | Basic earnings per share | **$ 3.51** | | **2.20** | | **8.02** | | **5.20** | |
| 9850 | Diluted earnings per share | **$ 2.82** | | **1.91** | | **6.72** | | **4.73** | |

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 Nine Months Ended September 30, 2024 and 2023

**(Expressed in Thousands of New Taiwan Dollars)**

| | Attributable to owner of parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 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, 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 | - | - | - | - | - | 392,734 | 392,734 | - | - | - | 392,734 | 282,542 | 675,276 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 150,646 | (15,378) | 135,268 | 135,268 | 50,714 | 185,982 |
| Total comprehensive income for the period | - | - | - | - | - | 392,734 | 392,734 | 150,646 | (15,378) | 135,268 | 528,002 | 333,256 | 861,258 |
| 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 | - | - | 4,749 | - | - | - | - | - | - | - | 4,749 | 991 | 5,740 |
| Exercise of employee stock options | 1,130 | (320) | 6,449 | - | - | - | - | - | - | - | 7,259 | - | 7,259 |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (206,721) | (206,721) |
| **Balance as of September 30, 2023** | **$ 755,958** | **-** | **775,619** | **885,227** | **164,268** | **1,182,199** | **2,231,694** | **37,069** | **(66,068)** | **(28,999)** | **3,734,272** | **2,734,818** | **6,469,090** |
| **Balance as of January 1, 2024** | $ 755,958 | - | 777,122 | 885,227 | 164,268 | 1,208,749 | 2,258,244 | (115,061) | (59,800) | (174,861) | 3,616,463 | 2,713,399 | 6,329,862 |
| Net income for the period | - | - | - | - | - | 646,078 | 646,078 | - | - | - | 646,078 | 491,137 | 1,137,215 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 101,100 | (2,009) | 99,091 | 99,091 | 36,330 | 135,421 |
| Total comprehensive income for the period | - | - | - | - | - | 646,078 | 646,078 | 101,100 | (2,009) | 99,091 | 745,169 | 527,467 | 1,272,636 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Appropriation for legal reserve | - | - | - | 41,928 | - | (41,928) | - | - | - | - | - | - | - |
| Appropriation for special reserve | - | - | - | - | 10,593 | (10,593) | - | - | - | - | - | - | - |
| Cash dividends distributed to common shareholders | - | - | - | - | - | (355,300) | (355,300) | - | - | - | (355,300) | - | (355,300) |
| Difference between consideration and carrying amount of subsidiaries shareholding acquired or disposed | - | - | (9,966) | - | - | (45,614) | (45,614) | - | - | - | (55,580) | (83,341) | (138,921) |
| Share-based payment transactions | - | - | 8,596 | - | - | - | - | - | - | - | 8,596 | 344 | 8,940 |
| Exercise of employee stock options | 1,610 | 4,140 | 43,714 | - | - | - | - | - | - | - | 49,464 | - | 49,464 |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (265,439) | (265,439) |
| **Balance as of September 30, 2024** | **$ 757,568** | **4,140** | **819,466** | **927,155** | **174,861** | **1,401,392** | **2,503,408** | **(13,961)** | **(61,809)** | **(75,770)** | **4,008,812** | **2,892,430** | **6,901,242** |

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 Nine Months Ended September 30, 2024 and 2023
## (Expressed in Thousands of New Taiwan Dollars)

| | For the nine months ended September 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Cash flows from operating activities:** | | |
| **Income before income tax** | $ 1,502,341 | 923,038 |
| **Adjustments:** | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expenses | 188,528 | 172,794 |
| Amortization expenses | 64,664 | 85,681 |
| Expected credit loss (gain) | 18,639 | (50,110) |
| Net loss on financial assets at fair value through profit or loss | 3,645 | 3,383 |
| Interest expense | 149,597 | 145,668 |
| Interest income | (62,402) | (33,985) |
| Dividend income | (8) | (9) |
| Compensation cost arising from share-based payment transactions | 8,940 | 5,740 |
| Shares of loss (gain) of associates accounted for using equity method | 9,298 | (384) |
| (Gains) losses on disposal of property, plant and equipment | (2,130) | 692 |
| Provisions for inventory devaluation and obsolescence loss and inventory scrap loss | 95,402 | 108,861 |
| Adjustment for other non-cash-related profit, net | (3,735) | (3) |
| Total adjustments to reconcile profit (loss) | 470,438 | 438,328 |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (9,488) | 400 |
| Accounts receivable (including related parties) | (690,555) | 315,506 |
| Inventories | (780,351) | 422,007 |
| Other operating assets | (120,359) | (44,159) |
| Contract liabilities | 49,705 | (37,869) |
| Notes payable | 10,527 | (2,206) |
| Accounts payable (including related parties) | 586,610 | 43,706 |
| Other payables | 360,423 | 22,099 |
| Net defined benefit assets/liabilities | (1,480) | (1,488) |
| Other operating liabilities | (38,578) | (76,210) |
| **Total changes in operating assets and liabilities** | (633,546) | 641,786 |
| **Total adjustments** | (163,108) | 1,080,114 |
| Cash flows generated from operations | 1,339,233 | 2,003,152 |
| Interest received | 60,384 | 23,036 |
| Interest paid (including preference share) | (184,256) | (184,020) |
| Income taxes paid | (451,052) | (337,696) |
| **Net cash flows from operating activities** | 764,309 | 1,504,472 |

(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 Nine Months Ended September 30, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | For the nine months ended September 30, | |
|---|---|---|
| | **2024** | **2023** |
| **Cash flows from investing activities:** | | |
| (Increase) decrease in financial assets at amortized cost | $ (36,176) | 444,551 |
| Acquisition of financial assets at fair value through profit or loss | (31,320) | - |
| Proceeds from disposal of financial assets at fair value through profit or loss | - | (3,148) |
| Acquisition of investments accounted for using equity method | (474) | - |
| Net cash flow from acquisition of subsidiaries | (138,921) | - |
| Acquisition of property, plant and equipment | (106,738) | (63,111) |
| Proceeds from disposal of property, plant and equipment | 2,495 | 19 |
| Acquisition of intangible assets | (13,897) | (9,854) |
| Decrease in other financial assets | 1,331 | 2,176 |
| Increase in other non-current assets | (4,481) | (8,796) |
| Dividends received | 15 | 12,204 |
| **Net cash flows (used in) from investing activities** | (328,166) | 374,041 |
| **Cash flows from financing activities:** | | |
| Increase in short-term borrowings | 923,553 | 1,292,052 |
| Decrease in short-term borrowings | (642,257) | (1,333,454) |
| Repayments of long-term borrowings | (25,505) | (488,294) |
| Decrease in guarantee deposits received | (1,940) | (10,094) |
| Repayment of the principal portion of lease liabilities | (57,470) | (50,577) |
| Cash dividends paid | (355,300) | (561,633) |
| Exercise of employee share options | 49,464 | 7,259 |
| Payments of non-controlling cash dividends | (265,439) | (206,721) |
| **Net cash flows used in financing activities** | (374,894) | (1,351,462) |
| **Effect of exchange rate changes on cash and cash equivalents** | 76,702 | 90,695 |
| **Net increase in cash and cash equivalents** | 137,951 | 617,746 |
| **Cash and cash equivalents at beginning of period** | 3,097,569 | 2,303,346 |
| **Cash and cash equivalents at end of period** | **$ 3,235,520** | **2,921,092** |

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 Nine Months Ended September 30, 2024 and 2023

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

## 1. Company History

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

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

## 2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on November 7, 2024.

## 3. New Standards, Amendments and Interpretations Adopted:

(a) The impact of the IFRS Accounting Standards 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, 2024:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

(Continued)

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

(c) The impact of IFRS Accounting Standard 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 |
|---|---|---|
| IFRS 18 "Presentation and Disclosure in Financial Statements" | The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.<br>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ' operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company' s main business activities.<br>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.<br>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | January 1, 2027 |

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards

## 4. Summary of Material Accounting Policies

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS IFRS Accounting Standards 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, 2023. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(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, 2023. For related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2023.

