Stock Code:8114

Posiflex Technology, Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022

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

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Independent Auditors' Review Report

To the Board of Directors
Posiflex Technology, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Posiflex Technology, Inc. (the "Company") and its subsidiaries (together referred as the "Group") as of March 31, 2023, and 2022 the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, *Interim Financial Reporting* endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(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 $1,826,689 thousand and $2,012,634 thousand constituting 12.04% and 12.91% of the consolidated total assets as of March 31, 2023, and 2022, respectively, the total liabilities amounting to $335,615 thousand and $451,272 thousand constituting 3.87% and 4.23% of the consolidated total liabilities as of March 31, 2023 and 2022, as well as the total comprehensive income amounting to $2,036 thousand and $(5,591) thousand constituting 1.55% and (1.28)% of the total consolidated comprehensive income for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(4), the other equity accounted investments of the Group in its investee companies of $260,438 thousand and $238,444 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of $1,367 thousand and $(16,523) thousand for three months March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, *Interim Financial Reporting* endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 11, 2023

Notes to Readers

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

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

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

Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

Posiflex Technology, Inc. and Subsidiaries

Consolidated Balance Sheets

March 31, 2023, and December 31 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(1))	$ 2,606,813	17	2,303,346	15	2,245,199	14
1110	Financial assets at fair value through profit or loss—current (note 6(2))	1	-	-	-	-	-
1136	Financial assets at amortized cost—current (notes 6(2) and 8)	609,414	4	1,012,070	6	78,719	1
1150	Notes receivable (note 6(2))	3,206	-	10,626	-	22,742	-
1170	Accounts receivable, net (note 6(2))	1,374,734	9	1,583,858	10	1,680,250	11
1180	Accounts receivable—related parties (notes 6(2) and 7)	22,201	-	120,839	1	59,132	-
1210	Other receivables—related parties (note 7)	1,608	-	2,217	-	705	-
1310	Inventories (note 6(3))	3,129,137	21	3,280,348	21	3,558,859	23
1476	Other financial assets—current (notes 6(5) and 8)	17,619	-	16,280	-	12,927	-
1479	Other current assets (note 6(7))	114,678	1	104,720	1	131,276	1
	Total current assets	7,879,411	52	8,434,304	54	7,789,809	50
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(2))	141,522	1	137,232	1	178,423	1
1550	Investments accounted for using equity method (note 6(4))	260,438	2	259,483	2	238,444	2
1600	Property, plant and equipment (notes 6(8) and 8)	3,330,143	22	3,365,007	21	3,394,342	22
1755	Right-of-use assets (note 6(9))	233,340	2	243,589	1	596,099	4
1760	Investment property (note 6(10))	48,031	-	48,077	-	48,213	-
1805	Goodwill (note 6(12))	1,826,588	12	1,840,856	12	1,724,211	11
1821	Intangible assets (note 6(13))	875,662	6	906,859	6	988,946	6
1840	Deferred tax assets	489,648	3	482,030	3	515,992	4
1975	Net defined benefit asset—non-current	38,212	-	37,909	-	29,566	-
1980	Other financial assets—non-current (notes 6(5) and 8)	25,364	-	27,295	-	30,350	-
1990	Other non-current assets (note 6(7))	17,021	-	15,458	-	52,282	-
	Total non-current assets	7,285,969	48	7,363,795	46	7,796,868	50
	Total assets	$ 15,165,380	100	15,798,099	100	15,586,677	100

		March 31, 2023		December 31, 2022		March 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(14))	$ 956,204	7	1,206,677	8	909,053	6
2120	Financial liabilities at fair value through profit or loss—current (note 6(2))	-	-	203	-	-	-
2130	Contract liabilities—current (note 6(25))	338,955	2	327,160	2	481,512	3
2150	Notes payable	11,315	-	15,297	-	14,189	-
2170	Accounts payable	700,484	5	698,859	5	1,088,161	7
2180	Payables to related parties (note 7)	17,248	-	46,710	-	53,542	-
2200	Other payables (note 6(15))	739,728	5	750,090	5	591,110	4
2230	Current tax liabilities	344,998	2	296,528	2	269,995	2
2250	Provisions—current (note 6(16))	111,357	1	117,893	1	93,303	1
2280	Lease liabilities—current (note 6(17))	54,264	-	56,831	-	61,373	-
2320	Current portion of long-term liabilities (note 6(18))	29,058	-	6,275	-	501,364	3
2399	Other current liabilities	21,074	-	31,724	-	49,780	-
	Total current liabilities	3,324,685	22	3,554,247	23	4,113,382	26
	Non-current liabilities:						
2527	Contract liabilities—non-current (note 6(25))	113,631	1	129,697	1	119,964	1
2540	Long-term borrowings (note 6(18))	72,587	1	582,288	4	1,063,868	7
2570	Deferred tax liabilities	46,034	-	46,629	-	36,778	-
2580	Lease liabilities—non-current (note 6(17))	356,595	2	365,220	2	708,037	5
2635	Preference share liabilities—non-current (note 6(19))	4,595,089	30	4,595,089	29	4,595,089	29
2640	Net defined benefit liability—non-current	13,482	-	13,672	-	19,680	-
2645	Guarantee deposits received (notes 7 and 9)	146,746	1	147,972	1	1,850	-
	Total non-current liabilities	5,344,164	35	5,880,567	37	6,545,266	42
	Total liabilities	8,668,849	57	9,434,814	60	10,658,648	68
	Equity (notes 6(22) and (23)):						
	Equity attributable to parent company shareholders:						
3110	Ordinary share	755,158	5	754,828	5	749,218	5
	Advance receipts for share capital	-	-	320	-	2,100	-
3200	Capital surplus	954,846	6	953,103	6	876,674	6
3300	Retained earnings	2,302,395	15	2,212,008	14	1,922,462	12
3400	Other equity	(188,368)	(1)	(164,267)	(1)	(302,861)	(2)
	Total equity attributable to parent company shareholders	3,824,031	25	3,755,992	24	3,247,593	21
36XX	Non-controlling interests	2,672,500	18	2,607,293	16	1,680,436	11
	Total equity	6,496,531	43	6,363,285	40	4,928,029	32
	Total liabilities and equity	$ 15,165,380	100	15,798,099	100	15,586,677	100

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months Ended March 31, 2023 and 2022

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

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(25) and 7)	$ 2,380,064	100	2,660,320	100
5000	**Operating costs** (notes 6(3), (20), (23), (26), 7 and 12)	1,508,944	63	1,723,887	65
5900	**Gross profit**	871,120	37	936,433	35
5910	Unrealized gain (loss) from sales	3	-	(3)	-
5900	**Realized gross profit**	871,123	37	936,430	35
6000	**Operating expenses** (notes 6(2), (20), (23), (26), 7 and 12):				
6100	Selling expenses	273,059	11	274,818	10
6200	Administrative expenses	235,332	10	211,996	8
6300	Research and development expenses	132,861	6	118,191	4
6450	Expected credit loss (gain)	(32,073)	(1)	8,515	-
	Total operating expenses	609,179	26	613,520	22
6900	**Net operating income**	261,944	11	322,910	13
7000	**Non-operating income and expenses** (notes 6(27) and 7):				
7100	Interest income	8,977	-	1,849	-
7010	Other income	7,186	-	7,278	-
7020	Other gains and losses	(11,768)	-	57,018	2
7050	Finance costs	(48,534)	(2)	(52,173)	(2)
7060	Share of profit (loss) of associates accounted for using equity method (note 6(4))	1,367	-	(16,523)	(1)
	Total non-operating income and expenses	(42,772)	(2)	(2,551)	(1)
7900	**Income before income tax**	219,172	9	320,359	12
7950	**Income tax expenses** (note 6(21))	55,721	2	77,881	3
8200	**Net income**	163,451	7	242,478	9
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	5,137	-	67,100	3
8320	Shares of other comprehensive income of associates accounted for using equity method	(2,558)	-	(390)	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(21))	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	2,579	-	66,710	3
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(38,156)	(2)	137,959	5
8370	Shares of other comprehensive income of associates accounted for using equity method	(415)	-	2,848	-
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(21))	(3,597)	(1)	12,833	-
	Total items that may be reclassified subsequently to profit or loss	(34,974)	(1)	127,974	5
8300	**Other comprehensive income (loss), net**	(32,395)	(1)	194,684	8
8500	**Total comprehensive income**	**$ 131,056**	**6**	**437,162**	**17**
	Profit attributable to:				
	Owners of parent	$ 90,387	4	226,753	8
	Non-controlling interests	73,064	3	15,725	1
		$ 163,451	**7**	**242,478**	**9**
	Comprehensive income attributable to:				
	Owners of parent	$ 66,286	3	397,589	15
	Non-controlling interests	64,770	3	39,573	2
		$ 131,056	**6**	**437,162**	**17**
	Earnings per share (New Taiwan Dollars) (note 6(24))				
9750	Basic earnings per share	**$**	**1.20**		**3.02**
9850	Diluted earnings per share	**$**	**1.19**		**2.49**

