Stock Code:8114

Posiflex Technology, Inc. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021

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

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

Independent Auditors' Review Report

To the Board of Directors
Posiflex Technology, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Posiflex Technology, Inc. (the "Company") and its subsidiaries (together referred as the "Group") as of March 31, 2022, and 2021 the related consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, *Interim Financial Reporting* endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $2,012,634 thousand and $1,628,341 thousand, constituting 12.91% and 11.56% of the consolidated total assets as of March 31, 2022 and 2021, respectively; the total liabilities amounting to $451,272 thousand and $307,570 thousand, constituting 4.23% and 3.10% of the consolidated total liabilities as of March 31, 2022 and 2021, as well as the total comprehensive income amounting to $(5,591) thousand and $(21,769) thousand, constituting (1.28)% and (52.06)% of the total consolidated comprehensive income for the three months ended March 31, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(4), the other equity accounted investments of the Group in its investee companies of $238,444 thousand and 250,176 thousand as of March 31, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of $(16,523) thousand and $(3,619) thousand for three months ended March 31, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, *Interim Financial Reporting* endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 12, 2022

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 the generally accepted auditing standards as of March 31, 2022 and 2021

Posiflex Technology, Inc. and Subsidiaries

Consolidated Balance Sheets

March 31, 2022, and December 31 and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2022		December 31, 2021		March 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(1))	$ 2,245,199	14	1,934,467	13	2,573,873	18
1136	Financial assets at amortized cost－current (notes 6(2) and 8)	78,719	1	131,480	1	178,344	1
1150	Notes receivable (note 6(2))	22,742	-	24,876	-	39,617	-
1170	Accounts receivable, net (note 6(2))	1,680,250	11	1,661,630	11	1,061,270	8
1180	Accounts receivable－related parties (notes 6(2) and 7)	59,132	-	71,354	-	20,536	-
1210	Other receivables－related parties (note 7)	705	-	2,124	-	893	-
1310	Inventories, net (note 6(3))	3,558,859	23	3,156,942	22	2,253,808	16
1476	Other financial assets－current (notes 6(7) and 8)	12,927	-	20,167	-	25,572	-
1479	Other current assets (note 6(8))	131,276	1	121,752	1	126,530	1
	Total current assets	7,789,809	50	7,124,792	48	6,280,443	44
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(2))	178,423	1	111,323	1	95,122	1
1550	Investments accounted for using equity method (note 6(4))	238,444	2	252,122	2	250,176	2
1600	Property, plant and equipment (note 6(9) and 8)	3,394,342	22	3,406,596	23	3,431,248	25
1755	Right-of-use assets (note 6(10))	596,099	4	601,345	4	625,762	5
1760	Investment property (note 6(11))	48,213	-	48,259	-	48,396	-
1805	Goodwill (note 6(13))	1,724,211	11	1,672,350	11	1,719,272	12
1821	Intangible assets (note 6(14))	988,946	6	991,639	7	1,107,324	8
1840	Deferred tax assets	515,992	4	507,770	4	461,283	3
1975	Net defined benefit asset－non-current	29,566	-	29,310	-	27,164	-
1980	Other financial assets－non-current (note 6(7) and 8)	30,350	-	30,250	-	32,776	-
1990	Other non-current assets (note 6(8))	52,282	-	8,952	-	3,213	-
		7,796,868	50	7,659,916	52	7,801,736	56
	Total assets	$ 15,586,677	100	14,784,708	100	14,082,179	100

		March 31, 2022		December 31, 2021		March 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(15))	$ 909,053	6	459,448	3	301,064	2
2130	Contract liabilities－current (note 6(26))	481,512	3	502,988	4	410,449	3
2150	Notes payable	14,189	-	28,083	-	11,510	-
2170	Accounts payable	1,088,161	7	1,165,626	8	781,975	6
2180	Payables to related parties (note 7)	53,542	-	60,988	-	21,376	-
2200	Other payables (note 6(16))	591,110	4	579,588	4	489,752	3
2230	Current tax liabilities	269,995	2	193,933	2	128,983	1
2250	Provisions－current (note 6(17))	93,303	1	73,346	1	57,218	1
2280	Lease liabilities－current (note 6(18))	61,373	-	56,863	-	57,602	1
2320	Current portion of long-term liabilities (note 6(19))	501,364	3	498,896	3	498,112	4
2399	Other current liabilities	49,780	-	54,968	-	22,415	-
	Total current liabilities	4,113,382	26	3,674,727	25	2,780,456	21
	Non-current liabilities:						
2527	Contract liabilities－non-current (note 6(26))	119,964	1	133,955	1	173,467	1
2540	Long-term borrowings (note 6(19))	1,063,868	7	1,140,590	8	1,574,366	11
2570	Deferred tax liabilities	36,778	-	34,568	-	33,114	-
2580	Lease liabilities－non-current (note 6(18))	708,037	5	714,413	5	729,731	5
2635	Preference share liabilities－non-current (note 6(20))	4,595,089	29	4,595,089	31	4,590,094	33
2640	Net defined benefit liability, non-current	19,680	-	19,988	-	24,633	-
2645	Guarantee deposits received (note 7)	1,850	-	1,847	-	696	-
	Total non-current liabilities	6,545,266	42	6,640,450	45	7,126,101	50
	Total liabilities	10,658,648	68	10,315,177	70	9,906,557	71
	Equity (notes 6(23) and (24)):						
	Equity attributable to parent company shareholders:						
3110	Ordinary share	751,318	5	749,218	5	749,218	5
3200	Capital surplus	876,674	6	857,762	6	854,189	6
3300	Retained earnings	1,922,462	12	1,695,709	11	1,380,906	10
3400	Other equity	(302,861)	(2)	(473,697)	(3)	(382,486)	(3)
	Total equity attributable to parent company shareholders	3,247,593	21	2,828,992	19	2,601,827	18
36XX	Non-controlling interests	1,680,436	11	1,640,539	11	1,573,795	11
	Total equity	4,928,029	32	4,469,531	30	4,175,622	29
	Total liabilities and equity	$ 15,586,677	100	14,784,708	100	14,082,179	100

See accompanying notes to consolidated financial statements.