A. List of subsidiaries in the consolidated financial statements

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

| Name of Investor | Name of Subsidiary | Business | Percentage of Ownership September 30, 2024 | Percentage of Ownership December 31, 2023 | Percentage of Ownership September 30, 2023 | Note |
|---|---|---|---|---|---|---|
| The Company | Portwell Inc. (PORTWELL) | Manufacture and sale of industrial computers and peripheral equipment and information software services | 55 % | 55 % | 55 % | |

(Continued)

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

| Name of Investor | Name of Subsidiary | Business | Percentage of Ownership September 30, 2024 | December 31, 2023 | September 30, 2023 | Note |
|---|---|---|---|---|---|---|
| The Company | Posiflex Business Machines, Inc. (PBM) | Foreign trade | 100 % | 100 % | 100 % | |
| The Company | Posiflex GmbH (PG) | Foreign trade | 100 % | 100 % | 100 % | Note 1 |
| 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 | ONK Cloud Computing Technology Inc. (ONK Cloud) | Software services | 99.90 % | 99.90 % | 99.90 % | " |
| The Company | Ultra Systems Inc. (ULTRA) | Software services | - % | - % | 51.49 % | Notes 1、2 |
| 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 % | 100 % | " |
| PIC | Posiflex Business Machines (Beijing) Co., Ltd. (PBMB) | Foreign trade | 100 % | 100 % | 100 % | " |
| PTIL | Mustek Technologies Pvt Ltd. (Mustek) | Foreign trade | 100 % | 100 % | 100 % | Notes 1、3 |
| PTIL | Quinta Systems Pvt Ltd. (QUINTA) | Foreign trade | 70 % | 70 % | 70 % | Note 1 |
| ONK Cloud | ONK Clouding International Ltd. (ONK International) | Investing | 100 % | 100 % | 100 % | " |

(Continued)

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

| Name of Investor | Name of Subsidiary | Business | Percentage of Ownership September 30, 2024 | December 31, 2023 | September 30, 2023 | Note |
|---|---|---|---|---|---|---|
| ONK International | ONK Clouding Shanghai (ONK Shanghai) | Software services | 100 % | 100 % | 100 % | Note 1 |
| PBM | KIS Acquisition Corp. (KIA) | Investing | 82 % | 82 % | 82 % | |
| 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 | 100 % | 83.33 % | 83.33 % | Notes 1、4 |
| 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 % | Note 1 |
| DEVELOPMENT | Portwell Holding Ltd. (HOLDING) | Investing | 100 % | 100 % | 100 % | " |
| EPT | Portwell (UK) Ltd. (PUK) | Manufacture and sale of industrial computers and peripheral equipment | 100 % | 100 % | 100 % | " |
| EPT | KIOSK Embedded Systems GmbH (KES) | Manufacture and sale of industrial computers and peripheral equipment | 100 % | 100 % | 100 % | " |
| EPT | Kiosk Embedded Systems Srl (KESI) | Manufacture and sale of industrial computers and peripheral equipment | 100 % | 100 % | 100 % | " |

(Continued)

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

| Name of Investor | Name of Subsidiary | Business | Percentage of Ownership September 30, 2024 | December 31, 2023 | September 30, 2023 | Note |
|---|---|---|---|---|---|---|
| HOLDING | Welink Technology Co., Ltd. (WELINK) | Foreign trade and software services | 100 % | 100 % | 100 % | Notes 1、5 |

Note 1: The financial statements of non-significant subsidiary have not been reviewed.
Note 2: In March 2023, ULTRA increase its capital by cash, which were fully subscribed by the Group. Furthermore, the liquidation precess had been completed in March 2024.
Note 3: Mustek Automation Pvt Ltd. was renamed as Mustek Technologies Pvt Ltd. in January 2024.
Note 4: In May 2024, the Group acquired 16.67% shares of HOLDWEL, resulting in its shareholding ratio to increase from 83.33% to 100%. Please refer to note 6(5) for related information.
Note 5: In December 2023, WELINK increased its capital by cash, which were fully subscribed by the Group.

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

(3) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

D. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(4) Employee benefits

The pension cost in the 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.

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

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

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

**Judgment of whether the Group has substantive control over its investees**

The Group holds 18.86% and 25% of the outstanding voting shares 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.

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

## 6. Description of Significant Accounts

Except as described below, there were no material difference in the description of significant accounts mentioned in the consolidated financial statements for the year ended December 31, 2023. 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, 2023.

(1) Cash and cash equivalents

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Cash on hand | $ 1,786 | 1,362 | 1,136 |
| Cash in bank and checking deposits | 2,825,372 | 2,480,154 | 2,718,698 |
| Time deposits | 408,362 | 539,053 | 201,258 |
| Repurchase agreements | - | 77,000 | - |
| | $ 3,235,520 | 3,097,569 | 2,921,092 |

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

(2) Financial assets and liabilities

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Domestic listed companies | $ 368 | 388 | 357 |
| Domestic emerging market shares | 76,190 | 77,365 | 65,111 |
| Domestic unlisted shares | 26,899 | 25,845 | 25,911 |
| Foreign unlisted shares | 24,910 | 27,444 | 28,409 |
| | $ 128,367 | 131,042 | 119,788 |

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Current: | | | |
| Cash in bank (restricted) | $ 15,000 | 15,000 | 15,000 |
| Time deposits (restricted) | 108,642 | 75,000 | 75,000 |
| Time deposits (more than three months) | 2,000 | - | 15,000 |
| | $ 125,642 | 90,000 | 105,000 |
| Non-current: | | | |
| Time deposits (restricted) | $ 476,583 | 462,353 | 485,919 |

(Continued)

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

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

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

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

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Notes receivable | $ 11,716 | 1,782 | 10,226 |
| Accounts receivable | 2,027,787 | 1,326,042 | 1,484,632 |
| Accounts receivable－related parties | 30,437 | 32,695 | 18,395 |
| | 2,069,940 | 1,360,519 | 1,513,253 |
| Less: loss allowance | (75,889) | (59,821) | (52,389) |
| | $ **1,994,051** | **1,300,698** | **1,460,864** |

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

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

| | September 30, 2024 | | |
|---|---|---|---|
| | **Gross carrying amount** | **Weighted-average loss rate** | **Loss allowance provision** |
| Current | $ 1,596,004 | 0.57% | 9,075 |
| 1 to 60 days past due | 333,223 | 1.29% | 4,312 |
| 61 to 180 days past due | 75,110 | 8.88% | 6,672 |
| More than 181 days past due | 54,478 | 82.06% | 44,705 |
| | $ **2,058,815** | | **64,764** |

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

| | December 31, 2023 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Expected loss allowance |
| Current | $ 1,013,449 | 0.66% | 6,656 |
| 1 to 60 days past due | 278,730 | 3.74% | 10,415 |
| 61 to 180 days past due | 34,284 | 26.94% | 9,236 |
| More than 181 days past due | 22,906 | 97.63% | 22,364 |
| | $ 1,349,369 | | 48,671 |

| | September 30, 2023 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Current | $ 1,251,654 | 0.33% | 4,080 |
| 1 to 60 days past due | 202,032 | 2.30% | 4,648 |
| 61 to 180 days past due | 19,631 | 20.90% | 4,103 |
| More than 181 days past due | 28,214 | 98.66% | 27,836 |
| | $ 1,501,531 | | 40,667 |

Note: As of September 30, 2024, December 31 and September 30, 2023, the outstanding balance of the Group' s receivables amounted to $11,125 thousand, $11,150 thousand and $11,722 thousand, respectively, all of which have been recognized as credit losses.

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

| | For the nine months ended September 30, | |
|---|---|---|
| | 2024 | 2023 |
| Beginning balance | $ 59,821 | 106,759 |
| Impairment loss recognized (reversed) | 18,639 | (50,110) |
| Amounts written off | (4,297) | (6,153) |
| Effect of exchange rate changes | 1,726 | 1,893 |
| Ending balance | $ 75,889 | 52,389 |

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

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| **Financial assets mandatorily measured at fair value through profit or loss-current:** | | | |
| Non-hedge derivative financial instruments | | | |
| Forward exchange contracts | $ 968 | 1,165 | - |
| **Financial liabilities mandatorily measured at fair value through profit or loss-current:** | | | |
| Non-hedge derivative financial instruments | | | |
| Forward exchange contracts | $ - | - | 438 |
| **Financial assests mandatorily measured at fair value through profit or loss-non-current:** | | | |
| Non-derivative financial assets | | | |
| Convertible promissory note | $ 31,650 | - | - |

For long-term investment strategies, the Group subscribed to the 2-year convertible promissory notes issued by Banyan Hills Technologies, Inc. for USD 1,000 thousand (NTD 31,320 thousand), wherein the Group has the right to convert them into preferred shares before maturity.

For the net gain or loss on fair value on financial instruments at FVTPL, please refer to note 6(28).

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:

| | September 30, 2024 | | |
|---|---|---|---|
| | **Amount (thousand)** | **Currency** | **Maturity Dates** |
| Forward exchange | USD 3,500 | USD to NTD | 2024.10.4~2024.12.6 |

| | December 31, 2023 | | |
|---|---|---|---|
| | **Amount (thousand)** | **Currency** | **Maturity Dates** |
| Forward exchange | USD 3,000 | USD to NTD | 2024.1.5~2024.3.1 |

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

| | September 30, 2023 | | | |
|---|---|---|---|---|
| | Amount (thousand) | | Currency | Maturity Dates |
| Forward exchange | USD | 1,000 | USD to NTD | 2023.10.6~2023.11.3 |

(3) Inventories

| | | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|---|
| Raw materials | $ | 1,418,823 | 1,173,322 | 1,184,790 |
| Work-in-process and semi-finished products | | 629,116 | 271,676 | 369,487 |
| Finished goods | | 1,146,872 | 1,044,183 | 1,226,045 |
| | $ | **3,194,811** | **2,489,181** | **2,780,322** |

The details of operating costs were as follows:

| | | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2024 | 2023 | 2024 | 2023 |
| Cost of goods sold | $ | 1,889,154 | 1,502,251 | 4,852,271 | 4,476,227 |
| Inventory devaluation and obsolescence loss and inventory scrap loss | | 34,651 | 23,003 | 95,402 | 108,861 |
| | $ | **1,923,805** | **1,525,254** | **4,947,673** | **4,585,088** |

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any inventories as collateral for its loans.