See accompanying notes to consolidated financial statements.

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

<u>Reviewed only, not audited in accordance with Standards on Auditing</u>

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owner of parent												
	Share capital			Retained earnings				Other equity					
	Ordinary share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2022	$ 749,218	-	857,762	753,152	369,460	573,097	1,695,709	(398,104)	(75,593)	(473,697)	2,828,992	1,640,539	4,469,531
Net income for the period	-	-	-	-	-	226,753	226,753	-	-	-	226,753	15,725	242,478
Other comprehensive income for the period	-	-	-	-	-	-	-	104,126	66,710	170,836	170,836	23,848	194,684
Total comprehensive income for the period	-	-	-	-	-	226,753	226,753	104,126	66,710	170,836	397,589	39,573	437,162
Share-based payment transactions	-	-	1,380	-	-	-	-	-	-	-	1,380	324	1,704
Exercise of employee stock options	-	2,100	17,532	-	-	-	-	-	-	-	19,632	-	19,632
Balance as of March 31, 2022	**$ 749,218**	**2,100**	**876,674**	**753,152**	**369,460**	**799,850**	**1,922,462**	**(293,978)**	**(8,883)**	**(302,861)**	**3,247,593**	**1,680,436**	**4,928,029**
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	-	-	-	-	-	90,387	90,387	-	-	-	90,387	73,064	163,451
Other comprehensive income for the period	-	-	-	-	-	-	-	(26,680)	2,579	(24,101)	(24,101)	(8,294)	(32,395)
Total comprehensive income for the period	-	-	-	-	-	90,387	90,387	(26,680)	2,579	(24,101)	66,286	64,770	131,056
Difference between consideration and carrying amount of subsidiaries shareholding acquired or disposed	-	-	(97)	-	-	-	-	-	-	-	(97)	(1)	(98)
Share-based payment transactions	-	-	1,760	-	-	-	-	-	-	-	1,760	438	2,198
Exercise of employee stock options	330	(320)	80	-	-	-	-	-	-	-	90	-	90
Balance as of March 31, 2023	**$ 755,158**	**-**	**954,846**	**799,788**	**473,697**	**1,028,910**	**2,302,395**	**(140,257)**	**(48,111)**	**(188,368)**	**3,824,031**	**2,672,500**	**6,496,531**

See accompanying notes to consolidated financial statements.

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

Reviewed only, not audited in accordance with Standards on Auditing

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31, 2023	2022
Cash flows from operating activities:		
Income before income tax	$ 219,172	320,359
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	56,160	53,769
Amortization expenses	28,386	32,897
Expected credit loss (gain)	(32,073)	8,515
Net loss on financial assets at fair value through profit or loss	23	-
Interest expense	48,534	52,173
Interest income	(8,977)	(1,849)
Dividend income	(9)	-
Compensation cost arising from share-based payment transactions	2,198	1,704
Shares of loss (gain) of associates accounted for using equity method	(1,367)	16,523
Gains on disposal of property, plant and equipment	(19)	(138)
Provisions for inventory devaluation and obsolescence loss	43,869	25,289
Adjustment for other non-cash-related losses (profit), net	(10)	(699)
Total adjustments to reconcile profit (loss)	136,715	188,184
Changes in operating assets and liabilities:		
Notes receivable	7,420	2,134
Accounts receivable (including related parties)	340,258	(16,390)
Inventories	107,342	(427,206)
Other operating assets	(18,514)	719
Contract liabilities	(4,271)	(35,467)
Notes payable	(3,981)	(13,894)
Accounts payable (including related parties)	(27,837)	(84,911)
Other payables	(42,381)	(44,424)
Net defined benefit assets/liabilities	(493)	(564)
Other operating liabilities	(17,186)	14,770
Total changes in operating assets and liabilities	340,357	(605,233)
Total adjustments	477,072	(417,049)
Cash flows generated from operations	696,244	(96,690)
Interest received	6,982	1,471
Interest paid (including preference share)	(11,019)	(11,020)
Income taxes paid	(5,095)	(15,112)
Net cash flows from (used in) operating activities	687,112	(121,351)

(Continued)

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

Reviewed only, not audited in accordance with Standards on Auditing

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Three Months Ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	**2022**
Cash flows from investing activities:		
Decrease in financial assets at amortized cost	401,764	54,887
Proceeds from disposal of financial liability at fair value through profit or loss	(227)	-
Acquisition of property, plant and equipment	(15,036)	(389)
Proceeds from disposal of property, plant and equipment	19	199
Acquisition of intangible assets	(3,545)	(3,221)
Decrease (Increase) in other financial assets	1,478	(257)
Increase in other non-current assets	(1,641)	(48,153)
Dividends received	4	-
Net cash flows from investing activities	382,816	3,066
Cash flows from financing activities:		
Increase in short-term borrowings	373,371	624,640
Decrease in short-term borrowings	(623,161)	(176,768)
Repayments of long-term borrowings	(485,302)	(76,627)
Repayment of the principal portion of lease liabilities	(17,174)	(15,773)
Exercise of employee share options	90	19,632
Net cash flows from (used in) financing activities	(752,176)	375,104
Effect of exchange rate changes on cash and cash equivalents	(14,285)	53,913
Net increase in cash and cash equivalents	303,467	310,732
Cash and cash equivalents at beginning of period	2,303,346	1,934,467
Cash and cash equivalents at end of period	$ **2,606,813**	**2,245,199**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

Posiflex Technology, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Three Months Ended March 31, 2023 and 2022

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

1. Company History

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

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

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on May 11, 2023.

3. New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(Continued)

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the guidelines of IAS 34 *Interim Financial Reporting* (hereinafter referred to as “IAS 34”) which are endorsed by the FSC, and do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for a complete set of the annual consolidated financial statements.

Except as described in the following paragraph, the Group’s significant accounting policies are applied consistently for the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of consolidation

The principle of preparation of the consolidated financial statements is consistent with those of the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2022.