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

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months Ended March 31, 2022 and 2021

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

		For the three months ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(26) and 7)	$ 2,660,320	100	1,972,808	100
5000	**Operating costs** (notes 6(3), (21), (24), (27), 7 and 12)	1,723,887	65	1,286,763	65
5900	**Gross profit**	936,433	35	686,045	35
5910	Unrealized loss from sales	(3)	-	(9)	-
5920	**Realized gross profit**	936,430	35	686,036	35
6000	**Operating expenses** (notes 6(2), (21), (24), (27), 7 and 12)**:**				
6100	Selling expenses	274,818	10	219,401	11
6200	Administrative expenses	211,996	8	202,096	10
6300	Research and development expenses	118,191	4	123,427	6
6450	Expected credit loss (gain)	8,515	-	(2,669)	-
	Total operating expenses	613,520	22	542,255	27
6900	**Net operating income**	322,910	13	143,781	8
7000	**Non-operating income and expenses** (notes 6(28) and 7)**:**				
7100	Interest income	1,849	-	897	-
7010	Other income	7,278	-	8,134	-
7020	Other gains and losses	57,018	2	(5,455)	-
7050	Finance costs	(52,173)	(2)	(58,636)	(3)
7060	Share of profit (loss) of associates accounted for using equity method (note6(4))	(16,523)	(1)	(3,619)	-
	Total non-operating income and expenses	(2,551)	(1)	(58,679)	(3)
7900	**Income before income tax**	320,359	12	85,102	5
7950	**Income tax expenses** (note 6(22))	77,881	3	33,335	2
8200	**Net income**	242,478	9	51,767	3
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	67,100	3	1,276	-
8320	Shares of other comprehensive income of associates accounted for using equity method	(390)	-	1,463	-
8349	Less: Income tax related to items that will not be reclassified subsequently (note 6(22))	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	66,710	3	2,739	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	137,959	5	(13,689)	(1)
8370	Shares of other comprehensive income of associates accounted for using equity method	2,848	-	829	-
8399	Less: Income tax related to items that may be reclassified subsequently (note 6(22))	12,833	-	(168)	-
	Total items that may be reclassified subsequently to profit or loss	127,974	5	(12,692)	(1)
8300	**Other comprehensive income (loss), net**	194,684	8	(9,953)	(1)
8500	**Total comprehensive income**	**$ 437,162**	**17**	**41,814**	**2**
	Profit attributable to:				
	Owners of parent	$ 226,753	8	39,170	2
	Non-controlling interests	15,725	1	12,597	1
		$ 242,478	**9**	**51,767**	**3**
	Comprehensive income attributable to:				
	Owners of parent	$ 397,589	15	26,143	1
	Non-controlling interests	39,573	2	15,671	1
		$ 437,162	**17**	**41,814**	**2**
	Earnings per share (New Taiwan Dollars) (note 6(25))				
9750	Basic earnings per share	**$**	**3.02**		**0.52**
9850	Diluted earnings per share	**$**	**2.49**		**0.52**

See accompanying notes to consolidated financial statements.

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

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owner of parent												
	Share capital			Retained earnings				Other equity					
	Ordinary share capital	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2021	$ 749,218	-	766,835	740,978	196,319	404,439	1,341,736	(303,812)	(65,647)	(369,459)	2,488,330	141,486	2,629,816
Net income for the period	-	-	-	-	-	39,170	39,170	-	-	-	39,170	12,597	51,767
Other comprehensive income for the period	-	-	-	-	-	-	-	(15,395)	2,368	(13,027)	(13,027)	3,074	(9,953)
Total comprehensive income for the period	-	-	-	-	-	39,170	39,170	(15,395)	2,368	(13,027)	26,143	15,671	41,814
Share-based payment transactions	-	-	3,468	-	-	-	-	-	-	-	3,468	524	3,992
Partial disposal of interests in subsidiaries	-	-	83,886	-	-	-	-	-	-	-	83,886	1,416,114	1,500,000
Balance as of March 31, 2021	**$ 749,218**	**-**	**854,189**	**740,978**	**196,319**	**443,609**	**1,380,906**	**(319,207)**	**(63,279)**	**(382,486)**	**2,601,827**	**1,573,795**	**4,175,622**
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**

See accompanying notes to consolidated financial statements.

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

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31, 2022	2021
Cash flows from operating activities:		
Income before income tax	$ 320,359	85,102
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	53,769	56,864
Amortization expenses	32,897	33,460
Expected credit loss (gain)	8,515	(2,669)
Interest expense	52,173	58,636
Interest income	(1,849)	(897)
Dividend income	-	(3)
Compensation cost arising from share-based payment transactions	1,704	3,992
Shares of loss of associates accounted for using equity method	16,523	3,619
Gains on disposal of property, plant and equipment	(138)	(251)
Provisions for inventory devaluation and obsolescence loss	25,289	17,849
Adjustment for other non-cash-related losses, net	(699)	(408)
Total adjustments to reconcile profit (loss)	188,184	170,192
Changes in operating assets and liabilities:		
Notes receivable	2,134	5,315
Accounts receivable (including related parties)	(16,390)	215,629
Inventories	(427,206)	(194,018)
Other operating assets	719	(33,648)
Contract liabilities	(35,467)	38,272
Notes payable	(13,894)	(239)
Accounts payable (including related parties)	(84,911)	73,814
Other payables	(44,424)	(36,558)
Net defined benefit assets/liabilities	(564)	(959)
Other operating liabilities	14,770	1,316
Total changes in operating assets and liabilities	(605,233)	68,924
Total adjustments	(417,049)	239,116
Cash flows (used in) generated from operations	(96,690)	324,218
Interest received	1,471	588
Interest paid (including preference share)	(11,020)	(16,145)
Income taxes paid	(15,112)	(1,480)
Net cash flows (used in) generated from operating activities	(121,351)	307,181

(Continued)

See accompanying notes to consolidated financial statements.

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

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

Posiflex Technology, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2022	2021
Cash flows from investing activities:		
Increase (decrease) of financial assets at amortized cost	54,887	(57,180)
Proceeds from disposal of subsidiaries	-	1,500,000
Acquisition of property, plant and equipment	(389)	(4,878)
Proceeds from disposal of property, plant and equipment	199	266
Acquisition of intangible assets	(3,221)	(523)
Increase in other financial assets	(257)	(496)
Increase in other non-current assets	(48,153)	(93)
Dividends received	-	4
Net cash flows generated from investing activities	3,066	1,437,100
Cash flows from financing activities:		
Increase in short-term borrowings	624,640	497,000
Decrease in short-term borrowings	(176,768)	(1,883,348)
Proceeds from long-term borrowings	-	26,780
Repayments of long-term borrowings	(76,627)	(76,808)
Increase in guarantee deposits received	-	113
Repayment of the principal portion of lease liabilities	(15,773)	(13,806)
Exercise of employee share options	19,632	-
Net cash flows generated from (used in) financing activities	375,104	(1,450,069)
Effect of exchange rate changes on cash and cash equivalents	53,913	(10,278)
Net increase in cash and cash equivalents	310,732	283,934
Cash and cash equivalents at beginning of period	1,934,467	2,289,939
Cash and cash equivalents at end of period	$ **2,245,199**	**2,573,873**

See accompanying notes to consolidated financial statements.

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

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

Posiflex Technology, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Three Months Ended March 31, 2022 and 2021

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

1. Company History

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

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

2. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on May 12, 2022.