(4) Investments accounted for using equity method

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

| | | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|---|
| Associates | $ | **236,966** | **244,119** | **250,105** |
| Credit balance of investments accounted for using equity method-associate | $ | **(51)** | **-** | **-** |

A. Associates

In March 2024, the Group acquired 25% shares of Qugo Travel Technologies Private Limited, who mainly engages in the e-commerce platform for travel, for INR 1,250 thousand (approximately NTD 474 thousand), resulting in the Group to have significant influence over the company.

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

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

| | For the three months ended September 30, 2024 | For the three months ended September 30, 2023 | For the nine months ended September 30, 2024 | For the nine months ended September 30, 2023 |
|---|---|---|---|---|
| Attributable to the Group: | | | | |
| Net (loss) income | $ (3,907) | (690) | (9,298) | 384 |
| Other comprehensive income | (1,051) | 1,403 | 1,293 | 1,948 |
| Total comprehensive income (loss) | **$ (4,958)** | **713** | **(8,005)** | **2,332** |

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

As of September 30, 2024, December 31 and September 30, 2023, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(5) Acquisition of non-controlling interests

In May 2024, the Group acquired 16.67% shares of HOLDWEL for $138,921 thousand in cash, resulting in shareholding ratio to increase from 83.33% to 100%. The effects of the change in equity attributable to parent company were a decrease in capital surplus of $9,966 thousand and unappropriated retained earnings of $45,614 thousand, respectively.

(6) Other financial assets

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Current | | | |
| Lease receivables (note 6(9)) | $ 1,615 | 1,573 | 1,565 |
| Other receivables | 45,866 | 26,674 | 20,152 |
| Other | 1,022 | 2,860 | 3,008 |
| | **$ 48,503** | **31,107** | **24,725** |
| Non-current: | | | |
| Lease receivables (note 6(9)) | $ 281 | 1,498 | 1,897 |
| Guarantee deposits paid | 22,961 | 21,990 | 22,600 |
| | **$ 23,242** | **23,488** | **24,497** |

The guarantee deposits served as the lease guarantee; please refer to note 8.

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(7) Material non-controlling interests of subsidiaries

As of September 30, 2024, December 31 and September 30, 2023, the Group has holding PORTWELL’ s ownership by 55%. Please refer to note 6(7) to the 2023 annual consolidated financial statements for other related information.

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

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

| | | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|---|
| Current: | | | | |
| Current tax assets | $ | 2,427 | 10,164 | 10,807 |
| Prepayments | | 93,346 | 74,256 | 76,201 |
| Other prepayments | | 59,242 | 17,745 | 32,714 |
| Overpaid business tax and refunds receivable | | 41,226 | 16,505 | 21,305 |
| Other | | 8,941 | 5,462 | 9,551 |
| | $ | 205,182 | 124,132 | 150,578 |
| Non-current: | | | | |
| Prepayments for deposits of equipment | $ | 5,205 | 16,069 | 11,066 |
| Other | | 814 | 814 | 815 |
| | $ | 6,019 | 16,883 | 11,881 |

(9) Property, plant and equipment

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

| | | Land | Buildings and structures | Machinery equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| Carrying value: | | | | | | |
| Balance as of January 1, 2024 | $ | 618,575 | 2,353,179 | 160,218 | 174,545 | 3,306,517 |
| Balance as of September 30, 2024 | $ | 625,216 | 2,287,897 | 171,134 | 221,397 | 3,305,644 |
| Balance as of January 1, 2023 | $ | 626,371 | 2,449,483 | 166,693 | 122,460 | 3,365,007 |
| Balance as of September 30, 2023 | $ | 623,533 | 2,382,667 | 162,990 | 160,677 | 3,329,867 |

There were no significant additions, disposal of property, plant and equipment for the nine months ended September 30, 2024 and 2023. Information on depreciation for the period is discussed in note 12. Please refer to note 6(9) of the 2023 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.

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As of September 30, 2024, December 31 and September 30, 2023, the balance of lease receivables please refer to note 6(6).

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

C. As of September 30, 2024, December 31 and September 30, 2023, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings, please refer to note 8.

(10) Right-of-use assets

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

| | Land | Buildings | Transportation equipment | Total |
|---|---|---|---|---|
| Carrying value: | | | | |
| Balance as of January 1, 2024 | $ 83,635 | 176,932 | 9,527 | 270,094 |
| Balance as of September 30, 2024 | $ 149,071 | 154,193 | 5,839 | 309,103 |
| Balance as of January 1, 2023 | $ 87,169 | 142,609 | 13,811 | 243,589 |
| Balance as of September 30, 2023 | $ 84,519 | 188,868 | 11,154 | 284,541 |

There were no signifiant addition and disposal of right-of-use asset for the nine months ended September 30, 2024 and 2023. Information on depreciation for the period was discussed in note 12. Please refer to note 6(10) of the 2023 annual consolidated financial statements for the other related information.

(11) Investment property

The carrying amounts of the investment property of the Group were as follows:

| | Land | Building | Total |
|---|---|---|---|
| Balance as of January 1, 2024 | $ 40,719 | 7,175 | 47,894 |
| Balance as of September 30, 2024 | $ 40,719 | 7,039 | 47,758 |
| Balance as of January 1, 2023 | $ 40,719 | 7,358 | 48,077 |
| Balance as of September 30, 2023 | $ 40,719 | 7,221 | 47,940 |

There were no signifiant addition and disposal of investment property for the nine months ended September 30, 2024 and 2023. Information on depreciation for the period was discussed in note 12. Please refer to note 6(11) of the 2023 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, 2023.

(12) Operating lease

The Group leases out its 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

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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:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Less than one year | $ 1,229 | 1,159 | 1,187 |
| Two to five years | 978 | 1,655 | 1,937 |
| Total undiscounted lease payments | **$ 2,207** | **2,814** | **3,124** |

For the three months and nine months ended September 30, 2024 and 2023, the rental income from investment properties amounted to $305 thousand, $262 thousand, $828 thousand and $828 thousand, respectively.

(13) Goodwill

There were no significant additions, disposal, or recognition and reversal of impairment losses of goodwill for the nine months ended September 30, 2024 and 2023. Please refer to note 6(13) of the 2023 annual consolidated financial statements for other related information.

(14) Intangible assets

| | Customer relationships | Acquired specific technology | Trademarks | Computer software | Others | Total |
|---|---|---|---|---|---|---|
| Carrying value: | | | | | | |
| Balance as of January 1, 2024 | **$ 33,039** | **14,585** | **733,076** | **43,910** | **12** | **824,622** |
| Balance as of September 30, 2024 | **$ -** | **-** | **752,071** | **43,415** | **-** | **795,486** |
| Balance as of January 1, 2023 | **$ 82,610** | **59,287** | **733,177** | **31,712** | **73** | **906,859** |
| Balance as of September 30, 2023 | **$ 47,744** | **22,277** | **764,533** | **31,914** | **16** | **866,484** |

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2024 and 2023. Information on amortization for the period was discussed in note 12. Please refer to note 6(14) of the 2023 annual consolidated financial statement for other related information.

(15) Short-term borrowings

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Unsecured bank loans | $ 380,000 | 173,029 | 424,202 |
| Secured bank loans | 864,572 | 786,780 | 746,686 |
| | **$ 1,244,572** | **959,809** | **1,170,888** |
| Range of interest rates | **1.86%~8.5%** | **1.68%~9.5%** | **1.67%~9.5%** |

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

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

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(16) Other payables

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Payables for salaries and bonus | $ 673,799 | 360,348 | 407,431 |
| Accrued dividends on preference shares | 115,452 | 153,935 | 115,452 |
| Compensation payables to directors and employees | 36,127 | 15,296 | 14,419 |
| Payables for equipment | 9,220 | 13,929 | 16,000 |
| Others | 187,620 | 159,458 | 192,228 |
| | **$ 1,022,218** | **702,966** | **745,530** |

(17) Provisions

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Advertising | $ 53,483 | 54,451 | 59,397 |
| Warranties | 12,995 | 28,910 | 26,149 |
| | **$ 66,478** | **83,361** | **85,546** |

There were no significant changes in provisions for the nine months ended September 30, 2024 and 2023. For other related information, please refer to note 6(17) of the 2023 annual consolidated financial statements for other related information.

(18) Lease liabilities

The carrying amounts of lease liabilities were as follows:

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Current | **$ 77,930** | **68,471** | **65,482** |
| Non-current | **$ 407,787** | **378,451** | **397,424** |

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Current | $ 6,339 | 6,626 | 6,605 |
| Non-current | 298,162 | 232,245 | 233,909 |
| | **$ 304,501** | **238,871** | **240,514** |

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

The amounts recognized in profit or loss were as follows:

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Interests on lease liabilities | $ 3,517 | 3,776 | 11,560 | 10,126 |
| Expenses relating to short-term leases | $ 838 | 509 | 2,681 | 1,816 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | $ 414 | 303 | 1,060 | 910 |

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

| | For the nine months ended September 30, | |
|---|---|---|
| | 2024 | 2023 |
| Total cash outflow for leases | $ 72,771 | 63,429 |

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.