A. List of subsidiaries in the consolidated financial statements

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

			Percentage of Ownership			
Name of Investor	**Name of Subsidiary**	**Business**	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**	**Note**
The Company	Portwell Inc. (PORTWELL)	Manufacture and sale of industrial computers and peripheral equipment and information software services	55 %	55 %	70 %	Note 2
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 %	"

(Continued)

Posiflex Technology, Inc. and Subsidiaries
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Name of Investor	Name of Subsidiary	Business	Percentage of Ownership March 31, 2023	December 31, 2022	March 31, 2022	Note
The Company	Posiflex Technology Japan (PJ)	Foreign trade	100 %	100 %	100 %	"
The Company	KOMING Technology Inc. (KOMING)	Foreign trade and software services	100 %	100 %	100 %	"
The Company	BonusPay Technology Inc. (BonusPay)	Software services	96 %	96 %	96 %	"
The Company	ONK Cloud Computing Technology Inc. (ONK Cloud)	Software services	99.90 %	99.90 %	96.67 %	Notes 1, 3
The Company	Ultra Systems Inc. (ULTRA)	Software services	51.49 %	51 %	51 %	Notes 1, 6
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.	Software services	100 %	100 %	- %	Notes 1, 4
PIC	Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	100 %	100 %	100 %	Note 1
PTIL	Mustek Automation Pvt Ltd. (Mustek)	Foreign trade	100 %	100 %	100 %	"
PTIL	Quinta Systems Pvt Ltd. (QUINTA)	Foreign trade	70 %	70 %	70 %	"
ONK Cloud	ONK Clouding International Ltd. (ONK International)	Investing	100 %	100 %	100 %	"
ONK International	ONK Clouding Shanghai (ONK Shanghai)	Software services	100 %	100 %	100 %	"
PBM	KIS Acquisition Corp. (KIA)	Investing	82 %	82 %	82 %	
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 %	"

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Name of Investor	Name of Subsidiary	Business	Percentage of Ownership March 31, 2023	Percentage of Ownership December 31, 2022	Percentage of Ownership March 31, 2022	Note
PORTWELL	European Portwell Technology B.V. (EPT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
PORTWELL	Portwell India Technology Private Limited (PIT)	Manufacture and sale of industrial computers and peripheral equipment	51 %	51 %	51 %	"
PORTWELL	Portwell Korea, Inc. (PKI)	Manufacture and sale of industrial computers and peripheral equipment and information software services	100 %	100 %	100 %	"
PORTWELL	GANLOT, Inc. (GANLOT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
PORTWELL	Holdwel Co., Ltd. (HOLDWEL)	Investing	83.33 %	83.33 %	83.33 %	"
APT	KIS Acquisition Corp. (KIA)	Investing	18 %	18 %	18 %	"
HOLDWEL	MEDWEL, Inc. (MEDWEL)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
DEVELOPMENT	Portwell Holding Ltd. (HOLDING)	Investing	100 %	100 %	100 %	"
EPT	Portwell (UK) Ltd. (PUK)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	Note 1
EPT	KIOSK Embedded Systems GmbH (KES)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
EPT	Kiosk Embedded SystemsSrl (KESI)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	- %	Notes 1, 5
HOLDING	Welink Technology Co., Ltd. (WELINK)	Foreign trade and software services	100 %	100 %	100 %	Note 1

Note 1: The financial statements of non-significant subsidary have not been reviewed.

Note 2: In June 2022, the Group disposed 15% of its ordinary shares in its subsidiary, PORTWELL, resulting in its shareholding ratio in PORTWELL to decrease to 55%.

Note 3: In June 2022, ONK Cloud reduced its capital to offset its accumulated losses; and on the same day, increased its capital, which were fully subscribed by the Group.

Note 4: Founded in November 2022.

Note 5: Founded in October 2022.

Note 6: In March,2023 ULTRA increase 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.

(Continued)

(3) Employee benefits

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

(4) Income tax

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

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

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

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

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

Except for the following, the preparation of the consolidated financial statements, as well as the major sources of accounting judgments, estimations and assumptions of uncertainty, are applied consistently with note 5 to the consolidated financial statements for the year ended December 31, 2022.

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

6. Description of Significant Accounts

Except as described below, there were no significant changes in the description of significant accounts mentioned in the consolidated financial statements for the year ended December 31, 2022. For other information about the description of significant accounts, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	$ 1,239	1,212	1,312
Cash in bank and checking deposits	1,929,747	2,048,588	1,903,960
Time deposits	675,827	253,546	339,927
	$ 2,606,813	**2,303,346**	**2,245,199**

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

(2) Financial assets and liabilities

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

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic listed companies	$ 395	328	-
Domestic emerging market shares	78,413	77,993	118,646
Domestic unlisted shares	29,521	24,871	23,507
Foreign unlisted shares	33,193	34,040	36,270
	$ 141,522	**137,232**	**178,423**

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

	March 31, 2023	December 31, 2022	March 31, 2022
Cash in bank (restricted)	$ 15,000	15,000	-
Time deposits (restricted)	533,514	535,650	64,406
Time deposits (more than 3 months)	60,900	461,420	14,313
	$ 609,414	**1,012,070**	**78,719**

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.

(Continued)

Posiflex Technology, Inc. and Subsidiaries
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For credit risk, please refer to note 6(28).

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	$ 3,206	10,626	22,742
Accounts receivable	1,448,998	1,690,617	1,746,238
Accounts receivable－related parties	22,201	120,839	59,132
	1,474,405	1,822,082	1,828,112
Less: loss allowance	(74,264)	(106,759)	(65,988)
	$ 1,400,141	**1,715,323**	**1,762,124**

Please refer to notes 6(5) and 7 for more details on other receivable excluding from the receivables above.

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

	March 31, 2023		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,216,996	0.4%	4,850
1 to 60 days past due	159,533	2.14%	3,408
61 to 180 days past due	37,394	21.41%	8,007
More than 181 days past due	27,921	91.11%	25,438
	$ 1,441,844		**41,703**

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

	March 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,471,556	0.36%	5,265
1 to 60 days past due	230,030	1.11%	2,560
61 to 180 days past due	82,397	17.58%	14,484
More than 181 days past due	28,137	98.43%	27,696
	$ 1,812,120		**50,005**

Note: As of March 31, 2023, December 31 and March 31, 2022, the outstanding balance of the Group' s receivables amounted to $32,561 thousand, $59,531 thousand and $15,983 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 three months ended March 31,	
	2023	**2022**
Beginning balance	$ 106,759	55,996
Impairment loss recognized (reversed)	(32,073)	8,515
Effect of exchange rate changes	(422)	1,477
Ending balance	**$ 74,264**	**65,988**

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

Derivatives:

The Group holds derivative financial instruments to hedge the foreign exchange rate risk the Group is exposed to, arising from its operating activities. No derivative financial instruments were held by the Group on December 31, 2022. The following derivatives instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial liabilities:

	March 31, 2023		
	Amount (thousand)	**Currency**	**Maturity Dates**
Forward exchange	USD 1,000	USD to NTD	112.4.28

	December 31, 2022		
	Amount (thousand)	**Currency**	**Maturity Dates**
Forward exchange	USD 1,500	USD to NTD	112.1.13~112.2.23

On March 31, 2023 and December 31, 2022, the forward exchange contract amounted to $1 thousand and $203 thousand, classified as current financial liabilities at fair value through profit or loss.

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(3) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	$ 1,291,094	1,377,200	1,578,071
Work-in-process and semi-finished products	360,764	321,138	542,715
Finished goods	1,477,279	1,582,010	1,438,073
	$ 3,129,137	**3,280,348**	**3,558,859**

The details of operating costs were as follows:

	For the three months ended March 31,	
	2023	**2022**
Cost of goods sold	$ 1,465,075	1,698,598
Inventory devaluation and obsolescence loss	43,869	25,289
	$ 1,508,944	**1,723,887**

As of March 31, 2023, December 31 and March 31, 2022, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	**$ 260,438**	**259,483**	**238,444**

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 March 31,	
	2023	**2022**
Attributable to the Group:		
Net income (loss)	$ 1,367	(16,523)
Other comprehensive income	(333)	2,551
Total comprehensive income (loss)	**$ 1,034**	**(13,972)**

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

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

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(5) Other financial assets

	March 31, 2023	December 31, 2022	March 31, 2022
Lease receivables (note 6(8))	$ 1,569	1,568	2,849
Other receivables	13,188	11,895	7,358
Other	2,862	2,817	2,720
	$ 17,619	16,280	12,927
Non-current:			
Lease receivables (note 6(8))	$ 2,683	3,071	4,250
Guarantee deposits paid	20,880	22,408	24,968
Other	1,801	1,816	1,132
	$ 25,364	27,295	30,350

(6) Material non-controlling interests of subsidiaries

The group have been notified that Asus will been obtain 15% of equity of PORTWELL within three months on March 31, 2022. Accroding to the strategic alliance cooperation agreement.