(3) New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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 "Disclosure of Accounting Policies"

(Continued)

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

Except as described in the following paragraph, the Group' s significant accounting policies are applied consistently for the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of consolidation

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

A. List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership March 31, 2022	Percentage of Ownership December 31, 2021	Percentage of Ownership March 31, 2021	Note
The Company	Portwell Inc. (PORTWELL)	Manufacture and sale of industrial computers and peripheral equipment and information software services	70 %	70 %	70 %	
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
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership March 31, 2022	Percentage of Ownership December 31, 2021	Percentage of Ownership March 31, 2021	Note
The Company	Posiflex Technology Japan (PJ)	Foreign trade	100 %	100 %	100 %	Note 1
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	96.67 %	96.67 %	96.67 %	"
The Company	Ultra Systems Inc. (ULTRA)	Software services	51 %	51 %	51 %	"
The Company	Penetek Technology Inc. (PENETEK)	Manufacture and sale of industrial computers and peripheral equipment	61.52 %	61.52 %	61.52 %	"
PIC	Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	100 %	100 %	100 %	"
PTIL	Mustek Automation Pvt Ltd. (Mustek)	Foreign trade	100 %	100 %	100 %	"
PTIL	Quinta Systems Pvt Ltd. (QUINTA)	Foreign trade	70 %	70 %	70 %	"
ONK Cloud	ONK Clouding International Ltd. (ONK International)	Investing	100 %	100 %	100 %	"
ONK International	ONK Clouding Shanghai (ONK Shanghai)	Software services	100 %	100 %	100 %	"
PBM	KIS Acquisition Corp. (KIA)	Investing	82 %	82 %	82 %	
KIA	KIOSK Information Systems, Inc. (KIOSK)	Development, manufacture and sale of self-service equipment and software	100 %	100 %	100 %	
PORTWELL	American Portwell Technology, Inc. (APT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	
PORTWELL	Portwell Japan, Inc. (PJI)	Manufacture and sale of industrial computers and peripheral equipment	99 %	99 %	99 %	Note 1
PORTWELL	Portwell Development Co., Ltd. (DEVELOPMENT)	Investing	100 %	100 %	100 %	"
PORTWELL	European Portwell Technology B.V. (EPT)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
PORTWELL	Portwell India Technology Private Limited (PIT)	Manufacture and sale of industrial computers and peripheral equipment	51 %	51 %	51 %	"

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			Percentage of Ownership			
Name of Investor	**Name of Subsidiary**	**Business**	**March 31, 2022**	**December 31, 2021**	**March 31, 2021**	**Note**
PORTWELL	Portwell Korea, Inc. (PKI)	Manufacture and sale of industrial computers and peripheral equipment and information software services	100 %	100 %	100 %	Note 1
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 %	83.00 %	"
APT	KIS Acquisition Corp. (KIA)	Investing	18.00 %	18.00 %	18.00 %	
HOLDWEL	MEDWEL, Inc. (MEDWEL)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	Note 1
DEVELOPMENT	Portwell Holding Ltd. (HOLDING)	Investing	100 %	100 %	100 %	"
EPT	Portwell (UK) Ltd. (PUK)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	"
EPT	KIOSK Embedded Systems GmbH (KES)	Manufacture and sale of industrial computers and peripheral equipment	100 %	100 %	100 %	Note 1, 2
HOLDING	Welink Technology Co., Ltd. (WELINK)	Foreign trade and software services	100 %	100 %	100 %	Note 1

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

Note 2: In January 2021, the Group had gone through organizational restructuring, wherein KIOSK EU merged with PDE, resulting in PDE to be the sole surviving company. Thereafter, PDE was renamed to KIOSK Embedded Systems GmbH (KES).

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

(3) Employee benefits

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

(4) Income tax

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

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

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

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

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

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

Judgment of whether the Group has substantive control over its associates

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

6. Description of Significant Accounts

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

(1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	$ 1,312	1,393	1,330
Cash in bank and checking deposits	1,903,960	1,550,630	2,192,988
Time deposits	339,927	382,444	379,555
	$ 2,245,199	**1,934,467**	**2,573,873**

(Continued)

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

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

(2) Financial assets

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

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic emerging market shares	$ 118,646	37,781	45,955
Domestic unlisted shares	23,507	38,253	18,094
Foreign unlisted shares	36,270	35,289	31,073
	$ 178,423	**111,323**	**95,122**

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, 2022	December 31, 2021	March 31, 2021
Time deposits (more than 3 months)	**$ 78,719**	**131,480**	**178,344**

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

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

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	$ 22,742	24,876	39,617
Accounts receivable	1,746,238	1,717,626	1,121,388
Accounts receivable — related parties	59,132	71,354	20,536
	1,828,112	1,813,856	1,181,541
Less: loss allowance	(65,988)	(55,996)	(60,118)
	$ 1,762,124	**1,757,860**	**1,121,423**

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

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

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, 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	230,039	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
	$ 1,812,129		**50,005**

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

	March 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 976,463	0.44%	4,262
1 to 60 days past due	132,882	1.61%	2,138
61 to 180 days past due	23,867	55.51%	13,248
More than 181 days past due	31,795	75.28%	23,936
	$ 1,165,007		**43,584**

Note: As of March 31, 2022, December 31 and March 31, 2021, the outstanding balance of the Group’ s receivables amounted to $15,983 thousand, $15,728 thousand and $16,534 thousand respectively, all of which have been recognized as credit losses.

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

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Beginning balance	$ 55,996	70,181
Impairment loss recognized (reversed)	8,515	(2,669)
Amounts written off	-	(7,184)
Effect of exchange rate changes	1,477	(210)
Ending balance	$ 65,988	60,118

(3) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	$ 1,578,071	1,399,636	885,315
Work-in-process and semi-finished products	542,715	486,802	318,575
Finished goods	1,438,073	1,270,504	1,049,918
	$ 3,558,859	3,156,942	2,253,808

The details of operating costs were as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Cost of goods sold	$ 1,698,598	1,268,914
Inventory devaluation and obsolescence loss	25,289	17,849
	$ 1,723,887	1,286,763

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

(4) Investments accounted for using equity method

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

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	$ 238,444	252,122	250,176

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A. Associates

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, 2022	For the three months ended March 31, 2021
Attributable to the Group:		
Net loss	$ (16,523)	(3,619)
Other comprehensive income	2,551	2,275
Total comprehensive loss	**$ (13,972)**	**(1,344)**

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

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

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

	For the three months ended March 31, 2022
Carrying amount of the disposal of the subsidiary	$ (1,416,114)
Consideration transferred from non-controlling interest	1,500,000
Capital surplus – difference between consideration and carrying amount of the acquisition and disposal of the subsidiary	**$ 83,886**

(6) Material non-controlling interests of subsidiaries

Except for having been notified that ASUS will obtain 15% of the equity of PORTWELL within three months, according to the strategic alliance cooperation agreement, there were no significant changes for the Company's ownership interest in a subsidiary for the three months ended March 31, 2022 and 2021. Please refer to note 6(5) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

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(7) Other financial assets

		March 31, 2022	December 31, 2021	March 31, 2021
Current:				
Lease receivables (note 6(9))	$	2,849	3,877	4,684
Other receivables		7,358	13,571	18,185
Other		2,720	2,719	2,703
	$	**12,927**	**20,167**	**25,572**
Non-current:				
Lease receivables (note 6(9))	$	4,250	4,641	7,311
Guarantee deposits paid		24,968	24,454	24,317
Other		1,132	1,155	1,148
	$	**30,350**	**30,250**	**32,776**

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

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

		March 31, 2022	December 31, 2021	March 31, 2021
Current:				
Current tax assets	$	4,126	3,779	3,224
Prepayments		58,544	51,437	67,172
Other prepayments		20,881	27,587	29,796
Overpaid business tax and refunds receivable		45,960	36,048	24,343
Other		1,765	2,901	1,995
	$	**131,276**	**121,752**	**126,530**
Non-current:				
Prepayments for deposits of equipment	$	51,468	8,137	480
Other		814	815	2,733
	$	**52,282**	**8,952**	**3,213**

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(9) Property, plant and equipment

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

	Land	Buildings and structures	Machinery equipment	Other equipment	Total
Carrying value:					
Balance as of January 1, 2022	$ 619,535	2,534,459	138,503	114,099	3,406,596
Balance as of March 31, 2022	$ 620,276	2,514,672	139,888	119,506	3,394,342
Balance as of January 1, 2021	$ 643,216	2,644,546	84,659	111,229	3,483,650
Balance as of March 31, 2021	$ 632,720	2,616,033	76,436	106,059	3,431,248

There were no significant additions, disposal of the Group property, plant and equipment for the three months ended March 31, 2022 and 2021. Information on depreciation for the period is discussed in note 12. Please refer to note 6(9) of the 2021 annual consolidated financial statements for other related information.