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.

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(19) Long-term borrowings

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

| | September 30, 2024 | | | |
|---|---|---|---|---|
| | Currency | Range of interest rates | Maturity dates | Amounts |
| Secured bank loans | | | | |
| Bank loans | JPY | 1.65% | December 2035 | $ 67,524 |
| Less: Current portion | | | | (6,002) |
| Total | | | | $ 61,522 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Currency | Range of interest rates | Maturity dates | Amounts |
| Unsecured bank loans | | | | |
| Government rescue loans | JPY | - | February 2024 | $ 21,720 |
| Secured bank loans | | | | |
| Bank loans | JPY | 1.5% | December 2035 | 70,372 |
| | | | | 92,092 |
| Less: Current portion | | | | (27,584) |
| Total | | | | $ 64,508 |

| | September 30, 2023 | | | |
|---|---|---|---|---|
| | Currency | Range of interest rates | Maturity dates | Amounts |
| Unsecured bank loans | | | | |
| Government rescue loans | JPY | - | February 2024 | $ 21,620 |
| Secured bank loans | | | | |
| Bank loans | JPY | 1.5% | December 2035 | 71,508 |
| | | | | 93,128 |
| Less: Current portion | | | | (27,457) |
| Total | | | | $ 65,671 |

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

(20) Preference share liabilities

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| A preference stock | $ 4,595,089 | 4,595,089 | 4,595,089 |

(Continued)

There were no significant issues, repurchases and repayments of preference share liabilities for the nine months ended September 30, 2024 and 2023.. Information on interest expense for the period is discussed in note 6(28). Please refer to note 6(20) of the 2023 annual consolidated financial statements for other related information.

According to the declaration from the preference shareholder, Embedded City, received by the Company on August 2024, 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 2026.

According to the declaration from the preference shareholder, Embedded City, received by the Company on August 2023, 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 2025.

The Company received a declaration from the preference shareholder, Embedded City, on May 2024, wherein Embedded City should receive the preference dividends for 2024 according to the preference share subscription agreement and participate in dividend distribution declared in 2025 on ordinary shares such that Embedded City agrees on the dividend distribution for 2025 that belongs to net income in 2024, 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, 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.

(21) Employee benefits

Since there were no significant market fluctuations, curtailments, settlements, and no other significant one off event from the previous fiscal year, the pension costs in the financial statements were measured and disclosed based on the actuarial results determined on December 31, 2023 and 2022.

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

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(22) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Current income tax expense | | | | |
| Current period | $ 182,078 | 73,952 | 369,762 | 254,433 |
| Adjustment for prior period | 1,183 | - | (4,636) | (6,671) |
| Current period | **$ 183,261** | **73,952** | **365,126** | **247,762** |

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

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Exchange differences on translation of foreign financial statements | **$ (22,511)** | **44,926** | **34,186** | **50,519** |

B. The Company's tax returns have been examined by the tax authorities through 2022.

C. Global minimum tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(23) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the nine months ended September 30, 2024 and 2023. For related information on the shareholders' equity, please refer to note 6(23) of the 2023 annual consolidated financial statements.

A. Share Capital

The Group received the amount of $49,464 thousand as subscription to the 575 thousand capital stocks executed by its employees for the nine months ended September 30, 2024, of which the amounts of $1,610 thousand, $4,140 thousand and $43,714 thousand were recognized as share capital, advance receipts for share capital and increase in capital surplus, respectively. As of September 30, 2024, the related registration procedures of the 161 thousnad capital stocks have been completed, while the remaining 414 thousand capital stocks are being processed.

(Continued)

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The Group received the amount of $7,259 thousand as subscription to the 81 thousand capital stocks executed by its employees for the nine months ended September 30, 2023, the related registration procedure of all the capital stock have been completed, of which the amounts of $810 thousand and $6,449 thousand were recognized as share capital and increase in capital surplus, respectively.

B. Capital surplus

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Paid-in capital in excess of par value | $ 458,265 | 396,660 | 396,660 |
| 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 | 26,895 | 36,190 | 34,687 |
| Conversion right—preference share | 35,191 | 35,191 | 35,191 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 9,966 | 9,966 |
| Changes in equity of investments accounted for using equity method | 23,843 | 23,843 | 23,843 |
| Others | 913 | 913 | 913 |
| | **$ 819,466** | **777,122** | **775,619** |

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** |

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C. Retained earnings

The following are the appropriation of earnings in 2023 and 2022 which were approved during the shareholders' meeting held on June 11, 2024 and June 9, 2023, respectively:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount per share (NTD)** | **Total amount** | **Amount per share (NTD)** | **Total amount** |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | $ 4.70 | 355,300 | 4.94 | 373,048 |

The preference share dividends of A shares for 2023 and 2022, each amounting to $153,935 thousand, were calculated based on an annual interest rate of 3.35%.

(24) Share-based payment

Except as described in the following paragraph, there were no significant changes in the Group' s share-based payment for the nine months ended September 30, 2024 and 2023. 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, 2023.

A. The Company equity settled share-based payment transactions for the nine months ended September 30, 2024 were as follows:

| | Employee share options |
|---|---|
| | **Issued in 2024** |
| Grant date | June 4, 2024 |
| Granted units (in thousands) | 1,300 |
| Contractual life | 7 years |
| Recipients | Employees |
| Vesting condition | Note 1 |
| Price per share (NTD) | 136.50 |
| Adjusted exercise price (NTD) | 132.46 |

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

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

| | Issued in 2024 |
|---|---|
| Share price at grant date | 136.50 |
| Exercise price | 136.50 |
| Expected volatility | 31.34%~33.47% |
| Excepted life (years) | 4.5~5.5 years |
| Risk-free interest rate | 1.47%~1.50% |

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

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Compensation cost | $ 5,690 | 1,781 | 8,940 | 5,740 |

(25) Earnings per share

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Basic earnings per share: | | | | |
| Net income attributable to the Company | $ 294,668 | 166,522 | 646,078 | 392,734 |
| Net income attributable to preference shareholders of the Company | (28,743) | - | (39,283) | - |
| Net income attributable to ordinary shareholders of the Company | $ 265,925 | 166,522 | 606,795 | 392,734 |
| Weighted-average number of ordinary shares (in thousands) | 75,841 | 75,579 | 75,680 | 75,544 |
| Basic earnings per share | $ 3.51 | 2.20 | 8.02 | 5.20 |

| | For the three months ended September 30, | | For the nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Diluted earnings per share: | | | | |
| Net income attributable to ordinary shareholders of the Company (basic) | $ 265,925 | 166,522 | 606,795 | 392,734 |
| Interest expense on preference shares | 38,484 | 38,484 | 115,452 | 115,452 |
| Net income attributable to ordinary shareholders of the Company (diluted) | $ 304,409 | 205,006 | 722,247 | 508,186 |

(Continued)

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| | For the three months ended September 30, | | For the nine months ended September 30 | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Weighted-average number of ordinary shares (in thousands) (basic) | 75,841 | 75,579 | 75,680 | 75,544 |
| Employee remuneration | 138 | 92 | 157 | 193 |
| Employee share options | 960 | 394 | 546 | 464 |
| Convertible preference shares | 31,153 | 31,153 | 31,153 | 31,153 |
| Weighted-average number of ordinary shares (in thousands) (diluted) | **108,092** | **107,218** | **107,536** | **107,354** |
| Diluted earnings per share | **$ 2.82** | **1.91** | **6.72** | **4.73** |

(26) Revenue from contracts with customers

A. Disaggregation of revenue

| | For the three months ended September 30, 2024 | | | |
|---|---|---|---|---|
| | Domestic | U.S.A. | Others | Total |
| Revenue from sale of goods | $ 699,830 | 2,345,065 | 478,673 | 3,523,568 |
| Revenue from warranty and managed services | 1,567 | 72,090 | - | 73,657 |
| | **$ 701,397** | **2,417,155** | **478,673** | **3,597,225** |

| | For the three months ended September 30, 2023 | | | |
|---|---|---|---|---|
| | Domestic | U.S.A. | Others | Total |
| Revenue from sale of goods | $ 671,626 | 1,383,473 | 421,536 | 2,476,635 |
| Revenue from warranty and managed services | 1,675 | 64,168 | - | 65,843 |
| | **$ 673,301** | **1,447,641** | **421,536** | **2,542,478** |

| | For the nine months ended September 30, 2024 | | | |
|---|---|---|---|---|
| | Domestic | U.S.A. | Others | Total |
| Revenue from sale of goods | $ 1,795,994 | 5,623,152 | 1,376,536 | 8,795,682 |
| Revenue from warranty and managed services | 6,105 | 199,253 | - | 205,358 |
| | **$ 1,802,099** | **5,822,405** | **1,376,536** | **9,001,040** |

| | For the nine months ended September 30, 2023 | | | |
|---|---|---|---|---|
| | Domestic | U.S.A. | Others | Total |
| Revenue from sale of goods | $ 1,759,176 | 4,096,521 | 1,378,426 | 7,234,123 |
| Revenue from warranty and managed services | 4,839 | 228,019 | - | 232,858 |
| | **$ 1,764,015** | **4,324,540** | **1,378,426** | **7,466,981** |

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B. Contract liabilities

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Contract liabilities－current | | | |
| Sale of goods | $ 259,012 | 190,235 | 212,327 |
| Warranty and managed services | 97,972 | 125,094 | 140,849 |
| | 356,984 | 315,329 | 353,176 |
| Contract liabilities－non-current | | | |
| Warranty and managed services | 98,001 | 80,961 | 81,656 |
| | **$ 454,985** | **396,290** | **434,832** |

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

The amounts of revenue recognized for the years ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were $207,919 thousand and $222,499 thousand, respectively.