The group has holding PORTWELL's ownership by 55% and 70% as of March 31, 2023 and December 31, 2022, respectively.

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current:			
Current tax assets	$ 4,370	14,632	4,126
Prepayments	65,103	47,730	58,544
Other prepayments	28,523	23,207	20,881
Overpaid business tax and refunds receivable	9,018	10,129	45,960
Other	7,664	9,022	1,765
	$ 114,678	104,720	131,276

(Continued)

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

		March 31, 2023	December 31, 2022	March 31, 2022
Non-current:				
Prepayments for deposits of equipment	$	16,207	14,643	51,468
Other		814	815	814
	$	**17,021**	**15,458**	**52,282**

(8) Property, plant and equipment

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

		Land	Buildings and structures	Machinery equipment	Other equipment	Total
Carrying value:						
Balance as of January 1, 2023	$	**626,371**	**2,449,483**	**166,693**	**122,460**	**3,365,007**
Balance as of March 31, 2023	$	**623,660**	**2,424,826**	**159,751**	**121,906**	**3,330,143**
Balance as of January 1, 2022	$	**619,535**	**2,534,459**	**138,503**	**114,099**	**3,406,596**
Balance as of March 31, 2022	$	**620,276**	**2,514,672**	**139,888**	**119,506**	**3,394,342**

There were no significant additions, disposal of the Group property, plant and equipment for the three months ended March 31, 2023 and 2022. Information on depreciation for the period is discussed in note 12. Please refer to note 6(9) of the 2022 annual consolidated financial statements for other related information.

B. Lease receivables

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

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

As of March 31, 2023, December 31 and March 31, 2022, the balance of lease receivables please refer to note 6(5).

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

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

(9) Right-of-use assets

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

		Land	Buildings	Transportation equipment	Machinery equipment	Total
Carrying value:						
Balance as of January 1, 2023	$	**87,169**	**142,609**	**13,811**	**-**	**243,589**
Balance as of March 31, 2023	$	**86,286**	**133,655**	**13,399**	**-**	**233,340**
Balance as of January 1, 2022	$	**412,286**	**172,774**	**8,057**	**8,228**	**601,345**
Balance as of March 31, 2022	$	**416,139**	**170,372**	**9,588**	**-**	**596,099**

According to the Group' s lease agreement of the state-owned land, the group has an option to purchase the state-owned land. The Group decided not to purchase the land after the assessment in the third quarter of 2022, which is a change in the payments rather than the scope of the lease within IFRS16, please refer to note 6(17).

(10) Investment property

	Land	Bulding	Total
Balance as of January 1, 2023	$ **40,719**	**7,358**	**48,077**
Balance as of March 31, 2023	$ **40,719**	**7,312**	**48,031**
Balance as of January 1, 2022	$ **40,719**	**7,540**	**48,259**
Balance as of March 31, 2022	$ **40,719**	**7,494**	**48,213**

There were no signifiant addition and disposal of investment property three months ended March 31, 2023 and 2022. Information on depreciation for the period was discussed in note 12. Please refer to note 6(11) of the 2022 annual consolidated financial statements for the other related information.

The fair value of the investment property was not significantly different from those disclosed in the note 6(11) of the annual consolidated financial statements for the year ended December 31, 2022.

(11) Operating lease

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	$ 437	701	1,200
Two to five years	132	175	377
Total undiscounted lease payments	$ **569**	**876**	**1,577**

For the three months ended March 31, 2023 and 2022, the rental income from investment properties amounted to $305 thousand, and $241 thousand, respectively.

(12) Goodwill

There were no significant additions, disposal, or recognition and reversal of impairment losses of goodwill for the three months ended March 31, 2023 and 2022. Please refer to note 6(13) of the 2022 annual consolidated financial statements for other related information.

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(13) Intangible assets

		Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Carrying value:							
Balance as of January 1, 2023	$	**82,610**	**59,287**	**733,177**	**31,712**	**73**	**906,859**
Balance as of March 31, 2023	$	**69,624**	**46,347**	**727,951**	**31,691**	**49**	**875,662**
Balance as of January 1, 2022	$	**188,224**	**104,237**	**672,274**	**26,734**	**170**	**991,639**
Balance as of March 31, 2022	$	**176,402**	**93,727**	**691,269**	**27,405**	**143**	**988,946**

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended March 31, 2023 and 2022. Information on amortization for the period was discussed in note 12. Please refer to note 6(14) of the 2022 annual consolidated financial statement for other related information.

(14) Short-term borrowings

		March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	$	490,900	930,000	831,765
Secured bank loans		465,304	276,677	77,288
	$	**956,204**	**1,206,677**	**909,053**
Range of interest rates		**1.73%~9%**	**1.75%~9%**	**0.8%~2.12%**

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

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

(15) Other payables

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

		March 31, 2023	December 31, 2022	March 31, 2022
Payables for salaries and bonus	$	300,304	371,151	202,402
Accrued dividends on preference shares		192,419	153,935	192,419
Compensation payables to directors and employees		55,485	52,155	54,697
Payables for construction		1,088	6,584	10,464
Others		190,432	166,265	131,128
	$	**739,728**	**750,090**	**591,110**

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(16) Provisions

	March 31, 2023	December 31, 2022	March 31, 2022
Advertising	$ 86,749	93,962	73,579
Warranties	24,608	23,931	19,724
	$ 111,357	**117,893**	**93,303**

There were no significant changes in provisions for the three months ended March 31, 2023 and 2022. For other related information, please refer to note 6(17) of the 2022 annual consolidated financial statements for other related information.

(17) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	**$ 54,264**	**56,831**	**61,373**
Non-current	**$ 356,595**	**365,220**	**708,037**

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current	$ 6,565	6,544	9,367
Non-current	237,222	238,871	562,156
	$ 243,787	**245,415**	**571,523**

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interests on lease liabilities	**$ 2,848**	**7,073**
Expenses relating to short-term leases	**$ 481**	**477**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 299**	**278**
Covid-19 related rent concessions (recognized as other gains and losses)	**$ -**	**477**

(Continued)

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

	For the three months ended March 31,	
Total cash outflow for leases	$ 20,802	23,124

A. Real estate leases

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

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

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

The market economy was severely affected by the Covid-19, the National Property Administration gave the lessees a 20% reduction in their rents of non-public use property under its management. Within the period from January 2020 to December 2022, resulting in group' rentals to be reduced by 20% for the three months ended March 31, 2022.