B. Lease receivables

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

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

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

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

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

(10) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Machinery equipment	Total
Carrying value:					
Balance as of January 1 2022	$ 412,286	172,774	8,057	8,228	601,345
Balance as of March 31, 2022	$ 416,139	170,372	9,588	-	596,099
Balance as of January 1, 2021	$ 412,286	208,861	15,992	-	637,139
Balance as of March 31 2021	$ 412,286	198,764	14,712	-	625,762

There were no significant changes in right-of-use assets for the three months ended March 31, 2022 and 2021. Please refer to note 6(10) of the 2021 annual consolidated financial statements for other related information.

Posiflex Technology, Inc. and Subsidiaries
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(11) Investment property

	Land	Buildings	Total
Balance as of January 1 2022	$ **40,719**	**7,540**	**48,259**
Balance as of March 31, 2022	$ **40,719**	**7,494**	**48,213**
Balance as of January 1 2021	$ **40,719**	**7,723**	**48,442**
Balance as of March 31, 2022	$ **40,719**	**7,677**	**48,396**

There were no significant additions and disposal of investment property three months ended March 31, 2022 and 2021. Information on depreciation for the period was discussed in note 12. Please refer to note 6(11) of the 2021 annual consolidated financial statements 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, 2021.

(12) Operating lease

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Less than one year	$ 1,200	1,204	1,126
Two to five years	377	667	1,396
Total undiscounted lease payments	$ **1,577**	**1,871**	**2,522**

For the three months ended March 31, 2022 and 2021 the rental income from investment properties amounted to $241 thousand and $304 thousand.

(13) Goodwill

There were no significant additions, disposal, or recognition and reversal of impairment losses of goodwill for the three months ended March 31, 2022 and 2021. Please refer to note 6(13) of the 2021 annual consolidated financial statements for other related information.

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(14) Intangible assets

	Customer relationships	Acquired specific technology	Trademarks	Computer software	Others	Total
Carrying value:						
Balance as of January 1, 2022	$ 188,224	104,237	672,274	26,734	170	991,639
Balance as of March 31, 2022	$ 176,402	93,727	691,269	27,405	143	988,946
Balance as of January 1, 2021	$ 266,288	154,876	688,354	28,855	266	1,138,639
Balance as of March 31, 2021	$ 248,612	142,731	689,460	26,282	239	1,107,324

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended March 31, 2022 and 2021. Information on amortization for the period was discussed in note 12. Please refer to note 6(14) of the 2021 annual consolidated financial statement for other related information.

(15) Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank loans	$ 831,765	431,768	301,064
Secured bank loans	77,288	27,680	-
	$ 909,053	459,448	301,064
Range of interest rates	0.8%~2.12%	0.82%~2.12%	0.89%~9%

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

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

(16) Other payables

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

	March 31, 2022	December 31, 2021	March 31, 2021
Payables for salaries and bonus	$ 202,402	230,528	166,641
Accrued dividends on preference shares	192,419	153,935	192,419
Compensation payables to directors and employees	54,697	39,478	14,012
Payables for construction	10,464	4,329	118
Others	131,128	151,318	116,562
	$ 591,110	579,588	489,752

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(17) Provisions

	March 31, 2022	December 31, 2021	March 31, 2021
Advertising	$ 73,579	60,458	48,107
Warranties	19,724	12,888	9,111
	$ 93,303	**73,346**	**57,218**

There were no significant changes in provisions for the three months ended March 31, 2022 and 2021. For other related information, please refer to note 6(17) of the 2021 annual consolidated financial statements for other related information.

(18) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Current	**$ 61,373**	**56,863**	**57,602**
Non-current	**$ 708,037**	**714,413**	**729,731**

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current	$ 9,367	7,638	7,829
Non-current	562,156	557,723	550,184
	$ 571,523	**565,361**	**558,013**

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2022	2021
Interests on lease liabilities	**$ 7,073**	**7,306**
Expenses relating to short-term leases	**$ 477**	**490**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 278**	**332**
Covid-19 related rent concessions (recognized as other gains and losses)	**$ 477**	**440**

(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	$ 23,124	21,494

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 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 June 2022, resulting in group' rentals to be reduced by 20% for three months ended March 31, 2022 and 2021.

B. Other leases

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

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

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(19) Long-term borrowings

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

	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 loans				
Bank loans	NTD	1%	November 2024	687,500
Bank loans	NTD	1.24%	May 2024	437,500
Bank loans	USD	2.31757%	May 2023	145,988
Bank loans	JPY	1.5%	December 2035	87,355
				1,565,232
Less: Current portion				(501,364)
Total				$ 1,063,868

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

(Continued)

	March 31, 2021			
	Currency	**Range of interest rates**	**Maturity dates**	**Amounts**
Unsecured bank loans				
Bank loans	NTD	0.98%	November 2024	$ 187,500
Bank loans	NTD	1.24%	May 2024	56,866
Government rescue loans	JPY	-	February 2024	25,770
Secured bank loans				
Bank loans	NTD	0.98%	November 2024	937,500
Bank loans	NTD	1.24%	May 2024	542,500
Bank loans	USD	1.96025%	May 2023	224,285
Bank loans	JPY	1.5%	December 2035	102,629
				2,077,050
Less: Syndicated loan fee				(4,572)
Less: Current portion				(498,112)
Total				**$ 1,574,366**

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

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

(20) Preference share liabilities

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

	March 31, 2022	**December 31, 2021**	**March 31, 2021**
A preference stock	**$ 4,595,089**	**4,595,089**	**4,590,094**

There were no significant issues, repurchases and repayments of preference share liabilities for the three months ended March 31, 2022 and 2021. Information on interest expense for the period is discussed in note 6(29). Please refer to note 6(20) of the 2021 annual consolidated financial statements for other related information.

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

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

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

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

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

(21) Employee benefits

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

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

(22) Income tax

A. Income tax expenses:

The amounts of income tax expenses were as follows:

	For the three months ended March 31, 2022	2021
Current income tax expense		
Current period	$ 77,881	33,335

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

	For the three months ended March 31, 2022	2021
Exchange differences on translation of foreign financial statements	$ 12,833	(168)

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

(23) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2022 and 2021. For related information on the shareholders' equity, please refer to note 6(24) of the 2021 annual consolidated financial statements.