(27) Remuneration to employees and directors

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

The remunerations to employees amounted to $21,076 thousand, $3,705 thousand, $28,901 thousand, and $9,613 thousand, as well as the remunerations to directors amounted to $3,313 thousand, $1,852 thousand, $7,226 thousand and $4,806 thousand for the three months and nine months ended September 30, 2024 and 2023, 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 years ended December 31, 2023 and 2022, the remunerations to employees amounted to $10,197 thousand and $41,724 thousand, and the remunerations to directors amounted to $5,099 thousand and $10,431 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.

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

(28) Non-operating income and expenses

A. Interest income

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Interest income from bank deposits | $ 19,198 | 10,568 | 62,332 | 33,876 |
| Interest income on lease receivable | 16 | 29 | 57 | 96 |
| Other interest income | 4 | 4 | 13 | 13 |
| | $ 19,218 | 10,601 | 62,402 | 33,985 |

B. Other income

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Rental income | $ 5,537 | 5,736 | 16,613 | 19,964 |
| Dividend income | - | - | 8 | 9 |
| | $ 5,537 | 5,736 | 16,621 | 19,973 |

C. Other gains and losses

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Gains (losses) on disposal of property, plant and equipment | $ 1,540 | (2) | 2,130 | (692) |
| Foreign exchange gains, net | 5,431 | 41,686 | 62,463 | 51,797 |
| Net gains (losses) on financial assets and liabilities at FVTPL | 1,397 | (2,185) | (3,645) | (3,383) |
| Other | 5,877 | 1,821 | 13,236 | 8,280 |
| | $ 14,245 | 41,320 | 74,184 | 56,002 |

(Continued)

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

D. Finance costs

| | For the three months ended September 30, 2024 | For the three months ended September 30, 2023 | For the nine months ended September 30, 2024 | For the nine months ended September 30, 2023 |
|---|---|---|---|---|
| Interest expenses on preference share liabilities | $ 38,484 | 38,484 | 115,452 | 115,452 |
| Interest expenses on bank loans | 8,565 | 7,092 | 22,585 | 20,090 |
| Interest expenses on lease liabilities | 3,517 | 3,776 | 11,560 | 10,126 |
| | **$ 50,566** | **49,352** | **149,597** | **145,668** |

(29) Financial Instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For related information about the fair value on financial instruments, please refer to note 6(29) of the 2023 annual consolidated financial statements.

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Group mainly transacts with entities with good credit ratings, domestic and foreign. Aside from granting credit facilities to customers according to procedures for granting credits, the Group also continues to obtain understanding of the credit status of its customers. As of September 30, 2024, December 31 and September 30, 2023, 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.

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**Notes to the Consolidated Financial Statements**

B. Liquidity risk

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

| | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | Over 5 years |
|---|---|---|---|---|---|
| **September 30, 2024** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short-term borrowings | $ 1,244,572 | 1,256,969 | 1,256,969 | - | - |
| Lease liabilities (including current portion) | 485,717 | 562,931 | 84,926 | 161,297 | 316,708 |
| Long-term borrowings (including current portion) | 67,524 | 73,748 | 7,063 | 27,262 | 39,423 |
| Preference share liabilities | 4,595,089 | 4,595,089 | - | 4,595,089 | - |
| Guarantee deposits received | 137,378 | 137,378 | - | 136,193 | 1,185 |
| | $ 6,530,280 | 6,626,115 | 1,348,958 | 4,919,841 | 357,316 |

| | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | Over 5 years |
|---|---|---|---|---|---|
| **December 31, 2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short-term borrowings | $ 959,809 | 981,998 | 981,998 | - | - |
| Lease liabilities (including current portion) | 446,922 | 501,538 | 77,111 | 194,742 | 229,685 |
| Long-term borrowings (including current portion) | 92,092 | 98,386 | 28,595 | 26,611 | 43,180 |
| Preference share liabilities | 4,595,089 | 4,595,089 | - | 4,595,089 | - |
| Guarantee deposits received | 135,162 | 135,162 | - | 132,242 | 2,920 |
| | $ 6,229,074 | 6,312,173 | 1,087,704 | 4,948,684 | 275,785 |

| | Carrying amount | Contractual cash flows | Within 1 year | 1~5 years | Over 5 years |
|---|---|---|---|---|---|
| **September 30, 2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short-term borrowings | $ 1,170,888 | 1,191,161 | 1,191,161 | - | - |
| Lease liabilities (including current portion) | 462,906 | 528,604 | 81,577 | 213,685 | 233,342 |
| Long-term borrowings (including current portion) | 93,128 | 99,657 | 28,483 | 26,577 | 44,597 |
| Preference share liabilities | 4,595,089 | 4,595,089 | - | 4,595,089 | - |
| Guarantee deposits received | 139,931 | 139,931 | - | 137,049 | 2,882 |
| | $ 6,461,942 | 6,554,442 | 1,301,221 | 4,972,400 | 280,821 |

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

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**Posiflex Technology, Inc. and Subsidiaries**
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C. Currency risk

(a) Exposure to currency risk

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

| | September 30, 2024 | | |
|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 51,152 | 31.650 | 1,618,965 |
| CNY | 7,524 | 4.523 | 34,031 |
| Investments accounted for using equity method | | | |
| USD | 1,694 | 31.650 | 53,625 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 27,429 | 31.650 | 868,142 |
| CNY | 960 | 4.523 | 4,342 |

| | December 31, 2023 | | |
|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 50,096 | 30.705 | 1,538,201 |
| CNY | 10,111 | 4.327 | 43,749 |
| Investments accounted for using equity method | | | |
| USD | 1,631 | 30.705 | 50,094 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 19,651 | 30.705 | 603,370 |
| CNY | 1,148 | 4.327 | 4,967 |

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

| | September 30, 2023 | | |
|---|---|---|---|
| | Foreign currency | Exchange rate | NTD |
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 49,914 | 32.27 | 1,610,734 |
| CNY | 10,547 | 4.415 | 46,565 |
| Investments accounted for using equity method | | | |
| USD | 1,630 | 32.27 | 52,592 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 26,868 | 32.27 | 867,021 |
| CNY | 1,124 | 4.415 | 4,963 |

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, short-term borrowings, notes and accounts payable (including related parties), and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) of 5% of the NTD against the USD and CNY, as of September 30, 2024 and 2023, would have increased (decreased) the comprehensive income $31,220 thousand and $31,413 thousand for the nine months ended September 30, 2024 and 2023, 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 (losses) gains on monetary items amounted to $5,431 thousand, $41,686 thousand, $62,463 thousand, and $51,797 thousand for the three and nine months ended September 30, 2024 and 2023, respectively.

D. Interest rate risk

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 1%, the Group' s net income would have increased or decreased by $7,873 thousand and $7,584 thousand for the nine month ended September 30, 2024 and 2023, respectively, with all other variable factors remaining constant.

(Continued)

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E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

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

| | September 30, 2024 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at FVTPL** | | | | | |
| Foreign convertible promissory note | $ **31,650** | **-** | **-** | **31,650** | **31,650** |
| **Financial assets at FVOCI** | | | | | |
| Domestic listed stocks | $ 368 | 368 | - | - | 368 |
| Domestic emerging market shares | 76,190 | - | 20,868 | 55,322 | 76,190 |
| Domestic unlisted stocks | 26,899 | - | - | 26,899 | 26,899 |
| Foreign unlisted stocks | 24,910 | - | - | 24,910 | 24,910 |
| | $ **128,367** | **368** | **20,868** | **107,131** | **128,367** |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at FVOCI** | | | | | |
| Domestic listed stocks | $ 388 | 388 | - | - | 388 |
| Domestic emerging market shares | 77,365 | - | 22,043 | 55,322 | 77,365 |
| Domestic unlisted stocks | 25,845 | - | - | 25,845 | 25,845 |
| Foreign unlisted stocks | 27,444 | - | - | 27,444 | 27,444 |
| | $ **131,042** | **388** | **22,043** | **108,611** | **131,042** |

| | September 30, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at FVOCI** | | | | | |
| Domestic listed stocks | $ 357 | 357 | - | - | 357 |
| Domestic emerging market shares | 65,111 | - | 23,153 | 41,958 | 65,111 |
| Domestic unlisted stocks | 25,911 | - | - | 25,911 | 25,911 |
| Foreign unlisted stocks | 28,409 | - | - | 28,409 | 28,409 |
| | $ **119,788** | **357** | **23,153** | **96,278** | **119,788** |

(Continued)

**Posiflex Technology, Inc. and Subsidiaries**
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(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 assets and 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 assets and liabilities is evaluated based on the discounted cash flow of the financial assets and liabilities.