B. Other leases

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

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

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(18) Long-term borrowings

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

	March 31, 2023			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Government rescue loans	JPY	-	February 2024	$ 22,880
Secured bank loans				
Bank loans	JPY	1.5%	December 2035	78,765
				101,645
Less: Current portion				(29,058)
Total				**$ 72,587**

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

	March 31, 2022			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Bank loans	NTD	1%	November 2024	$ 137,500
Bank loans	NTD	1.24%	May 2024	45,859
Government rescue loans	JPY	-	February 2024	23,530
Secured bank				
Bank loans	NTD	1%	November 2024	687,500
Bank loans	NTD	1.24%	May 2024	437,500
Bank loans	USD	2.31757%	June 2023	145,988
Bank loans	JPY	1.5%	December 2035	87,355
				1,565,232
Less: Current portion				(501,364)
Total				**$ 1,063,868**

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

(19) Preference share liabilities

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

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

There were no significant issues, repurchases and repayments of preference share liabilities for the three months ended March 31, 2023 and 2022. Information on interest expense for the period is discussed in note 6(27). Please refer to note 6(20) of the 2022 annual consolidated financial statements for other related information.

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

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

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

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

(20) Employee benefits

Since there were no significant market fluctuations, curtailments, settlements, and no other significant one off event from the previous fiscal year, the pension costs in the financial statements were measured and disclosed based on the actuarial results determined on December 31, 2022 and 2021.

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

(Continued)

(21) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the three months ended March 31,	
	2023	**2022**
Current income tax expense		
Current period	$ 55,721	77,881

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

	For the three months ended March 31,	
	2023	**2022**
Exchange differences on translation of foreign financial statements	$ (3,597)	12,833

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

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

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the three months ended March 31, 2023 were authorized for issue, there is no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. On March 31, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

(22) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2023 and 2022. For related information on the shareholders' equity, please refer to note 6(23) of the 2022 annual consolidated financial statements.

(Continued)

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A. Share Capital

The Group received the amount of $90 thousand as subscription to the $1 thousand capital stocks executed by its employees for the three months ended March 31, 2023, the related registration procedure of all the capital stock have been completed, of which the amounts of $10 thousand and $80 thousand were recognized as share capital and increase in capital surplus. In addition, the share capital of $320 thousand capital stocks which have been advance received in beginning period have completed the related registration procedure.

The Group received the amount of 210 thousand as subscription to the 19,632 thousand capital stocks executed by its employees for the three months ended March 31, 2022, of which the amounts of $2,100 thousand and $17,532 thousand were recognized as advance receipt for share capital and increase in capital surplus, respectively. As of March 31, 2022, the related registration procedures have yet to be completed.

B. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Paid-in capital in excess of par value	$ 463,119	463,039	419,591
Paid-in capital in excess of the par value derived from corporate bond conversion	186,826	186,826	186,826
Share options—bonds payable	87,533	87,533	87,533
Employee share options	34,386	32,626	39,783
Conversion right—preference share	35,191	35,191	35,191
Difference between consideration and carrying amount of subsidiaries acquired or disposed	123,035	123,132	83,886
Changes in equity of investments accounted for using equity method	23,843	23,843	21,876
Others	913	913	1,988
	$ 954,846	**953,103**	**876,674**

The following are the appropriation of Capital surplus in 2022, which were proposed during the shareholders' meeting held on March 16, 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**

(Continued)

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C. Retained earnings

The following are the appropriation of earnings in 2023 and 2022 which were approved during the board's meeting shareholders' meeting held on March 16, 2023 and June 6, 2022, respectively:

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

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

The appropriation of retained earnings was consistent with the resolutions approved by the Board of Directors. The appropriation of earnings distribution of 2022 will be presented for resolution in annual shareholders' meeting. The related information is available on the Market Observation Post System website.

(23) Share-based payment

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

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

	For the three months ended March 31,	
	2023	**2022**
Compensation cost	$ **2,198**	**1,704**

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(24) Earnings per share

	For the three months ended March 31,	
	2023	**2022**
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ **90,387**	**226,753**
Weighted-average number of ordinary shares (in thousands)	$ **75,515**	**75,120**
Basic earnings per share	$ **1.20**	**3.02**
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (basic)	$ 90,387	226,753
Interest expense on preference shares	-	38,484
Effect of dilutive potential ordinary shares		
Net income attributable to ordinary shareholders of the Company (diluted)	$ **90,387**	**265,237**
Weighted-average number of ordinary shares (in thousands) (basic)	75,515	75,120
Employee remuneration	327	237
Employee share options	420	114
Convertible preference shares	-	31,153
Weighted-average number of ordinary shares (in thousands) (diluted)	**76,262**	**106,624**
Diluted earnings per share	$ **1.19**	**2.49**

Since the convertible preference share issued by the group had an anti-dilution effect from January 1 to March 31, 2023, there are not indeed in the calculation of diluted earnings per share.

(25) Revenue from contracts with customers

A. Disaggregation of revenue

	For the three months ended March 31, 2023			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 504,926	1,270,319	529,673	2,304,918
Revenue from warranty and managed services	1,631	73,515	-	75,146
	$ **506,557**	**1,343,834**	**529,673**	**2,380,064**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
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	For the three months ended March 31, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from sale of goods	$ 779,849	1,109,203	697,316	2,586,368
Revenue from warranty and managed services	1,542	72,410	-	73,952
	$ 781,391	**1,181,613**	**697,316**	**2,660,320**

B. Contract balances

	March 31, 2023	**December 31, 2022**	**March 31, 2022**
Contract liabilities－current			
Sale of goods	$ 166,740	178,370	298,974
Warranty and managed services	172,215	148,790	182,538
	338,955	327,160	481,512
Contract liabilities－non-current			
Warranty and managed services	113,631	129,697	119,964
	$ 452,586	**456,857**	**601,476**

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

The amounts of revenue recognized for the three month ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were $111,765 thousand and $146,971 thousand, respectively.

(26) Remuneration to employees and directors

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

The remunerations to employees amounted to $2,220 thousand , and $8,539 thousand, as well as the remunerations to directors amounted to $1,110 thousand and $2,846 thousand for the three months ended March 31, 2023 and 2022, respectively. These amounts were calculated using the Group's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Group's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2022 and 2021, the remunerations to employees amounted to $41,724 thousand and $17,466 thousand, and the remunerations to directors amounted to $10,431 thousand and $5,822 thousand, respectively, which were both paid in cash. There were no differences between the estimated amounts and the actual amounts of remuneration. The information is available on the Market Observation Post System website.

(27) Non-operating income and expenses

A. Interest income

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest income from bank deposits	$ 8,938	1,469
Interest income on lease receivable	35	58
Other interest income	4	322
	$ 8,977	**1,849**

B. Other income

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Rental income	$ 7,177	7,278
Dividend income	9	-
	$ 7,186	**7,278**

C. Other gains and losses

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Gains on disposal of property, plant and equipment	$ 19	138
Foreign exchange gains (losses), net	(12,776)	53,604
Net loss on financial assets and liabilities at FVTPL	(24)	-
Other	1,013	3,276
	$ (11,768)	**57,018**

D. Finance costs

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest expenses on preference share liabilities	$ 38,484	38,484
Interest expenses on bank loans	7,202	6,616
Interest expenses on lease liabilities	2,848	7,073
	$ 48,534	**52,173**

(Continued)

(28) Financial Instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For related information about the fair value on financial instruments, please refer to note 6(29) of the 2022 annual consolidated financial statements.

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Group mainly transacts with entities with good credit ratings, domestic and foreign. Aside from granting credit facilities to customers according to procedures for granting credits, the Group also continues to obtain understanding of the credit status of its customers. As of March 31, 2023, December 31 and March 31, 2022, the Group' s accounts receivable were not concentrated.