A. Share Capital

The Group received the amount of $19,632 thousand as subscription to the 210 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, 2022	December 31, 2021	March 31, 2021
Paid-in capital in excess of par value	$ 419,591	395,091	395,091
Paid-in capital in excess of the par value derived from corporate bond conversion	186,826	186,826	186,826
Share options－bonds payable	87,533	87,533	87,533
Employee share options	39,783	45,371	43,216
Conversion right－preference share	35,191	35,191	35,191
Difference between consideration and carrying amount of subsidiaries acquired or disposed	83,886	83,886	83,886
Changes in equity of investments accounted for using equity method	21,876	21,876	20,458
Others	1,988	1,988	1,988
	$ 876,674	**857,762**	**854,189**

C. Retained earnings

The following are the appropriation of earnings in 2021 and 2020 which were approved during the board meeting and the shareholders' meeting held on March 17, 2022 and July 21, 2021, respectively:

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

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

(24) Share-based payment

Except as described in the following paragraph, there were no significant changes in the Group’ s share-based payment for the three months ended March 31, 2022 and 2021. For related information on the share-based payment, please refer to note 6(25) of the consolidated financial statements for the year ended December 31, 2021.

The Company’s equity-settled share-based payment transactions for the three months ended March 31, 2022 were as follows:

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

Note1 : Employees are entitled to receive stocks in the second, third and fourth (from the grant date) of their service. The number of shares, which the employee will receive, is calculated based on the ratio of the number of given share awards respectively.

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

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

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

	For the three months ended March 31,	
	2022	**2021**
Compensation cost	**$ 1,704**	**3,992**

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(25) Earnings per share

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

	For the three months ended March 31,	
	2022	**2021**
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	$ **226,753**	**39,170**
Weighted-average number of ordinary shares (in thousands)	**75,120**	**74,922**
Basic earnings per share	$ **3.02**	**0.52**
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company (basic)	$ 226,753	39,170
Interest expense on preference shares	38,484	-
Effect of dilutive potential ordinary shares:		
Net income attributable to ordinary shareholders of the Company (diluted)	$ **265,237**	**39,170**
Weighted-average number of ordinary shares (in thousands) (basic)	75,120	74,922
Employee remuneration	237	45
Employee share options	114	-
Convertible preference shares	31,153	-
Weighted-average number of ordinary shares (in thousands) (diluted)	**106,624**	**74,967**
Diluted earnings per share	$ **2.49**	**0.52**

(26) Revenue from contracts with customers

A. Disaggregation of revenue

	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**

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	For the three months ended March 31, 2021			
	Domestic	U.S.A.	Others	Total
Revenue from sale of goods	$ 438,796	1,078,655	386,968	1,904,419
Revenue from warranty and managed services	1,089	67,300	-	68,389
	$ 439,885	1,145,955	386,968	1,972,808

B. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Contract liabilities－current			
Sale of goods	$ 298,974	332,463	220,413
Warranty and managed services	182,538	170,525	190,036
	481,512	502,988	410,449
Contract liabilities－non-current			
Warranty and managed services	119,964	133,955	173,467
	$ 601,476	636,943	583,916

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, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $146,971 thousand and $77,418 thousand, respectively.

(27) Remuneration to employees and directors

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

The remunerations to employees amounted to $8,539 thousand and $1,170 thousand, as well as the remunerations to directors amounted to $2,846 thousand and $585 thousand for the three month ended March 31, 2022 and 2021, respectively. These amounts were calculated using the Group' s net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Group's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

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

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(28) Non-operating income and expenses

A. Interest income

	For the three months ended March 31,	
	2022	**2021**
Interest income from bank deposits	$ 1,469	792
Interest income on lease receivable	58	89
Other interest income	322	16
	$ 1,849	**897**

B. Other income

	For the three months ended March 31,	
	2022	**2021**
Rental income	$ 7,278	8,131
Dividend income	-	3
	$ 7,278	**8,134**

C. Other gains and losses

	For the three months ended March 31,	
	2022	**2021**
Gains on disposal of property, plant and equipment	$ 138	251
Foreign exchange gains (losses), net	53,604	(9,504)
Other	3,276	3,798
	$ 57,018	**(5,455)**

D. Finance costs

	For the three months ended March 31,	
	2022	**2021**
Interest expenses on preference share liabilities	$ 38,484	40,757
Interest expenses on bank loans	6,616	10,573
Interest expenses on lease liabilities	7,073	7,306
	$ 52,173	**58,636**

(Continued)

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(29) Financial instruments

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

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The Group mainly transacts with entities with good credit ratings, domestic and foreign. Aside from granting credit facilities to customers according to procedures for granting credits, the Group also continues to obtain understanding of the credit status of its customers. As of March 31, 2022 and December 31 and March 31, 2021, 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, 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**

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	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 459,448	463,003	463,003	-	-
Lease liabilities (including current portion)	771,276	907,902	65,710	201,552	640,640
Long-term borrowings (including current portion)	1,639,486	1,676,704	515,674	1,098,607	62,423
Preference share liabilities	4,595,089	4,595,089	-	4,595,089	-
Guarantee deposits received	1,847	1,847	-	-	1,847
	$ 7,467,146	7,644,545	1,044,387	5,895,248	704,910

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
March 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 301,064	302,447	302,447	-	-
Lease liabilities (including current portion)	787,333	914,948	61,361	182,691	670,896
Long-term borrowings (including current portion)	2,072,478	2,128,421	522,031	1,533,547	72,843
Preference share liabilities	4,590,094	4,595,089	-	4,595,089	-
Guarantee deposits received	696	696	-	-	696
	$ 7,751,665	7,941,601	885,839	6,311,327	744,435

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, 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

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

	March 31, 2021		
	Foreign currency	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 75,536	28.535	2,155,421
CNY	19,211	4.344	83,452
Investments accounted for using equity method			
USD	2,442	28.535	69,692
Financial liabilities			
Monetary items			
USD	16,493	28.535	470,618

(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, 2022 and 2021, would have increased (decreased) the comprehensive income $49,219 thousand and $70,730 thousand for the three month ended March 31, 2022 and 2021, respectively.

(c) Foreign exchange gains or losses on monetary items

Due to the variety of the functional currencies of the Group's entities, the Group's foreign Gains (losses) on monetary items amounted to $53,604 thousand and $(9,504) thousand, for the three month ended March 31, 2022 and 2021, 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 $4,949 thousand and $4,747 thousand for the three month ended March 31, 2022 and 2021, respectively, with all other variable factors remaining constant.

E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

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

	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**

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

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	March 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
Domestic emerging market shares	$ 45,955	-	268	45,687	45,955
Domestic unlisted stocks	18,094	-	-	18,094	18,094
Foreign unlisted stocks	31,073	-	-	31,073	31,073
	$ 95,122	**-**	**268**	**94,854**	**95,122**

(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

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.