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

A. Non-derivative

The Group held its domestic listed stocks and 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.

(d) Transfer between level 1 and level 2: None.

(e) Reconciliation of level 3 fair values:

| | Financial assets at FVTPL-convertible promissory note | Financial assets at FVOCI-equity investments without at active market |
|---|---|---|
| Balance as of January 1, 2024 | $ - | 108,611 |
| Purchase | 31,320 | - |
| Total gains and losses | | |
| Recognized in income | 330 | - |
| Recognized in other comprehensive income | - | (1,480) |
| Balance as of September 30, 2024 | **$ 31,650** | **107,131** |

| | Financial assets at FVTPL-convertible promissory note | Financial assets at FVOCI-equity investments without at active market |
|---|---|---|
| Balance as of January 1, 2023 | $ - | 100,869 |
| Total gains and losses | | |
| Recognized in other comprehensive income | - | (4,591) |
| Balance as of September 30, 2023 | **$ -** | **96,278** |

The total gains and losses that were included in "other gains and losses" and "unrealized gains and losses on financial assets at fair value through other comprehensive income" 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 FVTPL – convertible promissory note and financial assets at FVOCI – equity investments.

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

Quantified information of significant unobservable inputs were as follows:

| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets at FVTPL-convertible promissory note | Options approach | • volatility as of September 30, 2024 was 84.19%. | Not applicable. |
| Financial assets at FVOCI－equity investments without an active market | Market approach | • Price-to-book ratios as of September 30, 2024, December 31 and September 30, 2023 were 2.43, 2.43 and 2.25, respectively.<br>• Liquidity discount as of September 30, 2024, December 31 and September 30, 2023 were 14.04%, 14.04% and 16.03%, respectively. | • The higher the price-to-book ratio, the higher the fair value.<br>• The higher the liquidity discount, the lower the fair value. |

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| 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 | Asset approach | • Net asset value.<br>• Liquidity discount as of September 30, 2024, December 31 and September 30, 2023 were 30% . | • The higher the net asset value, the higher the fair value.<br>• The higher the liquidity discount, the lower the fair value. |

(30) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2023. 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, 2023.

(31) Capital management

The Group' s objectives, policies and processes for capital management were consistent with those of consolidated financial statements for the year ended December 31, 2023. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2023. For related information about the capital management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2023.

(32) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

| | | | Non-cash changes | | |
|---|---|---|---|---|---|
| | **January 1, 2024** | **Cash flow** | **Foreign exchange movement** | **Other changes** | **September 30, 2024** |
| Short-term borrowings | $ 959,809 | 281,296 | 3,467 | - | 1,244,572 |
| Lease liabilities (including current portion) | 446,922 | (57,470) | 6,452 | 89,813 | 485,717 |
| Guarantee deposits received | 135,162 | (1,940) | 4,156 | - | 137,378 |
| Long-term borrowings (including current portion) | 92,092 | (25,505) | 937 | - | 67,524 |
| | **$ 1,633,985** | **196,381** | **15,012** | **89,813** | **1,935,191** |

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| | January 1, 2023 | Cash flow | Non-cash changes: Foreign exchange movement | Non-cash changes: Other changes | September 30, 2023 |
|---|---|---|---|---|---|
| Short-term borrowings | $ 1,206,677 | (41,402) | 5,613 | - | 1,170,888 |
| Lease liabilities (including current portion) | 422,051 | (50,577) | 9,812 | 81,620 | 462,906 |
| Guarantee deposits received | 147,972 | (10,094) | 2,053 | - | 139,931 |
| Long-term borrowings (including current portion) | 588,563 | (488,294) | (7,141) | - | 93,128 |
| | $ 2,365,263 | (590,367) | 10,337 | 81,620 | 1,866,853 |

## 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) (Note) | Associate |
| LPK Limited (LPK) | Associate |
| Qugo Travel Technologies Private Limited(QUGO) | Associate |
| GRIDWELL, Inc. (GRIDWELL) | Subsidiary of associate |
| POME Technology Inc. (POME) | Subsidiary of associate |
| WELINK SOLUTIONS Inc. (WELINK) | Subsidiary of associate |
| Esquarre Capital Taiwan Branch (Esquarre) | Substantive related party |

(Note) MiTwell renamed its Chinese name in May 2024.

(2) Significant related-party transactions

A. Operating revenue

| | For the three months ended September 30, 2024 | For the three months ended September 30, 2023 | For the nine months ended September 30, 2024 | For the nine months ended September 30, 2023 |
|---|---|---|---|---|
| Associate | $ 24,337 | 20,355 | 53,050 | 33,835 |
| Subsidiary of associate | 6,559 | 8,574 | 25,370 | 49,293 |
| | $ 30,896 | 28,929 | 78,420 | 83,128 |

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.

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Associate | $ 24,464 | 27,087 | 11,123 |
| Subsidiary of associate | 5,973 | 5,608 | 7,272 |
| | **$ 30,437** | **32,695** | **18,395** |

B. Purchases

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Associate | $ 41 | 9,632 | 41 | 82,059 |
| Subsidiary of associate | 72,854 | 30,650 | 163,968 | 75,648 |
| | **$ 72,895** | **40,282** | **164,009** | **157,707** |

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

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Associate | $ - | 809 | 3,867 |
| Subsidiary of associate | 27,082 | 10,203 | 16,370 |
| | **$ 27,082** | **11,012** | **20,237** |

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 September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Substantive related party | $ 1,500 | 1,500 | 4,500 | 4,500 |
| Associate | 740 | 858 | 2,504 | 1,746 |
| Subsidiary of associate | 137 | 150 | 559 | 641 |
| | **$ 2,377** | **2,508** | **7,563** | **6,887** |

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Associate | $ 300 | - | 370 |
| Subsidiary of associate | 80 | 363 | 80 |
| | **$ 380** | **363** | **450** |

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

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Associate | $ 57 | 1,190 | 172 | 3,613 |
| Subsidiary of associate | 989 | 18 | 2,873 | 56 |
| | **$ 1,046** | **1,208** | **3,045** | **3,669** |

As of September 30, 2024, December 31 and September 30, 2023, the Group received the rental guaranteed deposits of $369 thousand, $313 thousand and $275 thousand, respectively.

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

| | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|
| Associate | $ 752 | 695 | 1,907 |
| Subsidiary of associate | 721 | 519 | 194 |
| | **$ 1,473** | **1,214** | **2,101** |

(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

| | For the three months ended September 30, | | For the nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Short-term employee benefits | $ 67,443 | 51,979 | 179,579 | 154,358 |
| Post-employment benefits | 955 | 866 | 3,151 | 2,442 |
| Share-based payment | 3,326 | 415 | 5,228 | 2,654 |
| | **$ 71,724** | **53,260** | **187,958** | **159,454** |

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

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

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## 8. Assets pledged as security

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

| Assets | Purpose of Pledged | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|---|---|---|---|---|
| Security deposit for loans (recognized as other financial assets－current) | Collateral for short-term bank loans | $ 1,022 | 2,860 | 3,008 |
| Property, plant and equipment | Collateral for bank borrowing | 1,966,681 | 2,222,485 | 2,249,481 |
| Cash in bank (recognized as financial assets at amortized cost) | Collateral for short-term bank loans | 15,000 | 15,000 | 15,000 |
| Time deposits (recognized as financial assets at amortized cost) | Collateral for long-term adn short-term bank loans | 585,225 | 537,353 | 560,919 |
| Guarantee deposits paid (recognized as other financial assets－non-current) | Lease guarantee | 22,961 | 21,991 | 22,600 |
| | | $ **2,590,889** | **2,799,689** | **2,851,008** |

## 9. Significant Commitments and Contingencies

Company A, a customer of the Group, provided the guarantee deposit amounting to $134,416 thousand (USD $4,247 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.

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## 12. Other

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

| By function / By item | For the three months ended September 30, 2024 | | | For the three months ended September 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee benefits | | | | | | |
| Salary | 173,060 | 622,556 | 795,616 | 147,452 | 381,487 | 528,939 |
| Labor and health insurance | 11,948 | 35,932 | 47,880 | 10,947 | 32,950 | 43,897 |
| Pension | 4,266 | 15,649 | 19,915 | 3,782 | 15,151 | 18,933 |
| Others | 5,797 | 19,157 | 24,954 | 3,052 | 17,664 | 20,716 |
| Depreciation (note) | 22,996 | 41,091 | 64,087 | 21,230 | 38,287 | 59,517 |
| Amortization | 4,066 | 13,753 | 17,819 | 13,033 | 15,867 | 28,900 |

| By function / By item | For the nine months ended September 30, 2024 | | | For the nine months ended September 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee benefits | | | | | | |
| Salary | 446,817 | 1,561,744 | 2,008,561 | 378,730 | 1,150,356 | 1,529,086 |
| Labor and health insurance | 34,793 | 104,207 | 139,000 | 31,935 | 85,936 | 117,871 |
| Pension | 12,273 | 47,203 | 59,476 | 12,104 | 44,296 | 56,400 |
| Others | 14,986 | 51,854 | 66,840 | 23,747 | 42,234 | 65,981 |
| Depreciation (note) | 67,904 | 120,487 | 188,391 | 62,919 | 109,738 | 172,657 |
| Amortization | 15,871 | 48,793 | 64,664 | 39,046 | 46,635 | 85,681 |

Note: For the three and nine month ended September 30, 2024 and 2023, the deprecation expenses of the assets leased to the third parties under operating leases amounted to $47 thousand, $46 thousand, $137 thousand and $137 thousand recognized as deductions of rental revenue.