(c) Receivables and debt securities

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

B. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
March 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	$ 956,204	967,660	967,660	-	-
Lease liabilities (including current portion)	410,859	459,913	59,502	159,892	240,521
Long-term borrowings (including current portion)	101,645	109,128	30,186	28,311	50,631
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	146,746	146,746	-	143,876	2,870
	$ 6,210,543	**6,278,536**	**1,057,348**	**4,927,168**	**294,022**

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	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 1,206,677	1,228,239	1,228,239	-	-
Lease liabilities (including current portion)	422,051	483,794	67,214	172,479	244,101
Long-term borrowings (including current portion)	588,563	625,896	14,741	557,975	53,180
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	147,972	147,972	-	145,118	2,854
	$ 6,960,352	**7,080,990**	**1,310,194**	**5,470,661**	**300,135**
March 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 909,053	913,900	913,900	-	-
Lease liabilities (including current portion)	769,410	900,675	69,456	193,273	637,946
Long-term borrowings (including current portion)	1,565,232	1,601,213	517,717	1,024,289	59,207
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	1,850	1,850	-	-	1,850
	$ 7,840,634	**8,012,727**	**1,501,073**	**5,812,651**	**699,003**

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

C. Currency risk

(a) Exposure to currency risk

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

	March 31, 2023		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 53,200	30.45	1,619,936
CNY	8,647	4.431	38,316
Investments accounted for using equity method			
USD	1,594	30.45	48,528
Financial liabilities			
Monetary items			
USD	25,939	30.45	789,834
CNY	881	4.431	3,906

(Continued)

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

	March 31, 2022		
	Foreign currency	**Exchange rate**	**NTD**
Financial assets			
Monetary items			
USD	$ 75,305	28.625	2,155,612
CNY	20,421	4.506	92,016
Investments accounted for using equity method			
USD	1,537	28.625	44,009
Financial liabilities			
Monetary items			
USD	35,534	28.625	1,017,161

(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 March 31, 2023 and 2022, would have increased (decreased) the comprehensive income $34,580 thousand and $49,219 thousand for the three months ended March 31, 2023 and 2022, respectively.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Group’s entities, the Group’s foreign Gains (losses) on monetary items amounted to $(12,776) thousand, and $53,604 thousand for the year ended March 31, 2023 and March 31, 2022, respectively.

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D. Interest rate risk

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

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

If the interest rate had increased or decreased by 1%, the Group's net income would have increased or decreased by $2,116 thousand and $4,949 thousand for the three months ended March 31, 2023 and March 31, 2022, respectively, with all other variable factors remaining constant.

E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

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

	March 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic listed stocks	$ 395	395	-	-	395
Domestic emerging market shares	78,413	-	36,455	41,958	78,413
Domestic unlisted stocks	29,521	-	-	29,521	29,521
Foreign unlisted stocks	33,193	-	-	33,193	33,193
	$ 141,522	**395**	**36,455**	**104,672**	**141,522**

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

(Continued)

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	March 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic emerging market shares	$ 118,646	-	81,920	36,726	118,646
Domestic unlisted stocks	23,507	-	-	23,507	23,507
Foreign unlisted stocks	36,270	-	-	36,270	36,270
	$ 178,423	**-**	**81,920**	**96,503**	**178,423**

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

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

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

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

A. Non-derivative

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

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

B. Derivative

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

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

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(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－ equity investments without an active market
Balance as of January 1, 2023	$ 100,869
Total gains and losses	
Recognized in other comprehensive income	3,803
Balance as of March 31, 2023	**$ 104,672**
Balance as of January 1, 2022	$ 110,268
Disposal	
Total gains and losses	1,300
	(15,065)
Balance as of March 31, 2022	**$ 96,503**

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

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

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

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

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Quantified information of significant unobservable inputs were as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI－equity investments without an active market	Market approach	• Price-to-book ratios as of March 31, 2023, December 31, and March 31, 2022 were 2.25, 2.25 and 2.07, respectively. • Liquidity discount as of March 31, 2023, December 31, and March 31, 2022 were 16.03%, 16.03% and 14.32%, respectively.	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.
Financial assets at FVOCI－equity investments without an active market	Asset approach	• Net asset value. • Liquidity discount as of March 31, 2023, December 31 and March 31, 2022 were 30% .	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(29) Financial risk management

There were no significant changes in the Group’s objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2022. For related information about the financial risk management, please refer to note 6(30) of the consolidated financial statements for the year ended December 31, 2022.

(30) Capital management

The Group’ s objectives, policies and processes for capital management were consistent with those of consolidated financial statements for the year ended December 31, 2022. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2022. For related information about the capital management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2022.

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(31) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2023	**Cash flow**	**Foreign exchange movement**	**Other changes**	**March 31, 2023**
Short-term borrowings	$ 1,206,677	(249,790)	(683)	-	956,204
Lease liabilities (including current portion)	422,051	(17,174)	(409)	6,391	410,859
Guarantee deposits received	147,972	-	(1,226)	-	146,746
Long-term borrowings (including current portion)	588,563	(485,302)	(1,616)	-	101,645
	$ 2,365,263	**(752,266)**	**(3,934)**	**6,391**	**1,615,454**

			Non-cash changes		
	January 1, 2022	**Cash flow**	**Foreign exchange movement**	**Other changes**	**March 31, 2022**
Short-term borrowings	$ 459,448	447,872	1,733	-	909,053
Lease liabilities (including current portion)	771,276	(15,773)	5,785	8,122	769,410
Guarantee deposits received	1,847	-	3	-	1,850
Long-term borrowings (including current portion)	1,639,486	(76,627)	2,373	-	1,565,232
	$ 2,872,057	**355,472**	**9,894**	**8,122**	**3,245,545**

7. Related-party Transactions

(1) Names and relationship with related parties

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

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

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(2) Significant related-party transactions

A. Operating revenue

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Associate	$ 2,615	84,740
Subsidiary of associate	26,286	73
	$ 28,901	**84,813**

The selling prices for sales to related parties were determined by the products' fair market value, and the collection terms were mainly 30-90 days, which were similar to those offered to third party customers.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Associate	$ 2,718	4,530	59,055
Subsidiary of associate	19,483	116,309	77
	$ 22,201	**120,839**	**59,132**

B. Purchases

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Associate	$ 50,873	60,600
Subsidiary of associate	22,802	24,204
	$ 73,675	**84,804**

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Associate	$ 7,648	42,089	44,785
Subsidiary of associate	9,403	3,937	8,398
	$ 17,051	**46,026**	**53,183**

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 March 31,	
	2023	**2022**
Substantive related party	$ 1,500	1,500
Associate	492	764
Subsidiary of associate	145	129
	$ 2,137	**2,393**

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

	March 31, 2023	**December 31, 2022**	**March 31, 2022**
Associate	$ 164	329	287
Subsidiary of associate	33	355	72
	$ 197	**684**	**359**

(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 March 31,	
	2023	**2022**
Associate	$ 1,224	1,196
Subsidiary of associate	19	212
	$ 1,243	**1,408**

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

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

	March 31, 2023	**December 31, 2022**	**March 31, 2022**
Associate	$ 1,242	1,621	616
Subsidiary of associate	366	596	89
	$ 1,608	**2,217**	**705**

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

(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the three months ended March 31, 2023	2022
Short-term employee benefits	$ 56,301	41,221
Post-employment benefits	846	654
Share-based payment	2,083	1,544
	$ 59,230	**43,419**

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

Please refer to note 6(23) for further information on share-based payment.

8. Assets pledged as security

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

Assets	Purpose of Pledged	March 31, 2023	December 31, 2022	March 31, 2022
Security deposit for loans (recognized as other financial assets－current)	Collateral for short-term bank loans	$ 2,862	2,817	2,720
Security deposit for loans (recognized as other financial assets－non-current)	Collateral for bank borrowing	1,800	1,816	1,132
Property, plant and equipment	Collateral for bank borrowing	2,278,437	2,081,725	2,336,808
Cash in bank (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	15,000	15,000	-
Time deposits (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	533,514	535,650	64,406
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	20,880	22,408	24,968
		$ 2,852,493	**2,659,416**	**2,430,034**

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

9. Significant Commitments and Contingencies

Company A, a customer of the Group, provided the guarantee deposit amounting to $143,876 thousand (USD 4,725 thousand) to ensure the delivery of its order. The deposit is not deductible to the payables and shall be fully refunded to Company A after the end of the project. The deposit received by the Group had been recognized as guarantee deposits received-non-current.