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

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI－equity investments without an active market
Balance as of January 1, 2022	$ 110,268
Total gains and losses	
Recognized in other comprehensive income	1,300
Transfers to Level 2	(15,065)
Balance as of March 31, 2022	**$ 96,503**

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	Financial assets at FVOCI - equity investments without an active market
Balance as of January 1, 2021	$ 93,629
Total gains and losses	
Recognized in other comprehensive income	1,225
Balance as of March 31, 2021	**$ 94,854**

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

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

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

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

Quantified information of significant unobservable inputs was 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, 2022, December 31 and March 31, 2021 were 2.07%, 2.07% and 2.35%, respectively. • Liquidity discount as of March 31, 2022, December 31 and March 31, 2021 were 14.32%, 14.32% and 18%, respectively.	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

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Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI－equity investments without an active market	Asset approach	• Net asset value. • Liquidity discount as of March 31, 2022, December 31, and March 31, 2021 was 30% .	• The higher the price-to-book ratio, the higher the fair value. • The higher the liquidity discount, the lower the fair value.

(30) Financial risk management

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

(31) Capital management

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

(32) Financing activities of non-cash transactions

Reconciliation of liabilities arising from financing activities was as follows:

			Non-cash changes		
	January 1, 2021	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

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	January 1, 2020	Cash flow	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	March 31, 2021
Short-term borrowings	$ 1,688,810	(1,386,348)	(1,398)	-	301,064
Lease liabilities (including current portion)	795,380	(13,806)	2,734	3,025	787,333
Guarantee deposits received	591	113	(8)	-	696
Long-term borrowings (including current portion)	2,129,335	(50,028)	(6,829)	-	2,072,478
	$ 4,614,116	**(1,450,069)**	**(5,501)**	**3,025**	**3,161,571**

7. Related-party Transactions

(1) Names and relationship with related parties

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

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

(2) Significant related-party transactions

A. Operating revenue

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Associate	$ 84,740	38,070
Subsidiary of associate	73	1
	$ 84,813	**38,071**

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

(Continued)

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

	March 31, 2022	December 31, 2021	March 31, 2021
Associate	$ 59,055	71,262	20,535
Subsidiary of associate	77	92	1
	$ 59,132	**71,354**	**20,536**

B. Purchases

	For the three months ended March 31, 2022	2021
Associate	$ 60,600	21,912
Subsidiary of associate	24,204	25,306
	$ 84,804	**47,218**

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, 2022	December 31, 2021	March 31, 2021
Associate	$ 44,785	52,630	11,962
Subsidiary of associate	8,398	8,010	9,114
	$ 53,183	**60,640**	**21,076**

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, 2022	2021
Associate	$ 1,500	1,500
Associate	764	701
Subsidiary of associate	129	1,236
	$ 2,393	**3,437**

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

	March 31, 2022	December 31, 2021	March 31, 2021
Associate	$ 287	299	288
Subsidiary of associate	72	48	12
	$ 359	**347**	**300**

(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,	
	2022	**2021**
Associate	$ 1,196	677
Subsidiary of associate	212	212
Substantive related party	-	5
	$ 1,408	**894**

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

(c) The related parties entrusted the Group to engage in other service to generate revenue, which was accounted for as other income as follow:

	For the three months ended March 31,	
	2022	**2021**
Associate	$ -	270
Subsidiary of associate	-	2
	$ -	**272**

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

	March 31, 2022	December 31, 2021	March 31, 2021
Associate	$ 616	2,032	798
Subsidiary of associate	89	92	93
Substantive related party	-	-	2
	$ 705	**2,124**	**893**

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(3) Transactions with key management personnel

Key management personnel compensation comprised the following:

	For the three months ended March 31,	
	2022	**2021**
Short-term employee benefits	$ 41,221	37,863
Post-employment benefits	654	562
Share-based payment	1,544	3,960
	$ 43,419	**42,385**

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

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

8. Assets pledged as security

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

Assets	Purpose of Pledged	March 31, 2022	December 31, 2021	March 31, 2021
Security deposit for loans (recognized as other financial assets－current)	Collateral for short-term bank loans	$ 2,720	2,720	2,703
Security deposit for loans (recognized as other financial assets－non-current)	Collateral for bank borrowing	1,132	1,156	1,148
Property, plant and equipment	Collateral for bank borrowing	2,336,808	2,349,492	2,417,240
Time deposits (recognized as financial assets at amortized cost)	Collateral for short-term bank loans	64,406	62,280	64,204
Guarantee deposits paid (recognized as other financial assets－non-current)	Lease guarantee	24,968	24,454	24,317
		$ 2,430,034	**2,440,102**	**2,509,612**

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

9. Significant Commitments and Contingencies: None.

10. Significant Casualty Loss: None.

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

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, 2022			For the three months ended March 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	106,437	340,848	447,285	85,555	330,107	415,662
Labor and health insurance	9,214	23,935	33,149	8,545	23,493	32,038
Pension	3,506	13,792	17,298	2,797	11,074	13,871
Others	13,256	8,754	22,010	10,639	11,858	22,497
Depreciation (note)	19,552	34,171	53,723	22,120	34,698	56,818
Amortization	12,659	20,238	32,897	12,892	20,568	33,460

Note: For the three month ended March 31, 2022 and 2021 the deprecation expenses of the assets leased to third parties under operating leases both amounted to $46 thousand, respectively, recognized as deductions of rental revenue.

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, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.

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

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

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

G. Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock: Please refer to Table 4.

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

I. Trading in derivative instruments: None

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 the "Information on significant transactions".

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Embedded City Taiwan limited	31,153,147	29.31 %

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.

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

14. Segment information:

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

	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**

	For the three months ended March 31, 2021			
	Domestic	**U.S.A.**	**Others**	**Total**
Revenue from external customers	$ **439,885**	**1,145,955**	**386,968**	**1,972,808**
Reportable segment profit	$ **238,727**	**179,895**	**48,013**	**466,635**
Total segment assets				$ 13,832,003
Investments accounted for using equity method				250,176
Total assets				$ **14,082,179**

Posiflex Technology, Inc. and Subsidiaries

Loans to other parties

For the Three Months Ended March 31, 2022

Table 1 (In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period (note 3)	Ending balance (note 3)	Actual usage amount during the period (note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (note 2)	Maximum limit of total financing amount (note 2)
													Item	Value		
0	The Company	PBM	Other receivables —related parties	Yes	343,639	-	-	1%	2	-	Loan repayment	-		-	649,518	974,277
1	KIOSK	PBM	Other receivables —related parties	Yes	545,370	131,675	131,675	2.58%	2	-	Loan repayment	-		-	1,623,796	3,247,593
2	APT	KIOSK	Other receivables —related parties	Yes	389,550	-	-	2.58%	2	-	Loan repayment	-		-	448,527	672,790

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

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

Note 3: KIOSK loaned US$4,600 thousand to PBM. The amounts in NTD were calculated using the exchange rate of US$1: NT$28.625 on March 31, 2022.