(2) Seasonality of operations

The Group’s operations were not affected by seasonality or cyclicaity factors.

**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: None.

B. Guarantees and endorsements for other parties: Please refer to Table 1.

C. Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.

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 3.

H. Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 4.

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

J. Business relationships and significant intercompany transactions: Please refer to Table 5.

(2) Information on investees: Please refer to Table 6.

(3) Information on investment in Mainland China: Please refer to Table 7.

(i) The names of investees in Mainland China, their main businesses and products, and other information: Please refer to Table 7.

(ii) Limitation on investment in Mainland China: Please refer to Table 7.

(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 | 29.02 % |

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

## 14. Segment information:

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

| | For the three months ended September 30, 2024 | | | |
|---|---|---|---|---|
| | **Domestic** | **U.S.A.** | **Others** | **Total** |
| Revenue from external customers | **$ 701,397** | **2,417,155** | **478,673** | **3,597,225** |
| Reportable segment profit | **$ 105,898** | **1,137,883** | **52,034** | **1,295,815** |
| Total segment assets | | | | $ 16,387,266 |
| Investments accounted for using equity method | | | | 236,915 |
| Total assets | | | | **$ 16,624,181** |

| | For the three months ended September 30, 2023 | | | |
|---|---|---|---|---|
| | **Domestic** | **U.S.A.** | **Others** | **Total** |
| Revenue from external customers | **$ 673,301** | **1,447,641** | **421,536** | **2,542,478** |
| Reportable segment profit | **$ 231,142** | **447,949** | **59,885** | **738,976** |
| Total segment assets | | | | $ 15,044,491 |
| Investments accounted for using equity method | | | | 250,105 |
| Total assets | | | | **$ 15,294,596** |

| | For the nine months ended September 30, 2024 | | | |
|---|---|---|---|---|
| | **Domestic** | **U.S.A.** | **Others** | **Total** |
| Revenue from external customers | **$ 1,802,099** | **5,822,405** | **1,376,536** | **9,001,040** |
| Reportable segment profit | **$ 527,229** | **2,337,402** | **177,977** | **3,042,608** |
| Total segment assets | | | | $ 16,387,266 |
| Investments accounted for using equity method | | | | 236,915 |
| Total assets | | | | **$ 16,624,181** |

(Continued)

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

| | For the nine months ended September 30, 2023 | | | |
|---|---|---|---|---|
| | **Domestic** | **U.S.A.** | **Others** | **Total** |
| Revenue from external customers | **$ 1,764,015** | **4,324,540** | **1,378,426** | **7,466,981** |
| Reportable segment profit | **$ 714,144** | **1,181,681** | **190,116** | **2,085,941** |
| Total segment assets | | | | $ 15,044,491 |
| Investments accounted for using equity method | | | | 250,105 |
| Total assets | | | | **$ 15,294,596** |

(Continued)

# Posiflex Technology, Inc. and Subsidiaries

## Guarantees and endorsements for other parties

## For the nine months ended September 30, 2024

Table 1 (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 | 8,017,624 | 262,680 | 253,200 | - | - | 6.32 % | 8,017,624 | Y | N | N | |
| 0 | The Company | PTIL | b | 8,017,624 | 25,119 | 24,212 | 24,212 | - | 0.60 % | 8,017,624 | Y | N | N | |
| 0 | The Company | KIOSK | b | 8,017,624 | 394,020 | 379,800 | 222,341 | 90,000 | 9.47 % | 8,017,624 | Y | N | N | Note 5 |
| 1 | APT | PORTWELL | d | 6,697,502 | 492,525 | 474,750 | 400,000 | 476,583 | 14.18 % | 6,697,502 | N | N | N | Note 6 |
| 2 | PTIL | MUSTEK | d | 97,140 | 62,720 | 60,480 | 60,480 | - | 93.39 % | 97,140 | N | N | N | |

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.

e. Limit for the total endorsements/ guarantees amount shall not exceed 150% of the latest financial statements of PTIL'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 150% of the latest financial statements of PTIL's net assets and it shall not exceed 200% of the lastest 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 nine months ended September 30, 2024.

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; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PTIL each amounted to US$765 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$12,000 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees by APT for PORTWELL each amounted to US$15,000 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees by PTIL for MUSTEK each amounted to INR$160,000 thousand. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1: NT$31.65; INR$1=NTD$0.378 as of September 30, 2024.

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 September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures)

## As of September 30, 2024

Table 2 (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 | O' Pay Electronic Payment Co., Ltd.'s stock | - | Financial assets at fair value through other comprehensive income－non-current | 932,828 | 20,868 | 1.28 % | 20,868 | |
| The Company | Green World FinTech Service Co., Ltd.'s stock | - | Financial assets at fair value through other comprehensive income－non-current | 8,470 | 368 | 0.01 % | 368 | |
| The Company | Banyan Hills Technologies, Inc.'s convertible promissory note | - | Financial assets at fair value through profit and loss－non-current | - | 31,650 (USD 1,000) | - % | 31,650 (USD 1,000) | |
| PORTEWLL | AcSiP Technology Corp.'s stock | - | Financial assets at fair value through other comprehensive income－non-current | 5,180,000 | 55,322 | 14.14 % | 55,322 | |
| PORTEWLL | S-SHARP Corporation's stock | - | Financial assets at fair value through other comprehensive income－non-current | 232,000 | - | 16.20 % | - | |
| PORTEWLL | GRIDWELL, Inc.'s stock | - | Financial assets at fair value through other comprehensive income－non-current | 400,000 | - | 15.04 % | - | |
| PORTWELL | Welink Solutions, Inc.' stock | Subsidiary of associate | Financial assets at fair value through other comprehensive income－non-current | 1,935,346 | 26,899 | 9.68 % | 26,899 | |
| HOLDING | Beijing Caswell Ltd.'s stock | - | Financial assets at fair value through other comprehensive income－non-current | - | 24,910 | 18.00 % | 24,910 | |

Note 1: For more information about the investment of subsidiaries, associates and joint ventures, please refer to Tables 6 and 7.

Note 2: The Company did not recognize any carrying value deriving from Hua He Tang, Yao Teng, NiceRaker, WaWaWorks, and My Ball, since they have ceased operating or their businesses have no substantial operating activities.

# 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 nine months ended September 30, 2024

Table 3 (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 | (172,958) | 9 % | Net 150 days from invoice date | - | - | 131,483 | 19.01 % | Note |
| The Company | PBM | Subsidiary | Sale | (124,290) | 7 % | Net 150 days from invoice date | - | - | 86,165 | 12.46 % | Note |
| PORTWELL | APT | Subsidiary | Sale | (2,370,520) | 78 % | Net 15 days from invoice date | - | - | 242,670 | 51.88 % | 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

## For the nine months ended September 30, 2024

Table 4 (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 | 131,483 | 1.91 | 38,498 | Strengthen collections of receivables | - | - | Note |
| PORTWELL | APT | Subsidiary of the Group | 242,670 | 23.17 | - | - | 242,670 | - | Note |

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

**Posiflex Technology, Inc. and Subsidiaries**

**Business relationships and significant intercompany transactions**

**For the nine months ended September 30, 2024**

Table 5 (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 | 124,290 | The selling price for related parties, determined by the consumption situation in their regions, approximated the market price. | 1 % |
| 0 | The Company | PBM | 1 | Accounts receivable | 86,165 | Net 150 days from invoice date | 1 % |
| 0 | The Company | PJ | 1 | Sales revenue | 98,797 | The selling price for related parties, determined by the consumption situation in their regions, approximated the market price. | 1 % |
| 0 | The Company | PTIL | 1 | Sales revenue | 172,958 | The selling price for related parties, determined by the consumption situation in their regions, approximated the market price | 2 % |
| 0 | The Company | PTIL | 1 | Accounts receivable | 131,483 | Net 150 days from invoice date | 1 % |
| 1 | PORTWELL | APT | 3 | Sales revenue | 2,370,520 | The selling price for related parties, determined by the consumption situation in their regions, approximated the market price. | 26 % |
| 1 | PORTWELL | APT | 3 | Accounts receivable | 242,670 | Net 15 days from invoice date | 1 % |

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

Note 2: The information of number is as follow:

1. The number 0 represents the parent company.
2. The subsidiaries are numbered in order starting from number 1.

Note 3: The types of relationships with traders are as follows:

1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

Note 4: The ratio of the transaction amount to the consolidated total sales revenue or consolidated total assets was calculated as follows:

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

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

# Posiflex Technology, Inc. and Subsidiaries
## Information on investees
## For the nine months ended September 30, 2024

Table 6 (In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of September 30, 2024 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | September 30, 2024 | December 31, 2023 | 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 % | 3,473,140 | 1,117,992 | 604,998 | Subsidiary (Notes 1,2) |
| The Company | PBM | U.S.A. | Foreign trade | 2,810,494 | 2,810,494 | 417,034,408 | 100.00 % | 1,917,980 | (116,955) | (116,955) | Subsidiary (Note 1) |
| The Company | PIC | Seychelles | Foreign trade | 107,055 | 107,055 | - | 100.00 % | 60,453 | (9,749) | (9,749) | 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 % | 34,772 | (8,639) | (5,314) | Subsidiary (Note 1) |
| The Company | KOMING | Taiwan | Foreign trade and software services | 15,000 | 15,000 | 1,500,000 | 100.00 % | 10,376 | 96 | 96 | Subsidiary (Note 1) |
| The Company | PBMM | Malaysia | Foreign trade | 7,795 | 7,795 | 801,214 | 83.46 % | 12,315 | 2,852 | 2,406 | Subsidiary (Note 1) |
| The Company | PTSC | Argentina | Foreign trade | 15,151 | 15,151 | - | 100.00 % | (40) | - | - | Subsidiary (Note 1) |
| The Company | ONK Cloud | Taiwan | Software services | 3,196 | 3,196 | 319,667 | 99.90 % | 81 | 1 | 1 | Subsidiary (Note 1) |
| The Company | PG | Germany | Foreign trade | 67,989 | 67,989 | - | 100.00 % | 28,642 | (533) | (533) | Subsidiary (Note 1) |
| The Company | PTIL | India | Foreign trade | 8,441 | 8,441 | 51,000 | 51.00 % | 24,893 | (4,282) | (2,184) | Subsidiary (Note 1) |
| The Company | PTPL | Singapore | Foreign trade | 11,612 | 11,612 | 500,000 | 100.00 % | 4,396 | (367) | (367) | Subsidiary (Note 1) |
| The Company | PJ | Japan | Foreign trade | 43,162 | 43,162 | 2,400 | 100.00 % | (4,309) | (1,453) | (1,453) | Subsidiary (Note 1) |
| The Company | LPK | Hong Kong | Foreign trade | 52,403 | 52,403 | 17,500 | 35.00 % | 53,626 | 5,754 | 2,014 | Investment accounted for using the equity method |
| The Company | KIOSKTW | Taiwan | Software services | 20,000 | 20,000 | 2,000,000 | 100.00 % | 9,309 | (6,010) | (6,010) | Subsidiary (Note 1) |
| ONK Cloud | ONK International | Samoa | Investing | 5,027 | 5,027 | - | 100.00 % | (95) | - | - | Subsidiary (Note 1) |
| PBM | KIA | U.S.A. | Investing | 3,295,755 | 3,295,755 | 1,012,355 | 82.00 % | 1,796,209 | (17,037) | (63,639) | Subsidiary (Notes 1,2) |
| PTIL | MUSTEK | India | Foreign trade | 48 | 48 | - | 100.00 % | 1,769 | 1,281 | 1,281 | Subsidiary (Note 1) |
| PTIL | QUINTA | India | Foreign trade | 931 | 931 | 69,999 | 70.00 % | (15,587) | (11,183) | (7,828) | Subsidiary (Note 1) |
| QUINTA | QUGO | India | Ecommerce platform for travel | 474 | - | 12,500 | 25.00 % | (51) | (2,128) | (532) | Investment accounted for using the equity method |
| PORTWELL | APT | U.S.A. | Manufacture and sale of industrial computersand peripheral equipment | 909,329 | 909,329 | 42,777,780 | 100.00 % | 3,310,457 | 311,830 | 311,830 | Subsidiary(Note 1) |

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of September 30, 2024 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | September 30, 2024 | December 31, 2023 | 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 % | 163,793 | 1,287 | 1,274 | Subsidiary (Note 1) |
| PORTWELL | DEVELOPMENT | Samoa | Investing | 91,840 | 91,840 | 2,800,000 | 100.00 % | 56,634 | (2,374) | (2,374) | Subsidiary (Note 1) |
| PORTWELL | EPT | Netherland | Manufacture and sale of industrial computers and peripheral equipment | 208,574 | 208,574 | 45,000 | 100.00 % | 148,267 | (42,163) | (42,163) | Subsidiary (Note 1) |
| PORTWELL | PIT | India | Manufacture and sale of industrial computers and peripheral equipment | 14,470 | 14,470 | 2,877,776 | 51.00 % | 4,922 | (447) | (228) | Subsidiary (Note 1) |
| PORTWELL | PKI | South Korea | Manufacture and sale of industrial computers and peripheral equipment | 36,457 | 36,457 | 278,153 | 100.00 % | (2,741) | (585) | (585) | Subsidiary (Note 1) |
| PORTWELL | GANLOT | Taiwan | Manufacture and sale of industrial computers and peripheral equipment | 16,800 | 16,800 | 2,800,000 | 100.00 % | 60,731 | 4,448 | 4,448 | Subsidiary (Note 1) |
| PORTWELL | MiTwell | Taiwan | Manufacture and sale of industrial computers and peripheral equipment | 64,047 | 64,047 | 6,097,663 | 18.86 % | 183,340 | (55,600) | (10,780) | Investment accounted for using the equity method (Note 3) |
| PORTWELL | HOLDWEL | Cayman Islands | Investing | 233,441 | 94,520 | 120,000,000 | 100.00 % | 332,928 | 31,522 | 32,915 | Subsidiary (Notes 1,4) |
| APT | KIA | U.S.A. | Investing | 525,215 | 525,215 | 222,225 | 18.00 % | 518,021 | (17,037) | (3,067) | Subsidiary (Note 1) |
| DEVELOPMENT | HOLDING | Samoa | Investing | 91,840 | 91,840 | 2,800,000 | 100.00 % | 56,823 | (2,374) | (2,374) | Subsidiary (Note 1) |
| EPT | KES | Germany | Manufacture and sale of industrial computers and peripheral equipment | 59,953 | 59,953 | 1 | 100.00 % | 92,193 | 15,188 | 15,188 | Subsidiary (Note 1) |
| EPT | PUK | U.K. | Manufacture and sale of industrial computers and peripheral equipment | 3,883 | 3,883 | 200,000 | 100.00 % | 15,319 | 1,149 | 1,149 | Subsidiary (Note 1) |
| EPT | KESI | Italy | Manufacture and sale of industrial computers and peripheral equipment | 1,586 | 1,586 | 50,000 | 100.00 % | 4,741 | (2,765) | (2,765) | Subsidiary (Note 1) |
| HOLDWEL | MEDWELL | Taiwan | Manufacture and sale of industrial computers and peripheral equipment | 92,000 | 92,000 | 9,200,000 | 100.00 % | 254,821 | 27,292 | 27,292 | Subsidiary (Note 1) |

Note 1: The relevant transactions and ending balance were eliminated in the consolidated financial statements.
Note 2: Share of profits / losses of investee includes the amortized adjustment caused by consilidation.
Note 3: MiTwell renamed its Chinese name in May 2024.
Note 4: In May 2024, the Group acquired 16.67% shares of HOLDWEL, resulting in its shareholding ratio to increase from 83.33% to 100%. Please refer to note 6(5) for related information.

# Posiflex Technology, Inc. and Subsidiaries
# Information on investment in Mainland China
# For the nine months ended September 30, 2024

Table 7 (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, 2024 (note 4) | Investment flows | | Accumulated outflow of investment from Taiwan as of September 30, 2024 (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 | 110,775 | (note 5) | 110,775 | - | - | 110,775 | (9,749) | 100.00% | (9,749) | 60,453 | - | |
| ONK Clouding Shanghai (ONK Shanghai) | Software services | 5,381 | (note 5) | 5,381 | - | - | 5,381 | - | 99.90 % | - | (95) | - | |
| Beijing Caswell Ltd. | Manufacture and sale of networking and communication equipment | 120,270 | (note 5) | 21,649 | - | - | 21,649 | (29,444) | 18.00 % | - | 24,910 | - | Note 2 |
| Welink Technology Co., Ltd. | Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade | 39,404 | (note 5) | - | - | - | - | (3,544) | 100.00% | (3,544) | 2,911 | - | 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$1,045 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$31.65 and RMB1: NT$4.523 at the end of September 2024. 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$1,245 thousand, respectively.

Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$31.65 at the end of September 2024. The cumulative investment amount from Taiwan at the beginning and the end of the period were US$3,500 thousand for PBMB, US$170 thousand for ONK Clouding Shanghai and US$684 thousand for Beijing Caswell.

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

(2) Limitation on investment in Mainland China

| Accumulated Investment in Mainland China as of September 30, 2024 (Note 2) | Investment Amounts Authorized by Investment Commission, MOEA (Note 3) | Upper Limit on Investment (Note 1) |
|---|---|---|
| 204,776 | 204,776 | 4,140,745 |

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$31.65 at the end of September 2024. 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$31.65 at the end of September 2024. 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.