10. Significant Casualty Loss: None.

11. Significant Subsequent Events: None.

12. Other

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

By function / By item	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	112,044	378,603	490,647	106,437	340,848	447,285
Labor and health insurance	10,987	26,922	37,909	9,214	23,935	33,149
Pension	3,881	13,725	17,606	3,506	13,792	17,298
Others	9,377	13,223	22,600	13,256	8,754	22,010
Depreciation (note)	20,858	35,256	56,114	19,552	34,171	53,723
Amortization	13,068	15,318	28,386	12,659	20,238	32,897

Note: For the three months ended March 31, 2023 and March 31, 2022, both of the deprecation expenses of the assets leased to the third parties under operating leases amounted to $46 thousand, recognized as deductions of rental revenue.

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

13. Other disclosures:

(1) Information on significant transactions:

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

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

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

C. Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

D. Individual securities acquired or disposed of with accumulated amount $300 million or 20% of the capital stock: None.

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

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

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $300 million or 20% of the capital stock: Please refer to Table 4.

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

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

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

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

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

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

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

(iii) Significant transactions:

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

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	29.20 %

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 March 31, 2023			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 506,557**	**1,343,834**	**529,673**	**2,380,064**
Reportable segment profit	**$ 375,110**	**177,234**	**45,720**	**598,064**
Total segment assets				$ 14,904,942
Investments accounted for using equity method				260,438
Total assets				**$ 15,165,380**

	For the three months ended March 31, 2022			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	**$ 781,391**	**1,181,613**	**697,316**	**2,660,320**
Reportable segment profit	**$ 444,171**	**189,784**	**27,657**	**661,612**
Total segment assets				$ 15,348,233
Investments accounted for using equity method				238,444
Total assets				**$ 15,586,677**

(Continued)

Posiflex Technology, Inc. and Subsidiaries
Loans to other parties
For the Three Months Ended March 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period (note 3)	Ending balance (note 3)	Actual usage amount during the period (note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (note 2)	Maximum limit of total financing amount (note 2)
													Item	Value		
0	POSIFLEX	PORTWELL	Other receivables —related parties	Yes	300,000	300,000	300,000	1.33%	2	-	Loan repayment	-		-	764,806	1,147,209

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

Note 2: According to the financing company’s financial management clauses, for financing to entities which have short-term financing needs, the financing limit for each borrower and the aggregate financing limit are 20% and 30%, respectively, of the financing company’s net value.

Posiflex Technology, Inc. and Subsidiaries
Guarantees and endorsements for other parties
For the Three Months Ended March 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of the reporting date (Note 4)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of the accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of the subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of the parent company	Endorsements/ guarantees to third parties on behalf of the companies in Mainland China	Note
		Name	Relationship with the Company (Note1)											
0	The Company	PBM	b	7,648,062	243,840	243,600	-	-	6.37 %	7,648,062	Y	N	N	
0	The Company	PG	b	7,648,062	9,144	-	-	-	- %	7,648,062	Y	N	N	
0	The Company	PTIL	b	7,648,062	13,259	13,246	13,246	-	0.35 %	7,648,062	Y	N	N	
0	The Company	KIOSK	b	7,648,062	182,700	182,700	137,025	90,000	4.78 %	7,648,062	Y	N	N	Note 5
1	APT	PORTWELL	d	5,535,846	457,200	456,750	200,000	458,514	16.50 %	5,535,846	N	N	N	Note 6

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

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

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

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

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

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

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

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

Note 3: The ratio of endorsements/guarantees to net assets from the financial statements of the Company for the year ended March 31, 2023.

Note 4: Both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PBM each amounted to US$8,000 thousand; the highest balance of the period of the endorsements/guarantees for PG amounted to US$300 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PTIL each amounted to US$435 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for KIOSK each amounted to US$6,000 thousand. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1: NT$30.45 as of March 31, 2023.

Note 5: The time deposit of NTD$75,000 thousand and cash in bank of NTD$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$15,000 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 March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

March 31, 2023

Table 3 (In Thousands of New Taiwan Dollars/share)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WaWaWorks Inc.	-	Financial assets at fair value through other comprehensive income－non-current	7,415,874	-	18.20 %	-	
The Company	Yao Teng Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	10,000	-	0.96 %	-	
The Company	O' Pay Electronic Payment Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	932,828	36,455	1.28 %	36,455	
The Company	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	847	395	0.01 %	395	
The Company	My Ball International Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	104,651	-	2.07 %	-	
The Company	NiceRaker Inc.	-	Financial assets at fair value through other comprehensive income－non-current	500,000	-	0.48 %	-	
The Company	Hua He Tang International Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	975,000	-	19.50 %	-	
PORTWELL	AcSiP Technology Corp.	PORTWELL is a director of AcSiP Technology Corp.	Financial assets at fair value through other comprehensive income－non-current	5,180,000	41,958	14.14 %	41,958	
PORTWELL	S-SHARP Corporation	-	Financial assets at fair value through other comprehensive income－non-current	232,000	-	16.20 %	-	
PORTWELL	GRIDWELL, Inc.	-	Financial assets at fair value through other comprehensive income－non-current	400,000	-	15.04 %	-	
PORTWELL	Welink Solutions, Inc.	Subsidiary of associate	Financial assets at fair value through other comprehensive income－non-current	1,935,346	29,521	9.68 %	29,521	
HOLDING	Beijing Caswell Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	-	33,193	18.00 %	33,193	

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

Posiflex Technology, Inc. and Subsidiaries

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

March 31, 2023

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
PORTWELL	APT	Subsidiary	Sale	424,791	56 %	Net 15 days from invoice date	-	-	90,523	27 %	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

March 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance	Note
					Amount	Action taken			
The Company	PTIL	Subsidiary of the Group	196,305	1.28	99,174	Strengthen collections of receivables	42,278	-	Note 1
The Company	PBM	Subsidiary of the Group	132,682	1.84	44,242	Strengthen collections of receivables	33,495	-	Note 1
The Company	PORTWELL	Subsidiary of the Group	301,429	-	-	-	-	-	Note 1,2

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

Posiflex Technology, Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the Three Months Ended March 31, 2023

Table 6

(In Thousands of New Taiwan Dollars)

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Note 1, 4)
0	The Company	PBM	1	Sales revenue	57,500	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
0	The Company	PBM	1	Accounts receivable	132,682	Net 150 days from invoice date	1 %
0	The Company	PTIL	1	Sales revenue	66,553	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	3 %
0	The Company	PTIL	1	Accounts receivable	196,305	Net 150 days from invoice date	1 %
0	The Company	KIOSK	1	Accounts receivable	86,729	Net 120 days from invoice date	1 %
0	The Company	PJ	1	Sales revenue	30,500	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %
0	The Company	PORTWELL	1	Other receivables	301,429	Loans (including interest receivables) and directors and supervisors' compensation	2 %
1	PORTWELL	APT	3	Sales revenue	424,791	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	18 %
1	PORTWELL	APT	3	Accounts receivable	90,523	Net 15 days from invoice date	1 %
1	PORTWELL	PJI	3	Sales revenue	45,406	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Note 1, 4)
1	PORTWELL	EPT	3	Sales revenue	45,528	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %

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 Three Months Ended March 31, 2023