Posiflex Technology, Inc. and Subsidiaries
Guarantees and endorsements for other parties
For the Three Months Ended March 31, 2022

Table 2 (In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of the reporting date (Note 4)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of the accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of the subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of the parent company	Endorsements/ guarantees to third parties on behalf of the companies in Mainland China	Note
		Name	Relationship with the Company (Note1)											
0	The Company	PORTWELL	b	6,495,186	483,359	483,359	483,359	-	14.88 %	6,495,186	Y	N	N	
0	The Company	PBM	b	6,495,186	229,000	229,000	-	-	7.05 %	6,495,186	Y	N	N	
0	The Company	PG	b	6,495,186	8,588	8,588	-	-	0.26 %	6,495,186	Y	N	N	
0	The Company	PTIL	b	6,495,186	12,452	12,452	12,452	-	0.38 %	6,495,186	Y	N	N	
0	The Company	KIOSK	b	6,495,186	128,813	128,813	128,813	64,406	3.97 %	6,495,186	Y	N	N	Note 5
0	The Company	KIOSK and APT	b	6,495,186	145,988	145,988	145,988	-	4.50 %	6,495,186	Y	N	N	Note 6

Note1: 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.

Note2: 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).

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, 2022.

Note 4: Both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PORTWELL were $483,359 thousand, respectively; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PBM each amounted to US$8,000 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PG each amounted to US$300 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for PTIL each amounted to US$435 thousand; both of the highest balance and the balance at the end of the period of the endorsements/guarantees for KIOSK each amounted to US$4,500 thousand; the highest balance and the balance at the end of the period of the endorsements/guarantees for KIOSK and APT amounted to US$5,100 thousand. The ending balance of endorsements/guarantees with NTD was calculated by the exchange rate of US$1: NT$28.625 as of March 31, 2022.

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

Note 6: The property, plant and equipment of US$7,213 thousand and all shares in KIOSK and APT were pledged as collateral for bank borrowings amounting to US$5,100 thousand.

Posiflex Technology, Inc. and Subsidiaries

Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures)

March 31, 2022

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

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	WaWaWorks Inc.	-	Financial assets at fair value through other comprehensive income—non-current	7,415,874	-	18.20 %	-	
The Company	Yao Teng Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	10,000	-	0.96 %	-	
The Company	O' Pay Electronic Payment Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	932,828	81,352	1.28 %	81,352	
The Company	Green World FinTech Service Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	807	568	0.01 %	568	
The Company	My Ball International Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	104,651	-	2.07 %	-	
The Company	NiceRaker Inc.	-	Financial assets at fair value through other comprehensive income—non-current	500,000	-	0.48 %	-	
The Company	Hua He Tang International Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	975,000	-	19.50 %	-	
PORTWELL	AcSiP Technology Corp.	RORTWELL is a director of AcSiP Technology Corp.	Financial assets at fair value through other comprehensive income—non-current	5,180,000	36,726	14.14 %	36,726	
PORTWELL	S-SHARP Corporation	-	Financial assets at fair value through other comprehensive income—non-current	232,000	-	16.20 %	-	
PORTWELL	GRIDWELL, Inc.	-	Financial assets at fair value through other comprehensive income—non-current	400,000	-	15.04 %	-	
PORTWELL	Welink Solutions Inc.	Subsidiary of associate	Financial assets at fair value through other comprehensive income—non-current	1,935,346	23,507	9.68 %	23,507	
HOLDING	Beijing Caswell Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	-	36,270	18.00 %	36,270	

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

Posiflex Technology, Inc. and Subsidiaries

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

For the Three Months Ended March 31, 2022

Table 4 (In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	PTIL	Subsidiary	Sale	168,572	18 %	Net 150 days from invoice date	-	-	406,516	29 %	Note
The Company	PBM	Subsidiary	Sale	166,624	17 %	Net 180 days from invoice date	-	-	371,369	27 %	Note
PORTWELL	APT	Subsidiary	Sale	274,369	41 %	Net 60 days from the end of the month	-	-	103,034	25 %	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, 2022

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	406,516	1.70	15,703	Strengthen collections of receivables	80,270	-	Note 1
The Company	PBM	Subsidiary	371,369	2.04	55,298	Strengthen collections of receivables	22,900	-	Note 1
The Company	KIOSK	Subsidiary	147,587	2.42	18,075	Strengthen collections of receivables	-	-	Note 1
KIOSK	PBM	Subsidiary of the Group	134,072	-	-	-	-	-	Note 1,2
PORTWELL	APT	Subsidiary of the Group	103,034	11.52	-	-	-	-	Note 1

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

Posiflex Technology, Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the Three Months Ended March 31, 2022

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	a	Sales revenue	166,624	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	6 %
0	The Company	PBM	a	Accounts receivable－related parties	371,369	Net 180 days from invoice date	2 %
0	The Company	PTIL	a	Sales revenue	168,572	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	6 %
0	The Company	PTIL	a	Accounts receivable－related parties	406,516	Net 150 days from invoice date	3 %
0	The Company	KIOSK	a	Sales revenue	75,565	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	3 %
0	The Company	KIOSK	a	Accounts receivable－related parties	147,587	Net 150 days from invoice date	1 %
0	The Company	EPT	a	Sales revenue	46,605	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	2 %
0	The Company	PJ	a	Sales revenue	28,471	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	1 %

No. (Note 2)	Name of company	Name of counter-party	Nature of relationship (Note 3)	Intercompany transactions			
				Account (Note 5)	Amount	Trading terms	Percentage of the consolidated total revenue or total assets (Note 1, 4)
1	KIOSK	PBM	c	Other receivables－related parties	134,072	Loans (including interest receivables)	1 %
2	PORTWELL	APT	c	Sales revenue	274,369	The selling price for related parties, determined by the consumption situation in their regions, approximated the market price.	10 %
2	PORTWELL	APT	c	Accounts receivable－related parties	103,034	Net 60 days from invoice date	4 %

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, 2022

Table 7 (In Thousands of New Taiwan Dollars / Share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
The Company	PORTWELL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment and information software services.	3,225,190	3,225,190	68,817,397	70.00 %	3,595,968	93,651	56,312	Subsidiary (Note 1,2)
The Company	PBM	U.S.A.	Foreign trade	2,555,414	1,793,862	417,034,408	100.00 %	1,811,928	(33,893)	(33,893)	Subsidiary (Note 1, 3)
The Company	PIC	Seychelles	Foreign trade	107,055	107,055	-	100.00 %	118,477	(11,689)	(11,689)	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 %	38,619	(1,341)	(825)	Subsidiary (Note 1)
The Company	KOMING	Taiwan	Foreign trade and software services	15,000	15,000	1,500,000	100.00 %	10,233	-	-	Subsidiary (Note 1)
The Company	ULTRA	Taiwan	Software services	15,000	15,000	1,020,002	51.00 %	6,824	-	-	Subsidiary (Note 1)
The Company	PBMM	Malaysia	Foreign trade	7,795	7,795	801,214	83.46 %	6,582	35	26	Subsidiary (Note 1)
The Company	BonusPay	Taiwan	Software services	24,000	24,000	2,400,000	96.00 %	2,953	-	-	Subsidiary (Note 1)
The Company	PTSC	Argentina	Foreign trade	15,151	15,151	-	100.00 %	206	(34)	(34)	Subsidiary (Note 1)
The Company	ONK Cloud	Taiwan	Software services	29,000	29,000	2,900,000	96.67 %	(2,800)	(40)	(38)	Subsidiary (Note 1)
The Company	PG	Germany	Foreign trade	67,989	67,989	-	100.00 %	20,867	(1,248)	(1,248)	Subsidiary (Note 1)
The Company	PTIL	India	Foreign trade	8,441	8,441	51,000	51.00 %	24,617	(16,559)	(8,445)	Subsidiary(Note 1)
The Company	PTPL	Singapore	Foreign trade	11,612	11,612	500,000	100.00 %	1,408	(52)	(52)	Subsidiary (Note 1)
The Company	PJ	Japan	Foreign trade	43,162	43,162	2,400	100.00 %	9,342	(255)	(255)	Subsidiary (Note 1)
The Company	LPK	Hong Kong	Foreign trade	52,403	52,403	17,500	35.00 %	44,009	(8,097)	(2,834)	Investment accounted for using the equity method
ONK Cloud	ONK International	Samoa	Investing	5,027	5,027	-	100.00 %	(663)	-	-	Subsidiary (Note 1)
PBM	KIA	U.S.A.	Investing	3,295,755	3,295,755	1,012,355	82.00 %	1,870,712	(13,033)	(33,500)	Subsidiary (Note 1, 2)
PTIL	MUSTEK	India	Foreign trade	48	48	-	100.00 %	848	5	5	Subsidiary (Note 1)
PTIL	QUINTA	India	Foreign trade	931	931	69,999	70.00 %	12,715	(4,729)	(3,310)	Subsidiary (Note 1)
PORTWELL	APT	U.S.A.	Manufacture and sale of industrial computers and peripheral equipment	909,329	909,329	42,777,780	100.00 %	2,216,091	62,118	62,118	Subsidiary (Note 1)
PORTWELL	PJI	Japan	Manufacture and sale of industrial computers and peripheral equipment	31,383	31,383	1,980	99.00 %	132,497	7,055	6,984	Subsidiary (Note 1)
PORTWELL	DEVELOPMENT	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	78,603	(1)	(1)	Subsidiary (Note 1)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
PORTWELL	EPT	Netherlands	Manufacture and sale of industrial computers and peripheral equipment	208,574	208,574	45,000	100.00 %	183,306	(5,276)	(5,276)	Subsidiary (Note 1)
PORTWELL	PIT	India	Manufacture and sale of industrial computers and peripheral equipment	14,470	14,470	2,877,776	51.00 %	5,489	(381)	(194)	Subsidiary (Note 1)
PORTWELL	PKI	Korea	Manufacture and sale of industrial computers and peripheral equipment and information software service	36,457	36,457	278,153	100.00 %	717	217	217	Subsidiary (Note 1)
PORTWELL	GANLOT	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	16,800	16,800	2,800,000	100.00 %	35,727	5,664	5,664	Subsidiary (Note 1)
PORTWELL	MiTwell	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	64,047	64,047	6,097,663	18.86 %	194,435	17,644	3,334	Investment accounted for using the equity method
PORTWELL	POME	Cayman Islands	Investment of intelligent technology	64,544	64,544	40,000,000	31.67 %	-	(2,194)	(17,023)	
PORTWELL	HOLDWEL	Cayman Islands	Investing	94,520	94,520	100,000,000	83.33 %	196,847	10,833	8,755	Investment accounted for using the equity method
APT	KIA	U.S.A.	Investing	525,215	525,215	222,225	18.00 %	473,022	(13,033)	(2,346)	Subsidiary (Note 1)
DEVELOPMENT	HOLDING	Samoa	Investing	91,840	91,840	2,800,000	100.00 %	78,722	(1)	(1)	Subsidiary (Note 1)
EPT	KES	Germany	Manufacture and sale of industrial computers and peripheral equipment	59,953	59,953	-	100.00 %	67,104	948	948	Subsidiary (Note 1)
EPT	PUK	U.K.	Manufacture and sale of industrial computers and peripheral equipment	3,883	3,883	200,000	100.00 %	11,802	(17)	(17)	Subsidiary (Note 1)
HOLDWEL	MEDWEL	Taiwan	Manufacture and sale of industrial computers and peripheral equipment	92,000	92,000	9,200,000	100.00 %	152,476	8,028	8,028	Subsidiary (Note 1)

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

Note 2: The investment income (losses) included the amortization of intangible assets generated from the merger.

Note3: On January 20, 2022, PBM, a subsidiary of the Company, resolved in its Board meeting to issue shares for cash in the amount of NTD $761,552 thousand (USD $27,350 thousand), which was fully subscribed by the Company.

Posiflex Technology, Inc. and Subsidiaries
Information on investment in Mainland China
For the Three Months Ended March 31, 2022

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, 2022 (note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022 (note 4)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 1)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
Posiflex Business Machines (Beijing) Co., Ltd. (PBMB)	Foreign trade	100,188	(note 5)	100,188	-	-	100,188	(11,689)	100.00%	(11,689)	118,477	-	
ONK Clouding Shanghai (ONK Shanghai)	Software services	4,866	(note 5)	4,866	-	-	4,866	-	96.67 %	-	(663)	-	
Beijing Caswell Ltd.	Manufacture and sale of networking and communication equipment	108,775	(note 5)	19,580	-	-	19,580	(2,601)	18.00 %	-	36,270	-	Note 2
Welink Technology Co., Ltd.	Manufacture and sale of computers and peripheral equipment; design and sale of software; foreign trade	31,488	(note 5)	-	-	-	-	(1,221)	100.00%	(1,221)	8,520	-	Note 2
Shenzhen Ruijing Intelligent Manufacturing Co., Ltd.	Intelligent technology industry	-		-	-	-	-	-	31.67 %	-	-	-	Note 2, 6

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 and Shenzhen Ruijing were US$180 thousand and US$279 thousand, respectively. 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$28.625 and RMB1: NT$4.506 at the end of March 31, 2022. The paid-in capitals of PBMB, ONK Clouding Shanghai, Beijing Caswell and Welink Technology were US$3,500 thousand, US$170 thousand, US$3,800 thousand and US$1,100 thousand, respectively.
Note 4: The amounts with NTD were calculated based on the exchange rate of US$1: NT$28.625 at the end of March 31, 2022. The cumulative investment amount from Taiwan at the beginning and the end of the period were US$3,500 thousand for PBMB, US$170 thousand for ONK Clouding Shanghai and US$684 thousand for Beijing Caswell.
Note 5: Investments in companies in Mainland China through the existing companies in the third regions.
Note 6: Shenzhen Ruijing Intelligent Manufacturing has been liquidated in September 2021.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of March 31, 2022 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 1)
185,204	193,190	2,956,817

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$28.625 at the end of March 31, 2022. The amount of accumulated investments included that of the Company of US$3,670 thousand and PORTWELL of US$2,800 thousand.

Note 3: The amount with NTD was calculated based on the exchange rate of US$1: NT$28.625 at the end of March 31, 2022. The investment amounts authorized by Investment Commission, MOEA included those of the Company of US$3,670 thousand, PORTWELL of US$2,800 thousand and POME of US$279 thousand.