Table 7

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	PORTWELL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment and information software services.	2,534,078	2,534,078	54,070,812	55.00 %	3,157,831	180,102	91,794	Subsidiary(Note 1,2)
The Company	PBM	U.S.A.	Foreign trade	2,810,494	2,810,494	417,034,408	100.00 %	2,073,276	(28,282)	(28,282)	Subsidiary(Note 1)
The Company	PIC	Seychelles	Foreign trade	107,055	107,055	-	100.00 %	86,691	(4,766)	(4,766)	Subsidiary(Note 1)
The Company	PENETEK	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	36,910	36,910	3,691,000	61.52 %	40,634	157	97	Subsidiary(Note 1)
The Company	KOMING	Taiwan	Foreign trade and software services	15,000	15,000	1,500,000	100.00 %	10,235	-	-	Subsidiary(Note 1)
The Company	ULTRA	Taiwan	Software services	15,200	15,000	1,040,002	51.49 %	4,936	-	-	Subsidiary(Note 1,3)
The Company	PBMM	Malaysia	Foreign trade	7,795	7,795	801,214	83.46 %	2,419	295	259	Subsidiary(Note 1)
The Company	BonusPay	Taiwan	Software services	24,000	24,000	2,400,000	96.00 %	1,756	(119)	(115)	Subsidiary(Note 1)
The Company	PTSC	Argentina	Foreign trade	15,151	15,151	-	100.00 %	41	(16)	(16)	Subsidiary(Note 1)
The Company	ONK Cloud	Taiwan	Software services	3,196	3,196	319,667	99.90 %	81	-	-	Subsidiary(Note 1)
The Company	PG	Germany	Foreign trade	67,989	67,989	-	100.00 %	23,988	(865)	(865)	Subsidiary(Note 1)
The Company	PTIL	India	Foreign trade	8,441	8,441	51,000	51.00 %	8,271	(2,378)	(1,213)	Subsidiary(Note 1)
The Company	PTPL	Singapore	Foreign trade	11,612	11,612	500,000	100.00 %	2,091	802	802	Subsidiary(Note 1)
The Company	PJ	Japan	Foreign trade	43,162	43,162	2,400	100.00 %	(1,071)	(2,732)	(2,732)	Subsidiary(Note 1)
The Company	LPK	Hong Kong	Foreign trade	52,403	52,403	17,500	35.00 %	48,528	116	40	Investment accounted for using the equity method
The Company	KIOSK Integrated Solutions, Inc.	Taiwan	Software services	20,000	20,000	2,000,000	100.00 %	17,252	(2,609)	(2,609)	Subsidiary(Note 1)
ONK Cloud	ONK International	Samoa	Investing	5,027	5,027	-	100.00 %	(93)	-	-	Subsidiary(Note 1)
PBM	KIA	U.S.A.	Investing	3,295,755	3,295,755	1,012,355	82.00 %	1,849,005	19,328	(1,826)	Subsidiary (Note 1, 2)
PTIL	MUSTEK	India	Foreign trade	48	48	-	100.00 %	498	(88)	(88)	Subsidiary (Note 1)
PTIL	QUINTA	India	Foreign trade	931	931	69,999	70.00 %	(2,606)	(4,327)	(3,029)	Subsidiary (Note 1)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
PORTWELL	APT	U.S.A.	Manufacture and sale of industrial computers and peripheral equipment	909,329	909,329	42,777,780	100.00 %	2,719,517	64,717	64,717	Subsidiary (Note 1)
PORTWELL	PJI	Japan	Manufacture and sale of industrial computers and peripheral equipment	31,383	31,383	1,980	99.00 %	155,395	9,266	9,173	Subsidiary (Note 1)
PORTWELL	DEVELOPMENT	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	71,561	(738)	(738)	Subsidiary (Note 1)
PORTWELL	EPT	Netherland	Manufacture and sale of industrial computers and peripheral equipment	208,574	208,574	45,000	100.00 %	205,357	(1,166)	(1,166)	Subsidiary (Note 1)
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	4,918	(227)	(116)	Subsidiary (Note 1)
PORTWELL	PKI	South Korea	Manufacture and sale of industrial computers and peripheral equipment	36,457	36,457	278,153	100.00 %	(571)	(46)	(46)	Subsidiary (Note 1)
PORTWELL	GANLOT	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	16,800	16,800	2,800,000	100.00 %	50,233	2,120	2,120	Subsidiary (Note 1)
PORTWELL	MiTwell	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	64,047	64,047	6,097,663	18.86 %	211,911	5,907	1,327	Investment accounted for using the equity method
PORTWELL	POME	Cayman Islands	Investment of intelligent technology	64,544	64,544	40,000,000	31.67 %	-	(1,092)	-	Investment accounted for using the equity method
PORTWELL	HOLDWEL	Cayman Islands	Investing	94,520	94,520	100,000,000	83.33 %	236,232	4,677	1,691	Subsidiary (Note 1)
APT	KIA	U.S.A.	Investing	525,215	525,215	222,225	18.00 %	502,895	19,328	3,479	Subsidiary (Note 1)
DEVELOPMENT	HOLDING	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	71,899	(738)	(738)	Subsidiary (Note 1)
EPT	KES	Germany	Manufacture and sale of industrial computers and peripheral equipment	59,953	59,953	1	100.00 %	72,592	1,127	1,127	Subsidiary (Note 1)
EPT	PUK	U.K.	Manufacture and sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	12,454	373	373	Subsidiary (Note 1)
EPT	KESI	Italy	Manufacture and sale of industrial computers and peripheral equipment	1,586	1,586	50,000	100.00 %	2,198	531	531	Subsidiary(Note 1)
HOLDWEL	MEDWEL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	198,810	4,505	4,505	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: In March 2023, ULTRA increase its capital in cash, which were fully subscribed by the group.

Posiflex Technology, Inc. and Subsidiaries
Information on investment in Mainland China
For the Three Months Ended March 31, 2023

Table 8

(In Thousands of New Taiwan Dollars)

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

Name of investee	Main businesses and products	Total amount of paid-in capital (note 3)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023 (note 4)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 1)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	106,575	(note 5)	106,575	-	-	106,575	(4,766)	100.00%	(4,766)	86,691	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	5,177	(note 5)	5,177	-	-	5,177	-	99.90 %	-	(93)	-	
Beijing Caswell Ltd.	Manufacture and sale of networking and communication equipment	115,710	(note 5)	20,828	-	-	20,828	(8,145)	18.00 %	-	33,193	-	Note 2
Welink Technology Co., Ltd.	Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade	33,495	(note 5)	-	-	-	-	(910)	100.00%	(910)	5,449	-	Note 2

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

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

Note 3: The amounts with NTD were calculated based on the exchange rate of US$1: NT$30.45 and RMB1: NT$4.431 at the end of March 31, 2023. The paid-in capitals of PBMB, ONK Clouding Shanghai, Beijing Caswell, Welink Technology were US$3,500 thousand, US$170 thousand, US$3,800 thousand, US$1,100 thousand, respectively.

Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$30.45 at the end of March 31, 2023. The cumulative investment amount from Taiwan at the beginning and the end of the period were US$3,500 thousand for PBMB, US$170 thousand for ONK Clouding Shanghai and US$684 thousand for Beijing Caswell.

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

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of March 31, 2023 (Note 2)	**Investment Amounts Authorized by Investment Commission, MOEA (Note 3)**	**Upper Limit on Investment (Note 1)**
197,012	197,012	3,897,919

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$30.45 at the end of March 31, 2023. The amount of accumulated investments included that of the Company of US$3,670 thousand and PORTWELL of US$2,800 thousand.

Note 3: The amount with NTD was calculated based on the exchange rate of US$1: NT$30.45 at the end of March 31, 2023. The investment amounts authorized by Investment Commission, MOEA included those of the Company of US$3,670 thousand, and PORTWELL of US$2,800 thousand.